

News

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REGIONAL SPENDING PATTERNS IN THE U.S. AND METROPOLITAN AREAS IN THE MIDWEST, 2001-2002

Consumer units¹ spent an average of \$40,102 annually in 2001-2002, with the cost of housing accounting for approximately one third of the total. Transportation and food together accounted for about another third, according to data released by the U.S. Department of Labor, Bureau of Labor Statistics. Acting Regional Commissioner Hal Corley noted that annual expenditures of households in the Midwest² averaged \$40,074, very close to the national level. In the other three regions, expenditures ranged from \$36,788 in the South to \$44,002 in the West. (See table 1.) Households in each area also spent about two-thirds of their dollars on housing, transportation, and food. Still, some regional variations were evident in the percentage (or share) of a household's budget allocated for items within these broad categories.

Expenditures vary among the regions because of many factors: prices, income, population characteristics, climate, consumer tastes, family size, and so on. Consumer units in the Northeast and West had higher incomes before taxes than did households in the Midwest and South. Those in the Northeast and West were less likely to own their own home than in the other two regions. And consumer units in the Midwest averaged 2.2 vehicles per household compared to only 1.7 vehicles in the Northeast. However, regional variations were not always evident. The number of persons over the age of 65 in a consumer unit, for example, averaged 0.3 per household across all four regions.

Expenditure shares by region

Overall, households in the Midwest and South spent a smaller portion of their budget on housing³ (31.3 and 31.5 percent, respectively) than did their counterparts in the West and Northeast (34.4 and 34.7 percent, respectively). The cost of transportation represented a smaller share of household expenses in the Northeast (17.2 percent) than it did in the South (20.2 percent). Expenditure shares for food varied from 12.7 percent in the West to 13.9 percent in the South. (See table 1.)

Most of the variation in housing expenditures across the four regions is accounted for by differences in outlays for shelter. Shelter (including expenses associated with purchasing, renting, and maintaining housing) accounted for 54.4 percent of housing costs in the South and 56.4 percent in the Midwest. (See table A.) Households in the Northeast and West spent a larger share, 61.7 and 63.5 percent, respectively, of their housing expenditures on shelter. Spending on utilities, fuels, and public services as a

¹ See Technical Note for definition of a consumer unit. The term "consumer unit" is used interchangeably with "household" throughout the release.

² There are the four geographic regions in the United States as defined by the U.S. Bureau of the Census. See Technical Note for a listing of states in each region.

³ Housing expenditures include rents, mortgage interest payments, taxes, maintenance and upkeep costs, but do not include payment of mortgage principal, which is considered a change in assets and liabilities.

proportion of housing expenditures ranged from 16.5 percent in the West to 24.3 percent in the South. Utilities, fuels, and public services spending accounted for 19.3 percent of housing outlays in the Northeast and 21.9 percent in the Midwest.

Table A. Average annual expenditures and percent distribution of costs for selected housing items in the United States and regions, 2001-2002

Item	U.S.	NE	Midwest	South	West
Housing as share of all expenditures	\$13,148 32.8%	\$14,499 34.7%	\$12,549 31.3%	\$11,573 31.5%	\$15,150 34.4%
Shelter as share of housing expenditures	\$7,716 58.7%	\$8,952 61.7%	\$7,077 56.4%	\$6,291 54.4%	\$9,618 63.5%
Utilities, fuels, and public services as share of housing expenditures	\$2,725 20.7%	\$2,793 19.3%	\$2,752 21.9%	\$2,809 24.3%	\$2,504 16.5%

In general, consumer units in the South and Midwest spent a smaller percentage of their budget on housing costs and were more likely to be homeowners than their counterparts in the other two regions. Conversely, renting was more prevalent among those in the Northeast and West, where the expenditure shares for shelter were higher.

Transportation, the second largest expenditure in the overall budget, accounted for a smaller share of household spending in the Northeast than in the other regions. Consumer units in the Northeast allocated 17.2 percent of all household expenditures for transportation costs compared to 20.2 percent in the South, 19.7 percent in the Midwest, and 19.0 percent in the West. The distribution of a household's transportation dollars among the subcomponents also varied across regions, with those in the Northeast spending the smallest share on vehicle purchase (42.9 percent of total transportation spending) and owning fewer vehicles (1.7 per household) than those elsewhere. Consumers in the South, on the other hand, spent the largest percentage of their transportation costs on vehicle purchases at 49.9 percent while those in the Midwest averaged the highest number of vehicles per household, 2.2. (See table B.)

Table B. Average annual expenditures and percent distribution of costs for selected transportation items in the United States and regions, 2001-2002

Item	U.S.	NE	Midwest	South	West
Transportation as share of all expenditures	\$7,697 19.2%	\$7,190 17.2%	\$7,907 19.7%	\$7,420 20.2%	\$8,355 19.0%
Vehicle purchase (net outlay) as share of transportation expenditures	\$3,622 47.1%	\$3,083 42.9%	\$3,765 47.6%	\$3,701 49.9%	\$3,808 45.6%
Vehicles owned	2.0	1.7	2.2	1.9	2.0

The proportion of the household budget spent for food was close to the national average of 13.3 percent in all four regions. Even with regional shares for food purchases so similar, some variations were noted on how the food dollars were allocated. For example, households in the Midwest spent a larger share of their total food budget on food away from home (43.1 percent), such as restaurant meals, carry-outs, board-at-school, and catered affairs, than did those in other regions of the country, which averaged either 41.9 percent or 42.0 percent.

Among the remaining major expenditure categories, out-of-pocket medical expenses for health care showed some regional variation between regions, averaging 5.0 percent of all expenditures in the West and 5.1 percent in the Northeast, but 5.8 and 6.3 percent, respectively, in the Midwest and South. However, most of the other items showed little regional distinctiveness: personal care products, alcoholic beverages, and reading, for example.

Metropolitan area expenditure shares in the Midwest

Expenditure levels within each region's major metropolitan areas generally exceeded the regional average, which includes both metropolitan and nonmetropolitan areas. (See table 2.) In the Midwest, expenditures among the eight major metropolitan areas surveyed ranged from \$38,125 in Cleveland to \$52,581 in Minneapolis-St. Paul in 2001-2002.

During the 2001-2002 period, the expenditure share for housing varied widely across the eight metropolitan areas surveyed, with three -- Chicago, Milwaukee, and Cleveland -- surpassing the regional average of 31.3 percent by at least 2.0 percentage points. Housing costs in Chicago accounted for 36.0 percent of a household's budget, among the highest in the nation. At 30.7 percent, only consumer units in St. Louis spent a smaller percentage of their budgets on housing than the Midwest average. Three of the metropolitan areas surveyed in the Midwest had rates of homeownership that exceeded the regional average of 70 percent -- Cleveland, Detroit, and Kansas City. In contrast, 59 percent of households in Milwaukee and Cincinnati were homeowners.

Five of the eight metropolitan areas surveyed in the Midwest had an expenditure share for transportation at or below the 19.7 percent regional average for the Midwest. Households in Minneapolis-St. Paul and Chicago spent 17.6 and 17.9 percent, respectively, of their budgets on transportation, among the lowest in the region; these same households directed more of their transportation dollars towards public transit (7.1 and 8.2 percent, respectively) than did other metropolitan areas in the Midwest. Expenditure shares for transportation were highest in Cleveland (20.1 percent), Detroit (19.9 percent), and Cincinnati (19.8 percent).

While expenditure shares for food varied little at the regional level, more variation was evident between the major metropolitan areas within a region. In the Midwest, the proportion of the budget spent on food ranged from 11.9 percent of total expenditures in Minneapolis-St. Paul to 13.8 percent in St. Louis. Half of the areas in the region -- St. Louis, Cincinnati, Kansas City, and Milwaukee -- allocated a higher share for food than the 12.8 percent average for the Midwest. There were also spending variations between the areas in the components comprising food expenditures. For example, the proportion of the total food budget devoted to eating out was less than 40 percent in St. Louis and Kansas City, but greater than 45 percent in Cincinnati and Milwaukee.

Consumer units in six of the eight metropolitan areas in the Midwest spent a larger portion of their income on apparel and services than the regional average of 4.3 percent. Expenditure shares were highest in Detroit, Cincinnati, and Chicago, all averaging over 5.0 percent. Only in two areas, Kansas City and Minneapolis-St. Paul, did consumer units spend less than 4.0 percent of their budgets on clothing.

Most households in the eight metropolitan areas surveyed spent a smaller share of their income on health care than the regional average of 5.8 percent. Health care spending in the region was under 5.0 percent in Minneapolis -St. Paul, Chicago, and Detroit. Only in Kansas City was the share for medical costs (5.9 percent) on a par with the regional average.

A household's expenditure share for entertainment in the Midwest was 5.4 percent. Only Minneapolis -St. Paul, at 6.6 percent, exceeded the regional average. The other areas fell into a narrow band, ranging from 4.8 percent in St. Louis to 5.3 percent in Detroit.

The expenditure share for personal insurance and pensions in the Midwest averaged 9.9 percent. Among the eight areas surveyed, Chicago's share was the smallest at 8.6 percent and Minneapolis' the largest at 12.1 percent. With the exception of housing, the expenditure share spread for personal insurance and pensions was wider than for any of the other major categories in the Midwest.

Additional national, regional and metropolitan area Consumer Expenditure (CE) data are available online at <http://www.bls.gov/cex>. For personal assistance or further information on CE data as well as other Bureau programs, contact the Kansas City Information Office at (816) 426-2418 from 9:00 a.m. to 4:30 p.m. central time.

Technical Note

The current Consumer Expenditure Survey program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required to develop cost weights for the Consumer Price Index (CPI).

The survey consists of two components collected by the U.S. Bureau of the Census for BLS. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased smaller items. The Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects expenditures on larger-cost items and those that occur on a regular basis. The data presented in this release are based on integrated data from both surveys.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas across the four regions of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, area data in this release are not directly comparable to those prior to 1996-97 period.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among the areas. Expenditure levels vary among areas not only because of economic factors such as the price of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, expenditure shares (or the percentage of a consumer unit's budget spent on a particular item) can be compared across areas to show the similarities or differences in spending patterns. Lastly, users should keep in mind that prices for many goods and services have risen since the survey was conducted.

The Consumer Expenditure Survey presents data for the four regions of the country--Northeast, South, Midwest, and West --as defined by the U. S. Bureau of the Census. The states comprising these regions are listed below.

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, and Vermont.

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

South -- Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and the District of Columbia.

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Eight metropolitan areas in the Midwest region were included in the Consumer Expenditure Survey and are described below.

Chicago-Gary-Kenosha, IL-IN-WI includes the counties of Cook, DeKalb, DuPage, Grundy, Kankakee, Kane, Kendall, Lake, McHenry, and Will in Illinois; Lake and Porter in Indiana; and Kenosha in Wisconsin.

Detroit-Ann Arbor-Flint, MI includes the counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.

Cincinnati-Hamilton, IN-OH-KY, includes the counties of Dearborn and Ohio in Indiana; Brown, Clermont, Hamilton, and Warren in Ohio; Boone, Campbell, Gallatin, Grant, Kenton, and Pendleton in Kentucky.

Cleveland-Akron, OH, includes the counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit.

Kansas City, MO-KS includes the counties of Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties in Missouri; and Johnson, Leavenworth, Miami, and Wyandotte Counties in Kansas.

Milwaukee-Racine, WI includes the counties of Milwaukee, Ozaukee, Racine, Washington, and Waukesha.

Minneapolis-St. Paul, MN-WI, includes the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright in Minnesota; and Pierce and St. Croix in Wisconsin.

St. Louis, MO-IL includes the counties of Sullivan city in Crawford County, Missouri, and Clinton, Jersey, Madison, Monroe and St. Clair Counties in Illinois.

Glossary

Consumer unit -- Members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses --food, housing, and other expenses. The terms household and consumer unit are used interchangeably for convenience.

Complete income reporter -- In general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self employment income, or Social Security

income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Table 1. Average annual expenditures and characteristics by region, Consumer Expenditure Survey, 2001-2002

Consumer Unit Characteristics	All Consumer Units		Northeast		Midwest		South		West	
Income before taxes /1	\$48,484		\$52,296		\$48,439		\$44,943		\$51,003	
Age of the reference person	48.1		49.3		48.6		48.1		46.7	
Average number in consumer unit:										
Persons	2.5		2.5		2.5		2.5		2.6	
Children under 18	0.7		0.6		0.6		0.6		0.7	
Persons 65 and over	0.3		0.3		0.3		0.3		0.3	
Earners	1.4		1.3		1.4		1.3		1.4	
Vehicles	2.0		1.7		2.2		1.9		2.0	
Percent distribution:										
Homeowner	66		64		70		68		61	
Expenditure category	Expenditure	Share	Expenditure	Share	Expenditure	Share	Expenditure	Share	Expenditure	Share
Average annual expenditures	\$40,102	100.0	\$41,785	100.0	\$40,074	100.0	\$36,788	100.0	\$44,002	100.0
Food	5,348	13.3	5,756	13.8	5,116	12.8	5,127	13.9	5,590	12.7
Alcoholic beverages	362	0.9	423	1.0	378	0.9	290	0.8	410	0.9
Housing	13,148	32.8	14,499	34.7	12,549	31.3	11,573	31.5	15,150	34.4
Apparel and services	1,746	4.4	2,017	4.8	1,712	4.3	1,597	4.3	1,786	4.1
Transportation	7,697	19.2	7,190	17.2	7,907	19.7	7,420	20.2	8,355	19.0
Health care	2,267	5.7	2,146	5.1	2,338	5.8	2,314	6.3	2,221	5.0
Entertainment	2,017	5.0	2,072	5.0	2,182	5.4	1,678	4.6	2,339	5.3
Personal care products and services	505	1.3	499	1.2	499	1.2	489	1.3	545	1.2
Reading	140	0.3	167	0.4	156	0.4	102	0.3	160	0.4
Education	700	1.7	897	2.1	703	1.8	485	1.3	874	2.0
Tobacco products and smoking supplies	314	0.8	310	0.7	385	1.0	318	0.9	238	0.5
Miscellaneous	771	1.9	858	2.1	739	1.8	686	1.9	869	2.0
Cash contributions	1,268	3.2	1,104	2.6	1,452	3.6	1,200	3.3	1,324	3.0
Personal insurance and pensions	3,818	9.5	3,848	9.2	3,959	9.9	3,510	9.5	4,141	9.4

/1 Components of income and taxes are derived from "complete income reporters"; see glossary

Table 2. Distribution of expenditures and characteristics, Midwest region and selected metropolitan areas, Consumer Expenditure Survey, 2001-2002

Item	Midwest average	Chicago	Detroit	Milwaukee	Minneapolis St. Paul	Cleveland	Cincinnati	St. Louis	Kansas City
Consumer unit characteristics:									
Income before taxes /1	\$48,439	\$61,853	\$54,200	\$47,715	\$64,159	\$49,660	\$51,278	\$52,977	\$59,689
Age of reference person	48.6	47.7	49.0	50.2	46.5	49.1	47.6	49.4	48.3
Average number in consumer unit:									
Persons	2.5	2.8	2.6	2.5	2.3	2.4	2.4	2.4	2.6
Children under 18	0.6	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.7
Persons 65 and over	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Earners	1.4	1.5	1.3	1.4	1.5	1.4	1.3	1.3	1.5
Vehicles	2.2	1.7	2.1	1.9	2.6	1.8	1.9	1.8	2.1
Percent Homeowner	70	69	74	59	68	74	59	69	71
Average annual expenditures									
Total (percent)	\$40,074	\$47,861	\$44,491	\$40,341	\$52,581	\$38,125	\$40,421	\$43,034	\$43,201
Food	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food	12.8	12.4	12.2	13.1	11.9	12.3	13.7	13.8	13.3
Alcoholic beverages	0.9	1.1	0.9	1.4	1.1	0.7	1.0	0.9	0.7
Housing	31.3	36.0	33.0	34.6	31.7	33.3	31.9	30.7	32.3
Apparel and services	4.3	5.1	5.3	4.6	3.8	4.5	5.2	4.4	3.4
Transportation	19.7	17.9	19.9	16.8	17.6	20.1	19.8	18.8	18.7
Health care	5.8	4.7	4.8	5.4	4.4	5.1	5.0	5.1	5.9
Entertainment	5.4	5.1	5.3	5.2	6.6	5.1	5.1	4.8	5.2
Personal care products and services	1.2	1.2	1.5	1.2	1.1	1.0	1.4	1.8	1.2
Reading	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.4
Education	1.8	2.0	1.6	1.6	1.5	2.1	1.8	1.5	1.3
Tobacco products and smoking supplies	1.0	0.7	0.9	1.0	0.6	1.0	1.0	0.7	0.7
Miscellaneous	1.8	2.5	1.9	1.6	2.3	1.8	1.7	1.6	1.8
Cash contributions	3.6	2.3	3.6	3.7	4.8	2.3	2.9	3.7	3.7
Personal insurance and pensions	9.9	8.6	8.8	9.4	12.1	10.2	9.0	11.9	11.5

/1 Components of income and taxes are derived from "complete income reporters" only; see glossary.

