Inflation Perceptions in Michigan

A More Resilient Michigan

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Overview

1. **Michigan results** – What we learned from Michiganders in 2024
2. **National comparison** – How 2025 patterns differ across the U.S.
3. **Policy insights** – Turning findings into resilience strategies for Michigan

Our project: Inflation Dynamics and Cost of Living in Michigan

- This project uses **survey data** to investigate Michigan residents' **perceptions of inflation** and **behavior change** over the past five years (2019-2024)
- Focusing on **essential goods** such as *food and fuel*, we aim to:
  1) Assess alignment between **residents' inflation perceptions** & actual price changes.
  2) Identify **socioeconomic factors** driving perception discrepancies.

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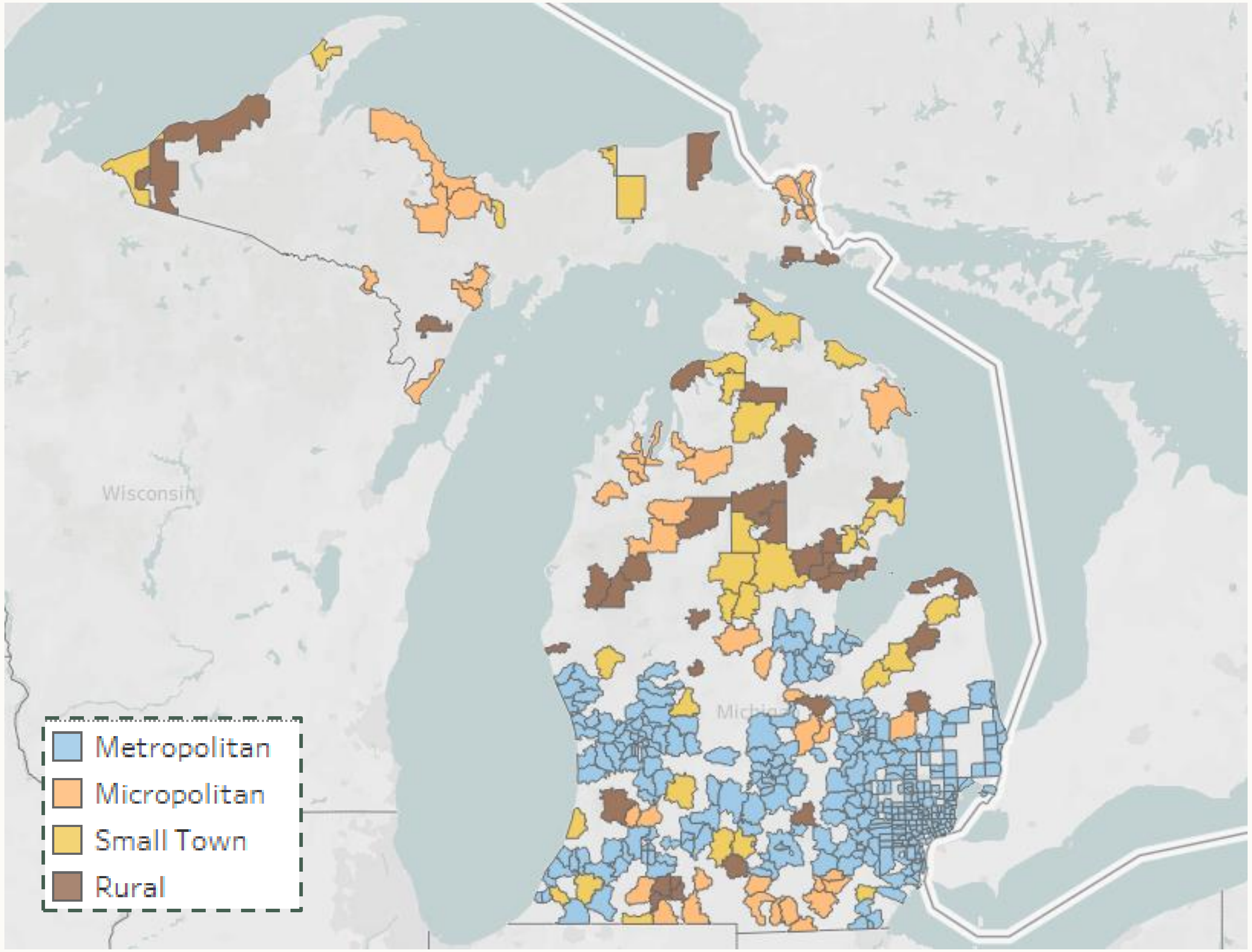
Survey Overview

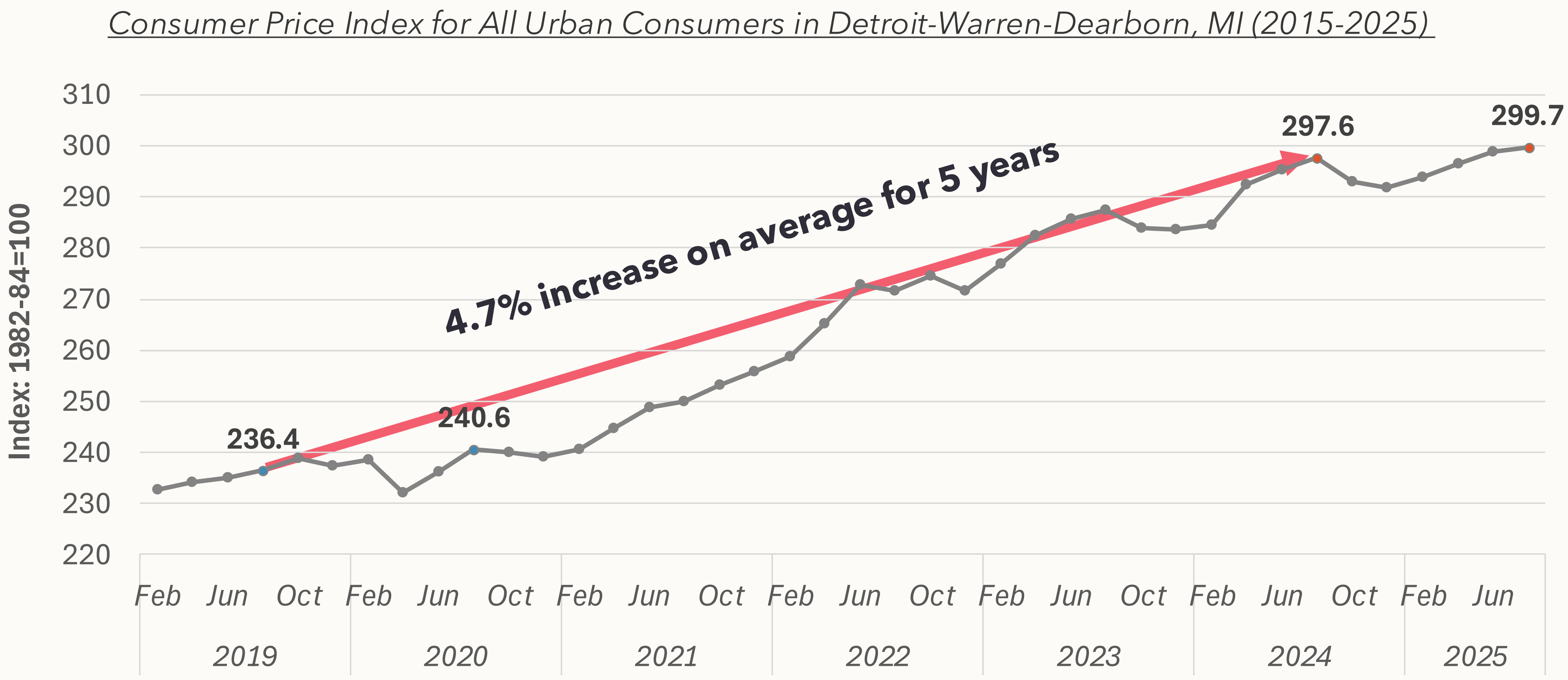
- Michigan State University's **IPPSR State of the State Survey (SOSS)**
  - Conducted with **1,174** Michigan residents
  - Date collected: September 23 - October 10, 2024
  - Final dataset:**1,000** respondents, sample balanced on gender, age, race and education

Where respondents live



Urban-Rural Classification of Respondents' Zip Code

Measured Inflation Rate



Source: Consumer Price Index for All Urban Consumers (CPI-U). All items in Detroit-Warren-Dearborn, MI, all urban consumers, not seasonally adjusted

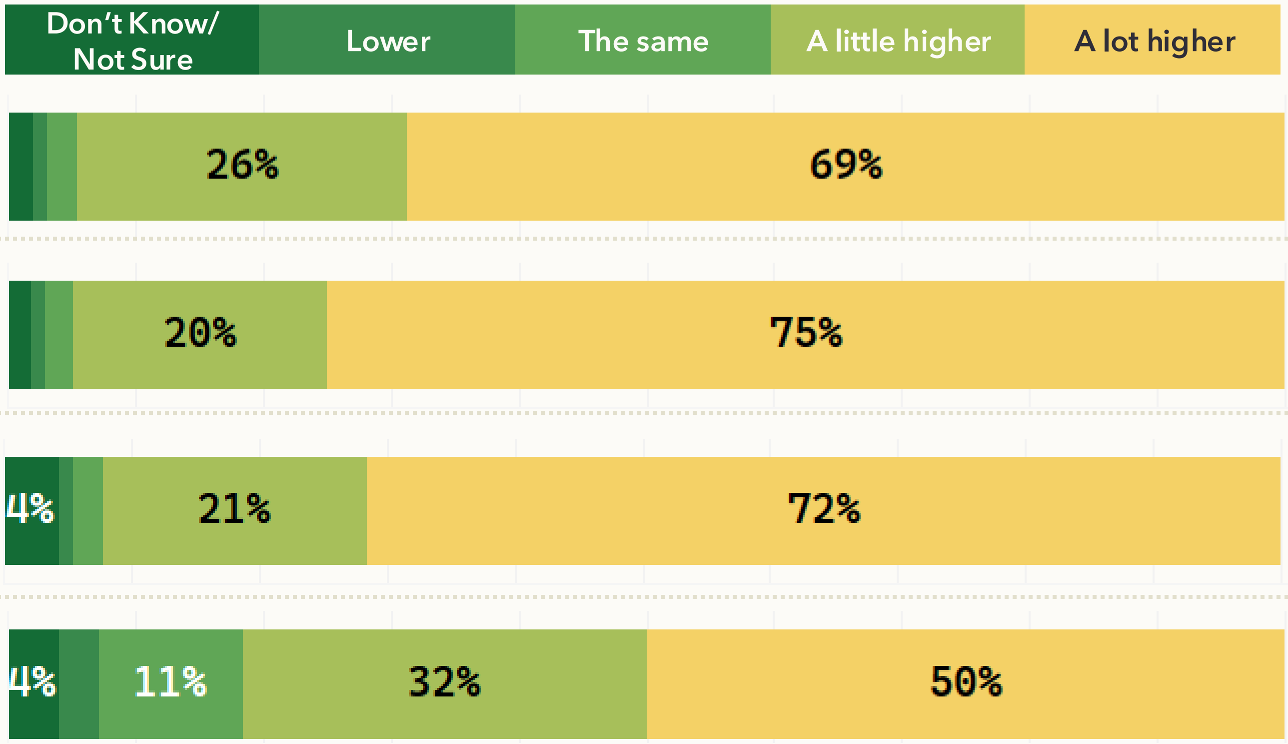
Q1. Inflation Perception by category

Question

Compared with five years ago, is the price lower, the same, a little higher, or a lot higher?

Perception vs. Reported Inflation

Overall perception



	Measured inflation MI	Measured inflation US City	*Wage* MI
• Overall	**24%***	23%	***25%***
• Groceries	**30%***	26%	
• Restaurant	**26%***	29%	
• Gasoline	**18%**	27%	

Source: Percentage Calculated using CPI from BLS and Michigan's gasoline (regular unleaded) price from GasBuddy.
Average weekly wage of Michigan calculated using BLS employment statistics.
* Detroit-Warren-Dearborn, MI

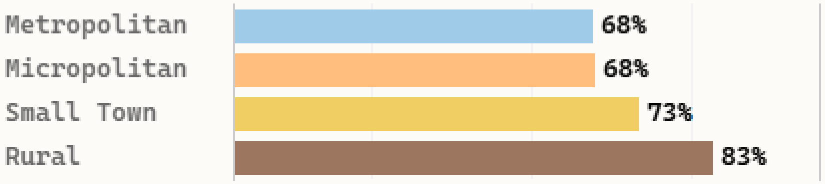
Q1. Inflation Perception - Overall

Question

Compared with five years ago, is the overall prices you pay lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

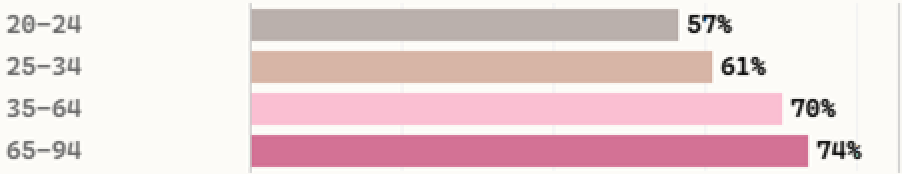
by Urban-Rural



by Household Income

by Gender

by Age



by Political Affiliation

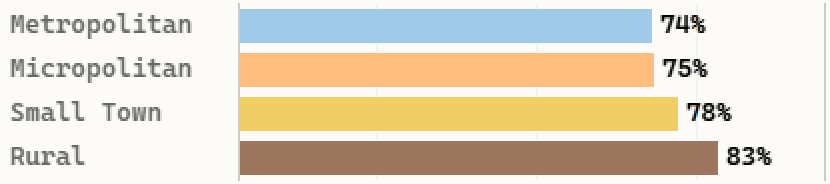
Q1. Inflation Perception - Groceries

Question

Compared with five years ago, is the prices of groceries lower, the same, a little higher, or a lot higher?

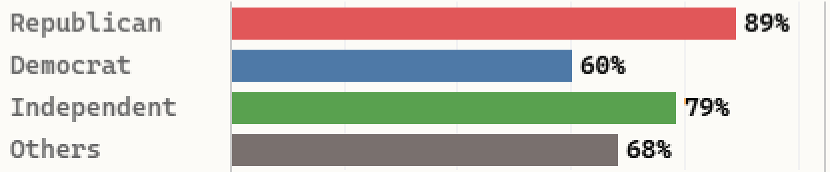
- Percentage of respondents saying **prices are a lot higher**

by Urban-Rural

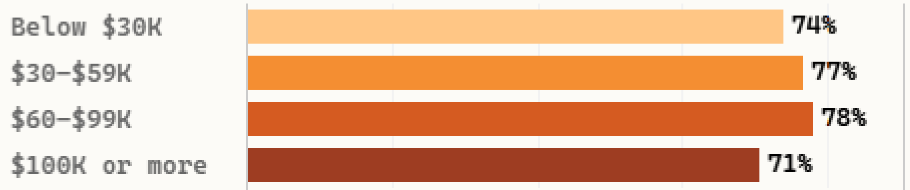


by Gender

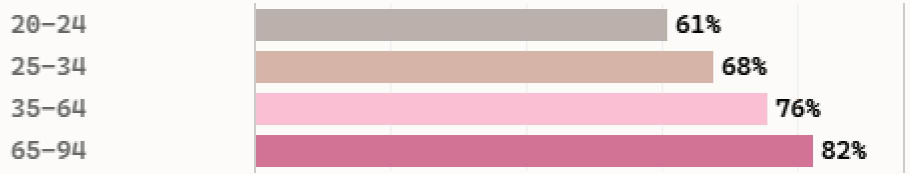
by Political Affiliation



by Household Income



by Age



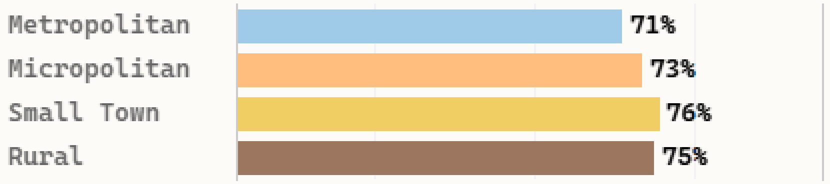
Q1. Inflation Perception - Restaurant

Question

Compared with five years ago, is the prices of restaurant food lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

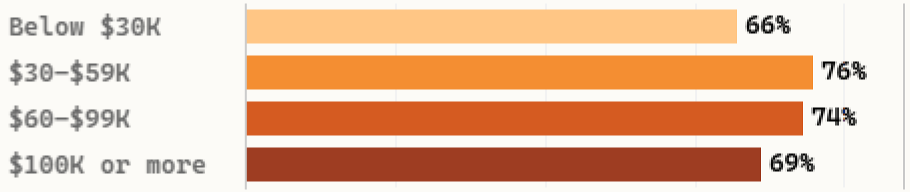
by Urban-Rural



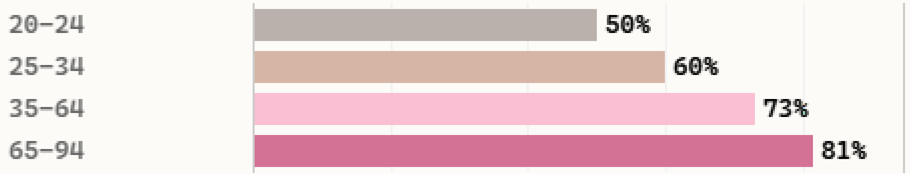
by Gender

by Political Affiliation

by Household Income



by Age



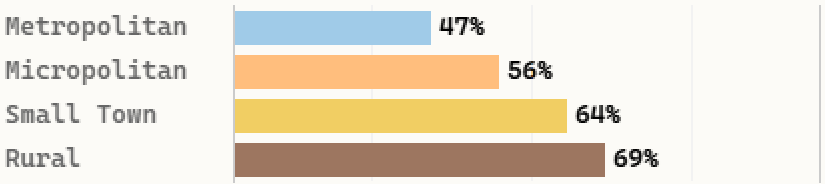
Q1. Inflation Perception - Gasoline

Question

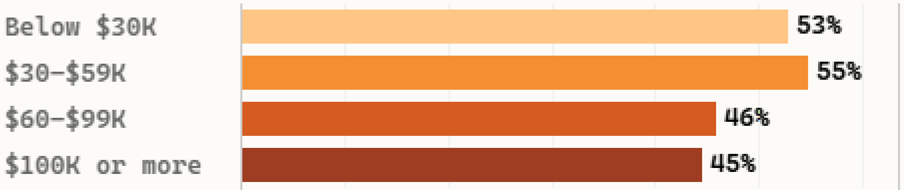
Compared with five years ago, is the prices of gasoline lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

by Urban-Rural

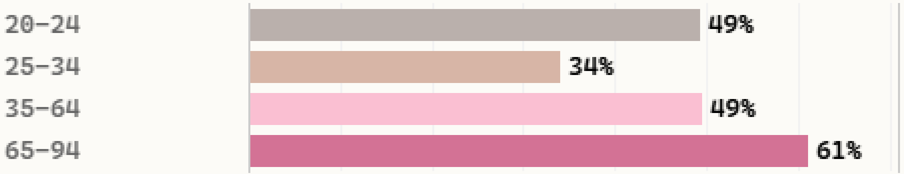


by Household Income

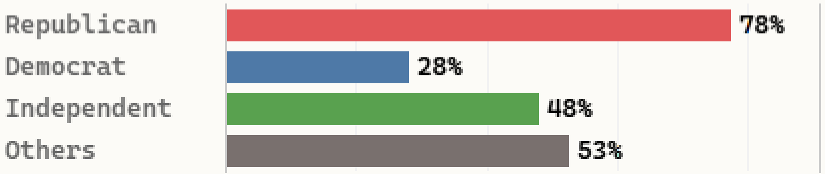


by Gender

by Age



by Political Affiliation

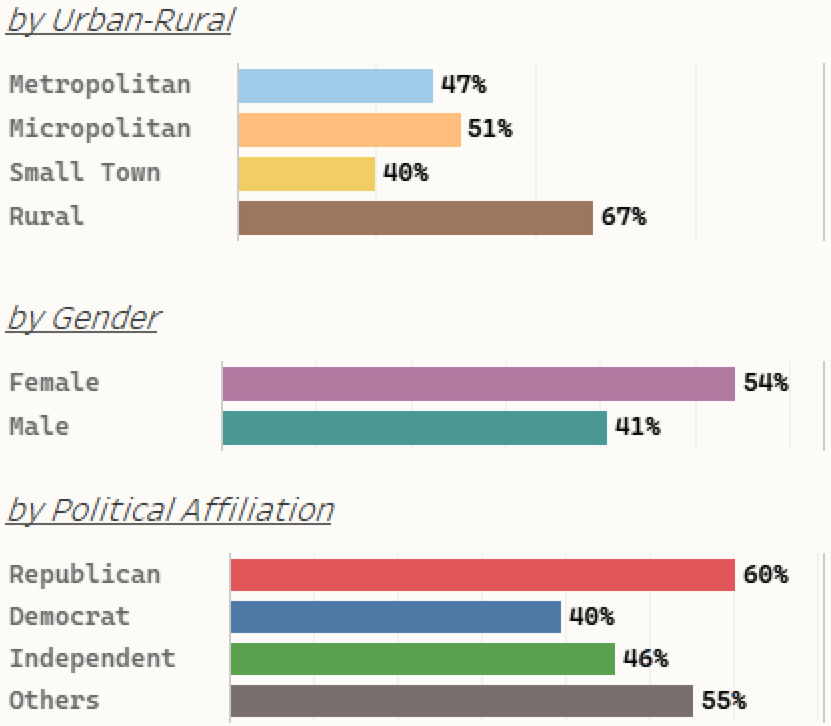


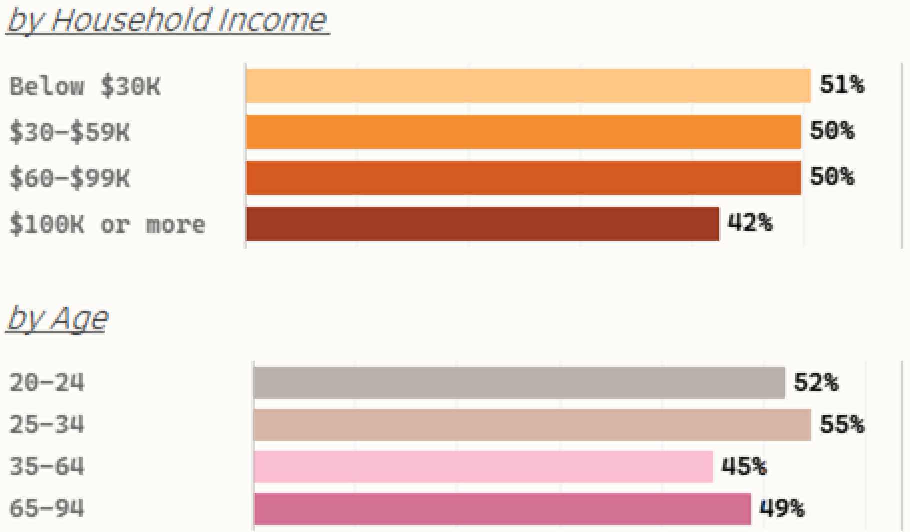
Q1. Inflation Perception - Housing

Question

Compared with five years ago, is the costs for your home (rent, mortgage, taxes) lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**





Q2. Behavioral Changes

Question

Are you doing things differently because of price increases?

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Are you doing things differently because of price increases?

- **78%** of respondents **change behavior** due to price increase

  Of these respondents:

  - **81% ate out less** or chose cheaper restaurants.
  - **73% adjusted grocery store purchases**.
  - **54%** reduced **entertainment** (e.g., streaming services).
  - **49%** postponed **vacations** or opted for cheaper ones.
  - **45%** delayed **major purchases** (e.g., automobiles).
  - 16% reduced **medical expenses,** 11% changed their **housing situation,** 9% took a **second job**, and 7% **delayed retirement**.

Who perceives differently?

- Based on an ordered logit model using Michigan survey data, several clear patterns emerge:

  - **Political identity** is the **strongest predictor** of inflation perception.
    - **Republicans** were 5–8× more likely than Democrats to say prices are "a lot higher."
    - **Independents** were about 2× more likely.
    - This gap appears across **gas, groceries, and restaurants**.
  - **Women** were 1.5–2× more likely than men to perceive higher inflation.
  - **Homeowners** were less likely to report very high inflation, especially for housing.
  - **Rural residents** reported stronger price pressure for gas and housing.
  - Those **dissatisfied with government performance** showed the highest perceived inflation levels.

Survey Overview: 2025 National Survey

- YouGov National Survey 2025
  - Conducted **August 20–27, 2025** with **1,000 U.S. adults**
  - Sample balanced on gender, age, race, and education
  - Weighted by demographics and 2020 & 2024 presidential vote to ensure political representativeness
  - Added **media consumption questions** (e.g. preferred news outlets, frequency of media use) to explore links between **news sources and inflation perception**

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What has changed?

- *Measured Average Annual Inflation for 5 years in Aug 2025 is* ***4.5%*** *(Sep 2024 for MI* ***4.7%,*** *National* ***4.2%****)*

- The **political pattern reversed**.
  - Republicans are now less likely (about 0.7×) to say prices were "a lot higher" than Democrats showing a complete reversal in perception.
- **Rural vs. urban differences faded**.
- A new middle-income effect appeared.
  - **Households earning $30–59K** are now about 1.3 times more likely than lower-income groups to say prices are higher.

- *Some of the shifts may reflect differences in geography, timing, or other contextual factors between the MI and US surveys. The source of variation is not yet fully understood.*

Media Preferences

- Where people get **news on inflation** matters.
    - Those who rely more on the **Internet** are more likely to think prices will keep rising – roughly a 9% higher chance with each step up in importance.
    - **TV watchers** show a smaller increase – about 7% higher, and not as certain.
    - People who rely on **official or government sources** show no real difference.
- Even after accounting for media preferences,
    - **Democrats and Independents** are still more likely than Republicans to expect higher prices.
    - **Women** expect higher prices a bit more often; **homeowners** a bit less.

What Do Our Results Show About Michiganders?

What We Found	What It Means
Perception ≠ Data	Most Michiganders still feel prices are "a lot higher" even though inflation has slowed.
Behavioral Resilience	**78%** of households changed spending – mainly eating out less, trading down groceries, and cutting extras.
Housing & Stability	Homeowners perceive less inflation; renters feel more pressure, especially on utilities and housing costs.
Media & Trust	Internet and TV use heighten price anxiety; official sources have little influence.
Rural–Urban Alignment	Concern about prices is high statewide; small-town residents show the strongest grocery and overall concern.

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Building Economic Resilience in Michigan

What We Found	Policy Direction
Perception ≠ Data	Focus communication on **price levels** – share local price dashboards and explain *why costs remain high* even as inflation eases.
Behavioral Resilience	**Reinforce adaptive behaviors**: expand grocery and meal-support programs (e.g., Double Up Food Bucks, community meal nights) that meet households where they already adapt.
Housing & Stability	Target **renter and energy-burden relief** to reduce cost volatility.
Media & Trust	Build **trusted local info channels**—clear, consistent updates through local news, social media, and community partners.
Rural–Urban Alignment	Ensure **rural and small-town voices** are part of resilience planning; use **regional cost-of-living snapshots** to tailor outreach.

Key Takeaways

1. Perceptions shape behavior as much as prices.
2. Align policy with how people are actually coping.
3. Resilience grows when people are better informed.

Resilience in Michigan isn't abstract.
It shows up in everyday choices.
We can help by making those choices a little better informed.

Thank you.
Any Questions?

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