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CONSUMER EXPENDITURES – 2014

Average expenditures per consumer unit in 2014 were \$53,495, a 4.7-percent increase from 2013 levels, the U.S. Bureau of Labor Statistics reported today. During the same period, the Consumer Price Index (CPI-U) rose 1.6 percent¹. In 2013, spending decreased 0.7 percent. Average pre-tax income per consumer unit increased at about the same pace as expenditures, up 4.8 percent from 2013.

Consumer units include families, single persons living alone or sharing a household with others but who are financially independent, or two or more persons living together who share expenses.

Most major components of household spending increased in 2014, as shown in table A. Many of the categories with large percentage increases in expenditures rebounded from declines in spending in 2013. The rise in healthcare expenditures was one of the largest increases among the major components. The subcomponent for health insurance expenditures increased primarily due to an improvement in the survey questionnaire. Because of the questionnaire change for health insurance, these estimates are not strictly comparable to prior years.

Note on health insurance

More consumer units reported expenditures for health insurance in 2014 than in 2013, and because of an improvement in interview collection methods, higher expenditures were reported. The percent of households reporting quarterly expenditures on health insurance increased from 65.5 percent in 2013 to 68.0 percent in 2014. The insurance questions were revised from 3-month recall questions to questions about the amount of the last payment and the payment period.

The new estimates are more accurate because the respondent does not have to calculate a quarterly estimate—instead the estimate is calculated by BLS, using the amount of the last payment which respondents are more likely to know. On the basis of cognitive testing, BLS concluded that these new questions produce better estimates. For those consumer units whose time in sample encompassed reporting health insurance expenditures using both the old questions and the new questions, the mean expenditure using the new questions increased by 26.2 percent compared to the old questions. In the 2014 tables, some of the over-the-year change in the healthcare expenditure data, especially in the health insurance subcomponent, is due to these improvements to the survey questionnaire.

Table A. Average annual expenditures and income of all consumer units and percent changes for selected components, 2012-14

Item	2012	2013	2014	Percent change	
				2012 - 13	2013 - 14
Average income before taxes	\$65,596	\$63,784	\$66,877	-2.8	4.8
Average annual expenditures	51,442	51,100	53,495	-7	4.7
Food.....	6,599	6,602	6,759	.0	2.4
Food at home.....	3,921	3,977	3,971	1.4	-.2
Food away from home.....	2,678	2,625	2,787	-2.0	6.2
Housing.....	16,887	17,148	17,798	1.5	3.8
Shelter.....	9,891	10,080	10,491	1.9	4.1
Owned dwellings.....	6,056	6,108	6,149	0.9	0.7
Rented dwellings.....	3,186	3,324	3,631	4.3	9.2
Apparel and services.....	1,736	1,604	1,786	-7.6	11.3
Transportation.....	8,998	9,004	9,073	0.1	0.8
Gasoline and motor oil.....	2,756	2,611	2,468	-5.3	-5.5
Vehicle insurance.....	1,018	1,013	1,112	-0.5	9.8
Healthcare.....	3,556	3,631	4,290	2.1	n/a
Health insurance.....	2,061	2,229	2,868	8.2	n/a
Entertainment.....	2,605	2,482	2,728	-4.7	9.9
Cash contributions.....	1,913	1,834	1,788	-4.1	-2.5
Personal insurance and pensions.....	5,591	5,528	5,726	-1.1	3.6
All other expenditures.....	3,557	3,267	3,548	-8.2	8.6

n/a - Because of the questionnaire change for health insurance, the 2013-14 percent change is not strictly comparable to prior years.

Spending patterns, 2013-14

One of the largest increases was in the apparel and services category, up 11.3 percent, rebounding from a decline in 2013.

Food expenditures rose 2.4 percent in 2014, led by an increase of 6.2 percent in spending on food away from home. Food at home expenditures were virtually unchanged in 2014.

Transportation expenditures rose a modest 0.8 percent. Gasoline and motor oil expenditures continued to decline, decreasing by 5.5 percent to \$2,468, mirroring a drop in gasoline prices, which fell 3.9 percent according to the CPI-U². Vehicle insurance expenditures, however, rose 9.8 percent.

Cash contributions dropped for the second straight year in 2014, falling by 2.5 percent.

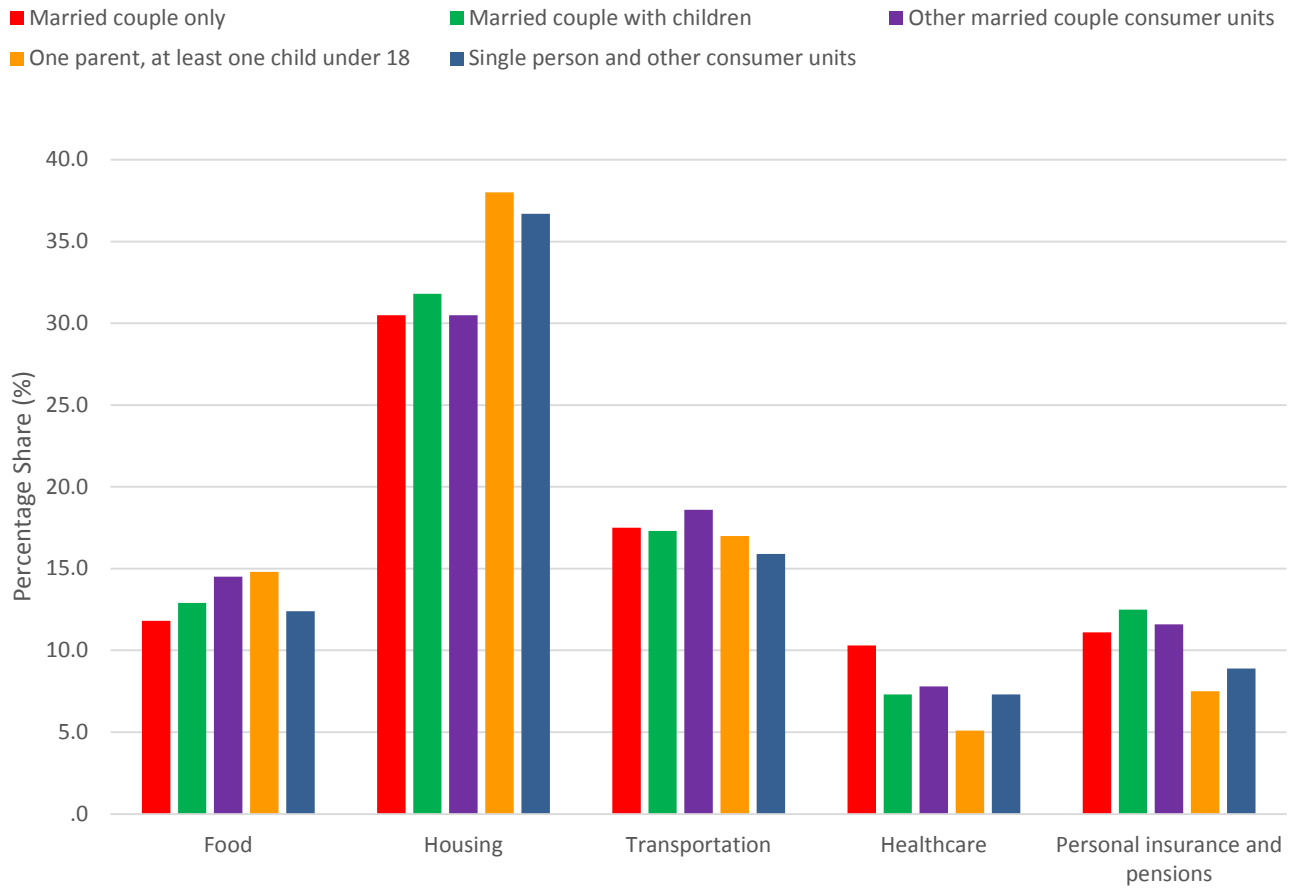
Spending by composition of consumer unit

Consumer Expenditure Survey (CE) data measure how consumers allocate their spending among the various components of average annual expenditures. Table B and chart 1 compare the shares allocated to selected major expenditure categories by composition of consumer unit in 2014. One parent households with at least one child under 18 allocated over one-half of their total spending to food and housing; they reported the highest shares of spending on the individual items among the groups studied. Over 10 percent of total spending went to healthcare for married couple only households, over twice as large a share as reported by one parent households (5.1 percent). The average age of the reference person of married couple only households was twenty years older than that of single person households (59.1 years old vs. 39.1 years old). Married couple with children households allocated the highest share of all groups to personal insurance and pensions (12.5 percent), while other married couple households (those with married couples and persons other than children living in the consumer unit) allocated the highest share to transportation (18.6 percent).

Table B. Shares of average annual expenditures on selected major components by composition of consumer unit, 2014

Item	Married couple only	Married couple with children	Other married couple consumer units	One parent, at least one child under 18	Single person and other consumer units
Food.....	11.8	12.9	14.5	14.8	12.4
Housing.....	30.5	31.8	30.5	38.0	36.7
Transportation.....	17.5	17.3	18.6	17.0	15.9
Healthcare.....	10.3	7.3	7.8	5.1	7.3
Personal insurance & pensions.	11.1	12.5	11.6	7.5	8.9

Chart 1. Shares of average annual expenditures on selected major components by composition of consumer unit, 2014



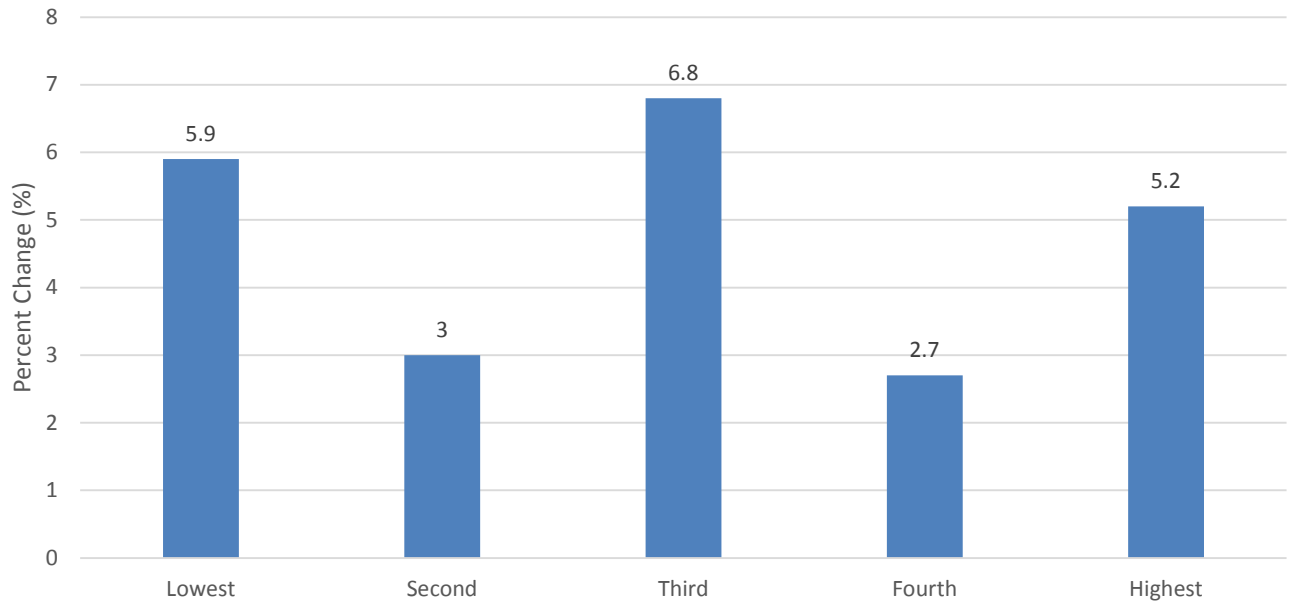
Spending by income quintile

Table C and Chart 2 show the percent change for expenditures by income quintile. Overall spending increased in all quintiles. Spending on food at home and transportation was a mix of increases and decreases among the quintiles. Spending on housing, entertainment, and food away from home increased for all quintiles in 2014.

Table C. Dollar change and percent change in average annual expenditures on selected major components by income quintile, 2013-14

Item	Lowest		Second		Third		Fourth		Highest	
	Dollar	Percent	Dollar	Percent	Dollar	Percent	Dollar	Percent	Dollar	Percent
Average annual expenditure change:										
Total.....	\$1,320	5.9	\$987	3.0	\$2,900	6.8	\$1,575	2.7	\$5,126	5.2
Food.....	12	0.3	-27	-0.6	264	4.6	124	1.6	411	3.7
At home.....	-8	-0.3	-83	-2.6	64	1.8	19	0.4	-19	-0.3
Away from home.....	20	1.8	55	3.5	200	9.4	104	3.3	430	8.4
Housing.....	680	7.6	514	4.3	640	4.3	484	2.5	911	2.9
Apparel and services.....	62	8.6	82	7.9	202	15.2	-9	-0.5	569	18.6
Transportation.....	228	6.9	-160	-2.7	404	5.0	-64	-0.6	-72	-0.4
Entertainment.....	106	10.6	150	10.6	368	18.4	102	3.6	496	9.7
Cash contributions.....	-71	-12.3	80	7.6	115	8.8	-182	-8.7	-177	-4.3
Personal insurance and pensions.....	38	8.2	-59	-3.6	57	1.6	152	2.3	789	5.1
All other expenditures.....	186	9.8	7	0.4	199	8.3	273	8.1	733	10.8

Chart 2. Percent change in average annual expenditures by income quintile, 2013-14



Tables and data

CE data include the expenditures and income of consumers, as well as the demographic characteristics of those consumers. Tables with more expenditure detail are available at www.bls.gov/cex. Published tables provide 2014 CE data by standard classifications that include income quintile, income class, age of reference person, size of consumer unit, number of earners, composition of consumer unit, region of residence, housing tenure, type of area (urban-rural), race, Hispanic origin, occupation, and highest education level of any member. These annual tables include means, shares, and standard errors. New to the annual tables this year is the Deciles of Income table, dividing the sample into 10 equal sections by income range. Other tables available on the website include expenditures by age, region, size, or gender cross-tabulated by income before taxes and other demographic variables. Historical tables back to 1984 and tabulations for selected metropolitan areas are also available.

Future articles in the BLS Beyond the Numbers web report series will highlight recent trends in prices and spending in the U.S. economy, and will feature 2014 CE data. Recent CE-specific Beyond the Numbers articles provide analyses of topical economic issues and long term spending trends, as well as comparisons of CE data to other data series (see www.bls.gov/cex/csxwebarticles.htm).

Other survey information available on the internet includes answers to frequently asked questions, a glossary, order forms for survey products, and analytical articles that use CE data. Also available are the Diary Survey questionnaire form and a modified version of the Computer Assisted Personal Interview (CAPI) instrument used to collect the Interview Survey data.

The 2014 CE public-use microdata, including Interview Survey data, Diary Survey data, and paradata (information about the survey process), are available on the CE website for free electronic download. The Interview files contain expenditure data in two different formats: MTBI files that present monthly values in an item-coding framework based on the CPI pricing scheme, and EXPN files that organize expenditures by the section of the Interview questionnaire in which they are collected. Expenditure values on EXPN files cover different time periods depending on the specific questions asked, and the files also contain relevant non-expenditure information not found on the MTBI files. The public-use microdata for 2014 also includes the new estimates of state and federal tax liabilities. The CE introduced these estimates to improve the quality of the tax data. The tax data collected directly from consumer units during the Interview survey will be available in the 2014 public use microdata, after which they will no longer be collected. CE public-use microdata from 1996 to 2013 are also available on the CE website for free download. For releases prior to 1996, users can continue to purchase USB flash drives using the public-use microdata order form (see www.bls.gov/cex/pumhome.htm).

For further information, contact the Division of Consumer Expenditure Survey, Office of Prices and Living Conditions, Bureau of Labor Statistics, 2 Massachusetts Ave., N.E., Washington, DC 20212 or call (202) 691-6900; E-mail: cexinfo@bls.gov. Information in this release is available to sensory impaired individuals upon request. Voice phone: 202-691-5200; Federal Relay Service: 1 (800) 877-8339.

¹ This is calculated as the percentage change between the annual average CPI-U for all items for 2014 (236.736) and the annual average CPI-U for all items for 2013 (232.957). See CPI Detailed Report, Data for January 2015, Table 1A.

² This is calculated as the percentage change between the annual average CPI-U for gasoline for 2014 (290.889) and the annual average CPI-U for gasoline for 2013 (302.577). See CPI Detailed Report, Data for January 2015, Table 1A.