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Will Michiganians' desire to travel run out of gas amid higher fuel, food prices?

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Wixom — Ryan Ryszka's Chevrolet Tahoe SUV gets 17 miles a gallon, which isn't great even when pump prices are low. But it's especially rough with gas averaging around \$5 per gallon in Michigan, according to AAA.

The higher cost of fuel and other necessities are pushing Michiganians like Ryszka to rethink how they budget when on vacation. Ryszka, 45, of Milford, his wife and two daughters are taking their annual trip Up North for the July 4 holiday weekend, but this time he expects to pull back spending on meals and activities.

"I've got a full-sized travel trailer I'll be pulling, so I'll be going down to about seven-eight miles to the gallon. So what would cost me maybe \$100 in gas to get up there pulling a trailer is going to cost me about \$250 to get from Milford up to Boyne City," he said while filling up his Tahoe at a Marathon in Wixom last week.

"The trickle-down effect of that is less money spent at local restaurants. Maybe you don't go out as much. Maybe you don't do the site excursions, the ziplining and stuff, which means less money for the local businesses out there."

Michiganians' desire to travel is colliding with the highest inflation in four decades. Car travel is still expected to set a record over the July 4 weekend, AAA recently predicted, with 42 million nationally expected to hit the road, including 1.5 million from Michigan.

The Bureau of Labor Statistics estimated that in April, prices on consumer goods in the greater Detroit area — Wayne, Oakland, Macomb, Lapeer, Livingston and St. Clair counties — were up 8.3% over a year prior. Data from May shows prices for food at home up 15.9% over a year prior, rent up 7.1% and gasoline up 49%. Across the Midwest in May, food prices rose 11.4% over a year prior, with nearly every category of consumer food spending seeing a double-digit increase.

"Things like gas and food are a bigger part of your budget at the lower-income levels and that's where we're seeing the most inflation," said Gabriel Ehrlich, an economic forecaster at the University of Michigan.

"It is going to probably hit lower-income households the hardest and it does hit where it hurts because it's things that are harder to control."

The Federal Reserve earlier this month announced its largest interest rate benchmark increase since 1994 to help tamp down inflation, but it will take time for the measures to work by increasing borrowing costs to lower demand. Russia's war in Ukraine will continue to make the situation difficult.

"I do expect inflation to turn to keep running hot this summer," Ehrlich said. "I'm looking for it to start cooling off late this year."

Pricing pressure is causing local food pantries, already busy during the pandemic, to see an uptick in clients.

"We started to see things slow down, and then very quickly things started to kind of get tight again for people due to just a lot of different factors," said Kirk Mayes, CEO of Forgotten Harvest, a food rescue and distribution organization in Metro Detroit.

"Inflation is very real. It is absolutely the trigger that is pushing many people to take on the option of going to get help for food assistance."

Pressure in the produce aisle

Forgotten Harvest delivers 144,000 pounds of surplus food five days a week with the help of 200 local food pantry partners.

The organization's recent increase in demand was noticeable at a food pantry distribution event last Wednesday in Oak Park, where dozens of motorists lined up waiting for chicken, milk, plums, cucumbers and other essentials. A few minutes after the distribution started that morning, the line stretched more than half a mile from the Oak Park Community Center down Oak Park Boulevard and onto Coolidge Highway.

The earliest people in line often show up at 4 a.m. for the distribution, which officially starts at 9 a.m. For those who rely on it, such as 66-year-old Elaine Love of Oak Park, getting there early ensures she can get the food she needs for herself, the five grandchildren she helps to take care of and several other family members, neighbors and friends.

This day, Love arrived at 7 a.m.

"Inflation has hit everything," she said. "Gas, groceries, everything. If the prices are the same, it's because they changed how much you're getting in a package so you're getting less for the same price."

Grocery costs have increased 11.9% from May 2021 to May 2022 — the largest 12-month increase since 1979, according to the latest Bureau of Labor Statistics report. Consumers planning a Fourth of July cookout are expected to spend 17% more this year over last year, according to an American Farm Bureau Federation market basket survey.

Arthur Crummie, 79, a retired construction worker from Detroit, was in line at the food distribution site for the first time ever that Wednesday. The price of "everyday living" has risen too much in recent months, he said.

"I have Social Security, and I have my pension," he said. "I'm trying to keep my home and this 2006 car. I can't spend all my money at the grocery store."

The lines have gotten longer in recent months, said Marguerite Kaiser, food program supervisor for Forgotten Harvest. It's not yet as bad as during the peak months of the early pandemic, when she estimated between 600 and 800 families would come through the line.

She expected more than 400 on Wednesday, she said, a number that would likely mean the pantry would close before its scheduled time at noon. Often, if the line is long as supplies dwindle, she limits the offerings — families that would have gotten two chickens or gallons of milk get one instead.

“One is better than none,” she said.

Gleaners Community Food Bank does its own distribution and works with more than 600 partner agencies in Wayne, Oakland, Macomb, Monroe and Livingston counties. Since March, there's been a "noticeable uptick," even as the organization is receiving less USDA-donated food as pandemic assistance programs end, said Stacy Averill, Gleaners' vice president of community giving and public relations.

The costs for food staples have risen between 5% and 65%-68% from pre-pandemic levels, she said: "So our necessary food purchases are more costly right now and are decreasing our ability to offer more variety."

Pressure at the pump

Russia's war on Ukraine caused gas prices to start surging in late February and early March. In Michigan, average prices for regular unleaded in the last month have gone from \$4.56 to \$5.01 as of Wednesday, according to AAA, though prices have eased the past week. The average a year ago was \$3.11.

Eddie Osman, owner of the Marathon gas station in Wixom where Ryszka was filling up last week, has been in the business 27 years and has never seen times this difficult for his customers.

Ely Feghali, one of those customers, manages Magnum Towing out of Wixom, a business that includes clients in other states. He spent more than \$500 on gas for his heavy-duty tow truck last week with diesel at \$6.29 a gallon.

"We are not making money anymore but we just want to keep our customers," he said. "That's why we are going out of state."

Megan Slovisky, 33, of Wixom, is trying to save up to get her Ph.D. this fall in veterinary medicine from the University of Florida, so she's looking to get by on just the gas she needs for essential driving.

"Right now, I can only get \$10 worth because it's all I can afford," she said while getting gas at Osman's station last Wednesday.

Osman stressed that even though prices are high, he's not making more. In fact, he is taking a 15% to 20% hit on profit from pre-pandemic levels because the credit card fees he pays have gone up, the cost for product supply has increased, and so have labor expenses.

Last month, he paid \$33,000 in credit card fees, a result of people paying more at the pump and having to charge it.

"It came to a point that we're making five or seven cents on a gallon ... before, we were making like 20 cents, 18 cents," he said.

Gas stations make most of their profits inside the store and they are taking a hit now with prices on some products up more than 100% from pre-pandemic levels. A bag of Frito-Lay chips, for example, used to be \$1.49 and now it's \$2.69, Osman said.

"We live in one of the greatest countries, but in 27 years in this business, I never saw it as bad," he said. "But I believe that it will pass. I believe that we will survive."

Meanwhile, people are still hitting the road.

AAA expects this Independence Day will be the second busiest for travel since 2000. The agency forecasts that even with higher gas prices, 1.5 million Michigianians will take a holiday road trip — the most on record, dating to 2001.

"Earlier this year, we started seeing the demand for travel increase and it's not tapering off," said Debbie Haas, vice resident of Travel for AAA-The Auto Club Group, in a statement. "People are ready for a break and despite things costing more, they are finding ways to still take that much-needed vacation."

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