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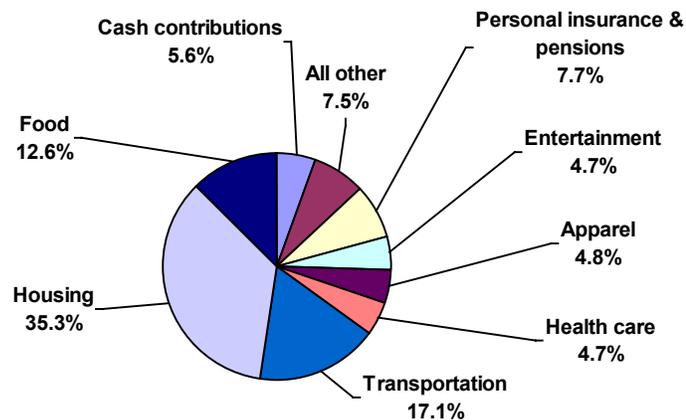
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## CONSUMER SPENDING PATTERNS IN CHICAGO-GARY-KENOSHA, 1999-2000

Consumer units<sup>1</sup> in the Chicago-Gary-Kenosha metropolitan area spent an average of \$43,437 per year in 1999-2000, 15.5 percent more than the national average, according to the Bureau of Labor Statistics of the U.S. Department of Labor. Chicago area households spent considerably more (25.7 percent) for housing, the largest component of the budget, than did households nationwide. Most other major expenditure categories in Chicago were above the national average, in particular food, apparel, cash contributions and education. Spending on transportation, reading materials, health care, and personal insurance and pensions was more in-line with nationwide household averages. Chicagoans did spend less on tobacco and smoking products compared with the national average.

The average Chicago household spent 64.9 percent of its budget for food, housing, and transportation, close to the national average of 65.1 percent. (See table 1.) Three other metropolitan areas were selected for comparison as they either matched Chicago in size (New York and Los Angeles) or regional location (Detroit).

**Chicago Expenditure Shares**  
**Consumer Expenditure Survey 1999-2000**



<sup>1</sup> See Technical Note for definition of a consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

For example, New York's expenditure share on the three major items was 65.4 percent, also close to the nationwide average, but in Detroit and Los Angeles, shares were higher averaging 66.5 percent. (Expenditure levels for the four metropolitan areas are presented in table 2. Geographical boundaries of areas referenced in this release are contained in the technical note.)

This report contains annual data averaged over a two-year period, 1999 and 2000. The data are from the Consumer Expenditure Survey (CEX), which is conducted on an ongoing basis by the Bureau of Labor Statistics (BLS). The Bureau of the Census collects the survey data for BLS. The CEX is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Survey data cannot be used to make cost of living comparisons between areas. Expenditure levels vary among areas not only because of economic factors such as the prices 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 used to compare spending patterns across areas. Data shown are annual averages per consumer unit. An individual consumer unit may spend more or less than the average depending on its particular characteristics.

On average, spending on housing accounted for 35.3 percent of total household expenditures in the Chicago area. Among the other three metropolitan areas, expenditure shares for housing were higher in Los Angeles (37.0 percent) and New York (36.4 percent), and lower in Detroit (33.5 percent). However, expenditure shares for housing in these four areas all exceeded the 32.4 percent spent by households nationally during the 1999-2000 period. The majority of housing expenditures in Chicago (61.3 percent) went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items. Spending on utilities, fuels and services comprised 18.2 percent of the housing budget. This was above expenditure shares for this category in Los Angeles and New York but below that in Detroit. (See table A.) On average, utility costs accounted for 20.0 percent of all housing expenses in the U.S. The rate of home ownership in Chicago, at 65 percent, matched the national average. By contrast, the rate of homeownership in New York and Los Angeles was only 54 percent and 52 percent, respectively, while in Detroit it was 72 percent.

Table A. Percent distribution of housing expenditures for the U.S. and selected areas, 1999-2000

Item	U.S. Average	Chicago	Detroit	Los Angeles	New York
Total	100.0	100.0	100.0	100.0	100.0
Shelter	58.0	61.3	55.6	62.2	65.1
Utilities, fuels & services	20.0	18.2	19.0	13.8	16.0
Household operations	5.5	5.0	5.0	8.6	5.4
Housekeeping supplies	4.0	3.5	4.7	2.9	3.2
Household furnishings	12.5	12.0	15.6	12.4	10.3

Transportation was the second largest expenditure category in the Chicago area, accounting for 17.1 percent of a household's budget. Households in Los Angeles spent a similar proportion (17.2 percent). The percentage of the total budget spent on transportation was larger in Detroit (18.5 percent) and smaller in New York (15.1 percent). Still, expenditure shares for transportation in these metropolitan areas were all less than the national average of 19.2 percent. Transportation costs totaled \$7,418 in Chicago, of which 90.1 percent was spent buying, operating, and maintaining private vehicles—a relatively low share compared to the nationwide average of 94.3 percent. The remaining 9.9 percent was spent on public transportation. Of the four metropolitan areas, only New York spent a higher percentage of their transportation budget on public transit, 12.9 percent. (See table 2 for detailed expenditure information). Similarly, residents of Chicago and New York averaged fewer vehicles per household, at 1.7 and 1.4, respectively, than did households nationally (1.9).

Chicago households spent 12.6 percent of their budget on food, not as much as the 13.5 percent spent nationally. The expenditure share for food was highest in Detroit (14.6 percent), near the U.S. average in New York (13.9 percent), and lowest in Los Angeles (12.3 percent). Chicago consumer units spent 53.9 percent of their food budget on food prepared at home—below the national average of 58.3 percent. The remaining 46.1 percent of the Chicago household food budget was spent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs.

Payments for personal insurance and pensions accounted for 7.7 percent of the typical Chicago household budget, similar to the 7.5 percent share in Detroit. The portion of expenditures spent on this category was higher in both New York and Los Angeles, where averages were close to or equaled the nationwide share of 9.0 percent. Social Security and pension contributions accounted for 89.4 percent of a Chicago household's expenses in this category.

Spending on apparel and services accounted for 4.8 percent of total expenditures in Chicago. This matched the national average. Expenditure shares for clothing were higher in the other three selected areas, reaching 6.1 percent in New York.

Out-of-pocket health care expenses, which includes health insurance premiums, medical services, drugs (prescription and nonprescription) and medical supplies, accounted for 4.7 percent of total household expenditures in Chicago, the highest among the four metropolitan areas. Still, Chicago's expenditure share was below the 5.3 percent spent by households nationwide on health care.

Chicago area consumer units spent 4.7 percent of their budgets on entertainment. This was a bit below the 5.1 percent national average. Of the four areas, households in Los Angeles spent the smallest percentage share on entertainment, 4.4 percent, while those in Detroit had the largest, 5.0 percent.

Cash contributions accounted for 5.6 percent of all expenditures in Chicago, well above the 3.2 percent spent by households nationally. Expenditure shares in the other three selected areas were at or a bit lower than the nationwide average.

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### **Additional Data Available**

Data tables are available for the four Census regions and for the national average. These tables may be obtained from the Bureau's automated Fax-on-Demand service. See below. Additional tables are offered under the heading "Tables" on the BLS Internet site [www.bls.gov/cex](http://www.bls.gov/cex).

BLS Fax-on-Demand - Chicago (312) 353-1880	Number of pages	Document no.
Consumer Expenditures in 2000 - national news release (annual)	2	2705
Data tables containing consumer expenditures -		
By quintiles of income before taxes (Table 1)	3	2710
By income before taxes (Table 2)	3	2715
By age of reference person (Table 3)	3	2720
By size of consumer unit (Table 4)	3	2725
By composition of consumer unit (Table 5)	3	2730
By number of earners (Table 6)	3	2735
By housing tenure, race, Hispanic origin and type of area - urban or rural (Table 7)	3	2740
By region of residence (Table 8)	3	2745
By occupation of reference person (Table 9)	3	2750
By education of reference person (Table 10)	3	2760

### **TECHNICAL NOTE**

The current Consumer Expenditure Survey (CEX) 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 for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a Diary or recordkeeping survey, and an Interview survey. 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 data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the Census collects the survey data.

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 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, metropolitan area data in this release are not directly comparable to those prior to 1996.

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 areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully. Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

The Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed in this release:

The Chicago-Gary-Kenosha, IL-IN-WI CMSA 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.

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

The New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA consists of the counties of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, and Westchester in New York State; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties in New Jersey; Fairfield County and parts of Litchfield, Middlesex, and New Haven Counties in Connecticut; and Pike County in Pennsylvania.

The Los Angeles-Riverside-Orange County, CA CMSA includes the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

### Definitions

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 or 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.

Expenditures - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

Table 1. Consumer unit characteristics and percent distribution of expenditures, U.S. average and selected metropolitan areas, Consumer Expenditure Survey, 1999-2000

Item	United States Average	Chicago	Detroit	Los Angeles	New York
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$44,299	\$51,332	\$49,041	\$52,776	\$57,063
Age of reference person	48.0	48.0	48.3	47.1	49.1
Average number in consumer unit:					
Persons	2.5	2.7	2.7	2.8	2.6
Children under 18	.7	.8	.9	.8	.7
Persons 65 and over	.3	.3	.3	.3	.3
Earners	1.4	1.4	1.3	1.5	1.4
Vehicles	1.9	1.7	2.0	1.9	1.4
Percent homeowner	65	65	72	52	54
Average annual expenditures					
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.5	12.6	14.6	12.3	13.9
Alcoholic beverages	.9	1.0	1.0	.8	.9
Housing	32.4	35.3	33.5	37.0	36.4
Apparel & services	4.8	4.8	6.0	5.5	6.1
Transportation	19.2	17.1	18.5	17.2	15.1
Health Care	5.3	4.7	4.0	4.1	4.2
Entertainment	5.1	4.7	5.0	4.4	4.8
Personal care products & services	1.5	1.5	1.5	1.5	1.5
Reading	.4	.4	.4	.3	.5
Education	1.7	2.4	1.5	1.6	2.4
Tobacco products & smoking supplies	.8	.7	1.1	.5	.7
Miscellaneous	2.2	1.7	2.4	2.7	1.9
Cash contributions	3.2	5.6	3.0	3.2	2.8
Personal insurance & pensions	9.0	7.7	7.5	9.0	8.7

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

Table 2. Average annual expenditures, U.S. average and selected metropolitan areas, Consumer Expenditure Survey, 1999-2000

Item	United States Average	Chicago	Detroit	Los Angeles	New York
Average annual expenditures	\$37,622	\$43,437	\$41,360	\$44,748	\$46,277
Food	5,094	5,452	6,040	5,490	6,416
Food at home	2,968	2,936	3,295	3,187	3,611
Food away from home	2,126	2,516	2,745	2,303	2,805
Alcoholic beverages	345	422	428	337	422
Housing	12,188	15,322	13,845	16,550	16,838
Shelter	7,065	9,396	7,704	10,293	10,962
Utilities, fuels & services	2,433	2,796	2,637	2,290	2,687
Household operations	675	762	697	1,429	915
Housekeeping supplies	490	535	651	481	544
Household furnishings	1,524	1,833	2,157	2,056	1,731
Apparel & services	1,816	2,095	2,498	2,450	2,832
Transportation	7,215	7,418	7,635	7,701	7,003
Vehicle purchases (net outlay)	3,362	3,374	2,871	2,933	2,607
Gasoline & motor oil	1,173	1,120	1,268	1,383	982
Other vehicle expenses	2,268	2,193	3,093	2,924	2,513
Public transportation	412	731	403	461	900
Health care	2,012	2,033	1,638	1,833	1,960
Entertainment	1,902	2,054	2,071	1,962	2,229
Personal care products & services	552	644	638	674	712
Reading	153	157	173	148	214
Education	633	1,022	602	695	1,119
Tobacco products & smoking supplies	309	289	463	204	325
Miscellaneous	821	757	972	1,220	902
Cash contributions	1,187	2,414	1,236	1,447	1,299
Personal insurance & pensions	3,393	3,358	3,122	4,038	4,006
Life & other personal insurance	397	354	376	370	526
Pensions & Social Security	2,997	3,003	2,746	3,668	3,480