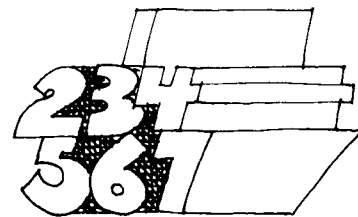


# The Anatomy of Price Change



## Trip expenditure comparisons from 1972-73 to 1980-81

ALICE A. LIPPERT

Annual travel expenditures by Americans have increased dramatically since 1972-73, according to the 1980-81 Consumer Expenditure Survey. Overall, urban families have increased their vacation and pleasure trip expenses by 145 percent, from \$272 to \$667. The largest increase was for transportation—186 percent, followed by: entertainment and other expenses—144 percent, lodging—132 percent, and food and beverages—99 percent. During this same period, *prices* for the transportation component of trips increased about 165 percent, entertainment services—57 percent, and lodging out of town—120 percent, while food prices about doubled.<sup>1</sup>

As a percentage of total trip expenses, families spent the most on transportation, followed by food and beverages, lodging, and all other expenses. Within respective expenditure categories, gas and oil increased the most for all consumer units—205 percent. During this same period, the Consumer Price Index for gasoline and motor oil increased 246 percent.

A comparison of income and age groups shows that the largest percentage increase for trips occurred in the lowest 20 percent quintile income group (296 percent) and in the under 25 age group (216 percent). (Ages given refer to the reference person.) However, the level of expenditures for these groups was only 40 percent and 60 percent of the all consumer unit average. Families in the 45 to 54 age group and families in the highest 20 percent quintile group continued to have higher-than-average dollar expenditures on vacation and pleasure trips. Overall, trip expenditures increased by income class. Similarly, trip expenses rose by age group until the 65 and over category where expenditures declined. The over 65 age group spent less on trips than most age groups in both 1972-73 and 1980-81. Whereas trip expenditures tripled for most other age groups, expenditures for families 65 and over only doubled.<sup>2</sup>

## Scope and results

Expenditures on trips are collected in the Quarterly Interview Survey—a major component of the Consumer Expenditure Survey. It includes expenditures for transportation, food and beverages, lodging, and all other trip expenses. The last available source of such information was from the 1972-73 survey. In 1972-73, travel data were published as separate items under "Recreation, Total." In the current publications, trip data are part of each appropriate expenditure category. Thus, trip information is not identifiable nor is it published as a separate component. For example, in 1972-73, gas and oil expenditures on trips appeared under the heading of "Transportation on Trips." To obtain total gas and oil expenditures, the two parts—gas and oil on trips plus regular oil and gas expenses—had to be added. Because most users examine total amounts for particular expenditure items, such as food and gasoline, it is considered more useful in the current survey to present the data by these total components. However, requests are still made for the total cost of trip expenditures.

The purpose of this study, therefore, is to provide a comparison of trip expenditures from 1972-73 to 1980-81 and to analyze how such expenses have changed. This is done by identifying and converting 1980-81 data to the 1972-73 published format. Interview data for 1980-81 were published for the urban population in BLS Bulletin 2225. The 1972-73 data were recalculated to reflect urban population only. In addition, because students were not sampled separately in 1972-73, these households were removed from the 1980-81 data for the comparisons.<sup>3</sup>

Table 1 displays trip expenditures by quintiles of income class. For each time period represented in the tables, complete income reporters are ranked in ascending order according to the level of total before-tax income reported by the consumer unit. The ranking is then divided into five equal groups. Incomplete income reporters are not ranked and are shown separately. It should be noted that the lowest 20 percent income class contains negative income values because some respondents reported income losses. Table 2 shows trip expenditures for consumer units by the age of the reference person, who is the first member mentioned by the respondent when asked to "Start with the name of the person or one of the persons who owns or rents the home."

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**Table 1. Annual travel expenditures of urban consumer units classified by outlines of income before taxes, Interview Survey, 1972-73 and 1980-81<sup>1</sup>**

Item	All consumer units		Complete reporting of income										Highest 20 percent		Incomplete reporting of income	
			Total complete reporting		Lowest 20 percent		Second 20 percent		Third 20 percent		Fourth 20 percent					
	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81
Number of consumer units in universe (in thousands)	58,948	67,327	55,461	56,558	11,087	11,276	11,097	11,320	11,089	11,318	11,092	11,290	11,095	11,353	3,488	10,769
Consumer unit characteristics:																
Income before taxes <sup>2</sup>	\$12,388	\$20,225	\$12,388	\$20,225	\$2,448	\$3,720	\$6,336	\$10,085	\$10,553	\$17,075	\$15,335	\$25,325	\$27,260	\$44,798	—	—
Size of consumer unit	2.8	2.7	2.8	2.7	1.5	1.8	2.3	2.3	2.9	2.7	3.4	3.2	3.8	3.4	3.0	2.6
Age of householder	47.1	46.6	47.0	45.7	54.4	53.8	48.2	46.1	42.9	42.4	43.1	41.3	46.3	44.7	49.7	51.6
Number in consumer unit:																
Earners	1.3	1.4	1.4	1.4	.5	.6	1.0	1.1	1.4	1.5	1.8	1.8	2.2	2.2	.4	1.3
Vehicles	1.8	1.9	1.8	1.9	.6	.8	1.2	1.4	1.8	2.0	2.4	2.5	2.9	2.9	2.0	1.8
Children under 18	1.0	.8	1.0	.8	.4	.4	.8	.7	1.1	.8	1.4	1.0	1.3	1.0	.9	.6
Persons 65 and over	.3	.3	.3	.3	.5	.5	.4	.4	.2	.2	.1	.1	.1	.1	.3	.4
Percent homeowner	56	62	55	61	32	39	41	47	53	58	70	75	81	88	61	68
Vacation and pleasure trips, total	\$272	\$667	\$266	\$657	\$67	\$265	\$132	\$381	\$206	\$531	\$308	\$669	\$619	\$1,437	\$360	\$718
Transportation, total	111	317	108	314	33	143	61	206	85	270	122	311	236	637	148	332
Gas and oil for owned vehicles	39	119	39	121	8	49	23	73	36	117	49	155	74	211	40	106
Plane fares	53	139	51	135	17	56	28	78	36	112	54	108	120	320	84	160
Other <sup>3</sup>	20	59	18	58	8	38	11	54	13	41	19	47	42	107	24	66
Food and beverages, total	81	161	80	160	19	60	36	84	62	127	96	175	187	352	97	169
Lodging	53	123	52	119	9	42	22	60	37	85	57	117	132	293	80	143
Other expenses	27	66	27	64	7	21	12	31	22	48	32	66	63	155	35	74

<sup>1</sup>Urban population refers to all persons living in Standard Metropolitan Statistical Areas (SMSA's) and in urbanized areas and urban places of 2,500 persons or more outside of SMSA's.

<sup>2</sup>Income values are derived from "complete income reporters" only. The distinction between complete and incomplete income reporters is based in general on whether the

respondent provided values for major sources of income, such as wages and salaries, self-employment income, and social security income.

<sup>3</sup>Other includes trip expenditures for train, bus, and boat fares; taxis; tolls; rented vehicles; and other vehicle expenses.

**Table 2. Annual travel expenditures of urban consumer units classified by age of householder, Interview Survey, 1972-73 and 1980-81<sup>1</sup>**

Item	All consumer units		Under 25		25 to 34		35 to 44		45 to 54		55 to 64		65 and over	
	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81	1972-73	1980-81
Number of consumer units in universe (in thousands)	58,948	67,327	5,564	6,467	12,043	16,058	9,983	11,422	10,807	9,683	9,343	10,410	11,208	13,287
Consumer unit characteristics:														
Income before taxes <sup>2</sup>	\$12,388	\$20,225	\$6,804	\$12,495	\$12,267	\$20,972	\$15,517	\$25,727	\$17,350	\$28,112	\$13,832	\$22,312	\$6,778	\$10,898
Size of consumer unit	2.8	2.7	1.8	1.9	3.1	2.8	4.2	3.8	3.4	3.4	2.3	2.4	1.6	1.7
Age of householder	47.1	46.6	21.9	22.0	29.1	29.5	39.5	39.2	49.5	49.5	59.4	59.3	73.4	73.6
Number in consumer unit:														
Earners	1.3	1.4	1.3	1.3	1.3	1.5	1.7	1.9	1.9	2.2	1.3	1.4	.4	.4
Vehicles	1.8	1.9	1.4	1.3	1.8	1.9	2.4	2.3	2.4	2.7	1.9	2.1	.9	1.1
Children under 18	1.0	.8	.5	.4	1.4	1.1	2.3	1.7	1.1	.9	.3	.2	.1	.0
Persons 65 and over	.3	.3	.0	.0	.0	.0	.0	.0	.1	.0	.1	.1	1.3	1.4
Percent homeowner	56	62	7	13	37	50	66	70	72	78	71	80	62	70
Vacation and pleasure trips, total	\$272	\$667	\$124	\$392	\$230	\$589	\$311	\$838	\$359	\$871	\$332	\$831	\$221	\$470
Transportation, total	111	317	56	210	98	288	117	376	142	394	136	398	92	233
Gas and oil for owned vehicles	39	119	27	95	40	123	45	143	48	142	45	138	23	71
Plane fares	53	139	20	71	43	118	53	163	70	186	69	190	50	103
Other <sup>3</sup>	20	59	8	45	15	47	19	68	25	65	22	70	20	58
Food and beverages, total	81	161	36	84	70	145	99	210	111	216	98	195	58	111
Lodging	53	123	18	42	37	93	59	164	70	170	66	166	56	98
Other expenses	27	66	15	56	24	64	37	89	36	92	31	73	16	29

<sup>1</sup>Urban population refers to all persons living in Standard Metropolitan Statistical Areas (SMSA's) and in urbanized areas and urban places of 2,500 persons or more outside of SMSA's.

<sup>2</sup>Income values are derived from "complete income reporters" only. The distinction between complete and incomplete income reporters is based in general on whether the

respondent provided values for major sources of income, such as wages and salaries, self-employment income, and social security income.

<sup>3</sup>Other includes trip expenditures for train, bus, and boat fares; taxis; tolls; rented vehicles; and other vehicle expenses.

It is with respect to this person that the relationship of other consumer unit members is determined.

### **The Consumer Expenditure Survey**

The Consumer Expenditure Survey is the most comprehensive source of detailed information on household expenditures and income related to the socioeconomic and demographic characteristics of the U.S. population. Since 1980, the survey has been conducted on an ongoing basis. Prior to that, the survey had been conducted about every 10 years.<sup>4</sup>

The survey consists of two major components: the Diary and the Quarterly Interview. The Diary Survey collects information on frequently purchased items, such as detailed food, food away from home, and household products. The Interview Survey is designed to collect information on relatively large purchase items such as housing, education, vehicles, and major appliances. In addition, data are collected for expenditures which occur at regular intervals, such as rent and utility bills.

The Bureau of the Census collects the data for the Bureau of Labor Statistics. Each survey contains its own independent sample of approximately 5,000 consumer units. The Diary Survey is completed by participating households over a 2-week period (14 days). The Interview Survey is conducted with rotating panels of consumers on a quarterly basis. Consumer units in this survey are interviewed for five consecutive quarters; one-fifth of the sample is new to the survey each quarter. □

#### —FOOTNOTES—

<sup>1</sup> Implicit trips weights and relevant Consumer Price Indexes were used to estimate the transportation price change.

<sup>2</sup> Public use tapes are available from the 1980–81 Interview Survey. The tapes contain separate trip expenditures as well as other expenditure items. Users can perform similar analyses for any of the characteristics on the tape: region, race, family size, dollar income levels, and so forth.

<sup>3</sup> See BLS Bulletin 2225 for a description of all differences between the surveys in the two periods.

<sup>4</sup> For a complete discussion of the history and methodology of the Consumer Expenditure Survey see *Handbook of Methods*, Bulletin 2134–1 (Bureau of Labor Statistics, 1982), Ch. 6, p. 38.

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### **What wage level for the young?**

Wage levels were an issue in the 1970s' youth initiatives, as they were in the New Deal youth programs, and as they continue to be in the debate over a youth minimum wage differential. Should 14-, 15- or 16-year-olds with no skills or work experience receive the full minimum wage for summer or in-school jobs when the majority of young teenagers in unsubsidized employment earns less than the minimum, when the unemployed parents of participants might be more than willing to accept minimum wage jobs, and when unrealistic wages reduce public support as well as the number who can be served in public programs?

—NATIONAL COUNCIL ON EMPLOYMENT POLICY,  
*Investing in America's Future: A Policy Statement*  
by the National Council on Employment Policy  
(Washington National Council on Employment Policy,  
1984), pp. 17 and 18.

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