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FOR IMMEDIATE RELEASE:
Wednesday, April 2, 2003

REGIONAL SPENDING PATTERNS OF HOUSEHOLDS IN THE U.S. AND METROPOLITAN AREAS IN THE MIDWEST, 2000-2001

American households spent an average of \$38,796 annually in 2000 and 2001, with the cost of housing accounting for slightly less than one third of the total. Transportation and food accounted for about another third, according to data released by the U.S. Department of Labor, Bureau of Labor Statistics. Regional Commissioner Peter J. Hebein noted that annual expenditures of consumer units¹ in the Midwest² averaged \$39,410, very close to the national level. In the other three regions, expenditures ranged from \$35,506 in the South to \$42,270 in the West. (See table 1.) Each area also spent about two-thirds of its dollars on housing, transportation, and food. Still, some regional variations were evident in the proportion (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 2.1 vehicles per household compared to only 1.6 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. Just how similar or diverse a region's expenditure choices are will depend, at least in part, on the particular mix of household characteristics, tastes, and needs.

In general, households in the Midwest and South spent a smaller portion of their budget on housing (31.0 and 31.3 percent, respectively) than did their counterparts in the West and Northeast (34.3 and 34.9 percent, respectively). The cost of transportation represented a smaller share of household expenses in the Northeast (17.3 percent) than it did in the South (20.6 percent). In contrast, expenditure shares for food varied the least

¹ See Technical Note for definition of a consumer unit. The terms "household" and "consumer unit" are used interchangeably throughout the release for convenience.

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.

among the three major components, ranging from 13.1 percent in both the West and Midwest to 13.9 percent in the South. (See table 2.)

Expenditure shares by region

Housing was the largest component of a household’s expenditures regardless of region, with the cost of shelter (including expenses associated with owning, renting, and maintaining housing) requiring the largest outlay. Among the four regions, households in the South and Midwest spent 53.7 and 56.1 percent, respectively, of their housing dollars for shelter, while those in the Northeast and West spent a larger share, 61.4 and 62.5 percent, respectively. Other housing costs included utilities, fuels and public services, which accounted for a higher proportion of all housing expenditures in the South (24.5 percent) than in the West (16.4 percent). 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 17.3 percent of all household expenditures for transportation costs compared to 20.6 percent in the South, 19.7 percent in the Midwest, and 19.2 percent in the West. (See table A.) The distribution of a consumer’s transportation dollars among the subcomponents also varied across regions with households in the Northeast spending the highest share on public transportation (8.5 percent) and the smallest on vehicle purchase (42.2 percent); they also averaged the fewest vehicles per household at 1.6. Consumers in the Midwest and South, on the other hand, allocated a smaller share of their expenditures to public transit, spending 4.9 and 3.8 percent, respectively, and averaged more vehicles per household at 2.1 and 1.9, respectively.

Table A. Average annual transportation expenditures and percent distribution of costs for the United States and regions, 2000-2001

Item	United States	Northeast	South	Midwest	West
Transportation expenditures	\$7,526	\$6,928	\$7,331	\$7,761	\$8,101
Total (percent)	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	46.5	42.2	50.3	46.7	43.9
Gasoline and motor oil	17.1	15.7	17.3	17.5	17.3
Other vehicle expenses	30.9	33.6	28.5	30.9	32.5
Public transportation	5.5	8.5	3.8	4.9	6.3

Regardless of region, the proportion of the household budget spent for food was close to the national average of 13.5 percent, with regional differences varying less than half a percentage point from the average. 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 prepared away from home (42.6 percent), such as restaurant meals, carry-outs, board-at-school, and

catered affairs, than did those in other regions of the country which averaged between 40.4 (Northeast) and 41.9 percent (West).

Among the other major expenditure categories, there was little variation in the budget share allocated on a regional basis with health care costs the only exception. Out-of-pocket medical expenses averaged 4.9 percent of all expenditures in both the Northeast and West, but 5.7 and 6.1 percent, respectively, in the Midwest and South. Some items showed virtually no regional distinctiveness: personal care products, alcoholic beverages, tobacco products, and reading. In general, when differences existed, Southern and Midwestern consumers were most similar in their spending patterns, while households in the Northeast and West were closer in their expenditure choices.

Metropolitan area expenditure shares in the Midwest

Within any particular region, expenditure levels among the major metropolitan areas were generally higher than the average for the entire region, which includes both metropolitan and nonmetropolitan areas. (See table 2.) In the Midwest, expenditures among the eight major metropolitan areas surveyed ranged from \$39,530 in Cleveland to \$51,310 in Minneapolis-St. Paul in 2000-2001.

During the 2000-2001 period, the expenditure share for housing varied widely across the eight areas surveyed, with four -Chicago, Milwaukee, Cleveland and Detroit- surpassing the regional average of 31.0 percent by more than 2.0 percentage points. Housing costs in Chicago accounted for 36.0 percent of a household's budget, among the highest in the nation. Consumer units in Minneapolis-St. Paul and St. Louis spent a smaller percentage of their budget on housing, averaging 30.8 and 29.1 percent, respectively. Half of the metropolitan areas surveyed in the Midwest had rates of homeownership meeting or exceeding the regional average of 70 percent—Cleveland, Kansas City, Detroit and St. Louis. Of this group, Cleveland and Kansas City households were the most likely to be homeowners, with 75 percent owning their own residence. In contrast, those in Milwaukee had the lowest rate of homeownership at 59 percent followed by Cincinnati at 63 percent.

All but one of the major metropolitan areas surveyed in the Midwest had an expenditure share for transportation at or below the 19.7 percent average for the Midwest region. In general, areas with smaller expenditure shares for transportation tended to spend a larger portion of those dollars on public transportation. For example, households in Minneapolis-St. Paul and Chicago spent 17.9 and 17.4 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 (7.6 and 10.0 percent, respectively) than did other metropolitan areas in the Midwest. Expenditure shares for transportation were highest in Cleveland (20.7 percent) and Cincinnati (19.7 percent) where public transit accounted for a lesser amount, 5.3 and 3.5 percent of transportation spending, respectively.

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, food costs ranged from 11.7 percent of total expenditures in Minneapolis-St. Paul to 14.8 percent in St. Louis, with shares in half of the eight areas above the regional average of

13.1 percent. There were also spending variations between the areas in the components comprising food expenditures. For example, the amount of the total food budget devoted to eating out accounted for around 40 percent of expenses in St. Louis and Kansas City, but around 48 percent in Cincinnati.

Among the other expenditure categories, 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 4.6 percent. Expenditure shares were highest in Chicago and Cincinnati, averaging 5.4 percent in both locations. Only one area, Kansas City, spent less than 4.0 percent of its budget on clothing.

A household's expenditure share for entertainment in the Midwest was 5.4 percent. Only Minneapolis-St. Paul, at 6.1 percent, exceeded the regional average. The other areas fell into a narrow band, ranging from 5.4 percent in Chicago to a low of 4.7 percent in Cleveland and Cincinnati. The portion of a consumer unit's budget spent on health care costs was also below average (5.7 percent) in most of the metropolitan areas in the region. Households in Milwaukee and Kansas City were the only ones to spend more than 5.0 percent of their budget on health care, averaging 5.8 and 5.7 percent, respectively.

The expenditure share for personal insurance and pensions in the Midwest averaged 9.3 percent. Among the eight areas surveyed, Chicago's share was the smallest at 7.6 percent and Minneapolis' the largest at 13.1 percent, a difference of 5.5 percentage points. With the exception of housing, the expenditure share spread for personal insurance and pensions was wider than in 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 Chicago Information Office at (312) 353-1880 from 8:00 a.m. to 3:00 p.m. central time.

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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 for periodic revision of 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.

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.

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 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, 2000-2001

Consumer unit characteristics	Northeast		South		Midwest		West	
Income before taxes ^{1/}	\$49,080		\$43,158		\$46,093		\$48,355	
Age of reference person	49.5		48.1		48.6		46.6	
Average number in consumer unit:								
Persons	2.5		2.5		2.5		2.6	
Children under 18	0.6		0.7		0.6		0.7	
Persons 65 and older	0.3		0.3		0.3		0.3	
Earners	1.3		1.3		1.4		1.4	
Vehicles	1.6		1.9		2.1		2	
Percent homeowner	63		68		70		60	

Expenditure category	Expenditure	Share	Expenditure	Share	Expenditure	Share	Expenditure	Share
Average annual expenditures	\$40,074	100.0	\$35,506	100.0	\$39,410	100.0	\$42,270	100.0
Food	5,535	13.8	4,941	13.9	5,153	13.1	5,551	13.1
Alcoholic beverages	388	1.0	301	0.8	367	0.9	424	1.0
Housing	13,972	34.9	11,118	31.3	12,210	31.0	14,486	34.3
Apparel and services	2,094	5.2	1,609	4.5	1,805	4.6	1,839	4.4
Transportation	6,928	17.3	7,331	20.6	7,761	19.7	8,101	19.2
Health care	1,973	4.9	2,171	6.1	2,232	5.7	2,065	4.9
Entertainment	1,885	4.7	1,634	4.6	2,130	5.4	2,131	5.0
Personal care products & services	529	1.3	508	1.4	513	1.3	558	1.3
Reading	171	0.4	107	0.3	163	0.4	158	0.4
Education	777	1.9	480	1.4	678	1.7	736	1.7
Tobacco products & smoking supplies	315	0.8	325	0.9	367	0.9	237	0.6
Miscellaneous	861	2.1	666	1.9	750	1.9	846	2.0
Cash contributions	1,079	2.7	1,082	3.0	1,609	4.1	1,224	2.9
Personal insurance & pensions	3,571	8.9	3,233	9.1	3,672	9.3	3,914	9.3

^{1/} Components of income and taxes are derived from "complete income reporters" only; see definitions in Technical Note.

Table 2. Distribution of expenditures and characteristics, Midwest region and selected metropolitan areas, Consumer Expenditure Survey, 2000-2001

Item	Midwest Average	Chicago	Detroit	Milwaukee	Minneapolis-St. Paul	Cleveland	Cincinnati	St. Louis	Kansas City
Consumer unit characteristics:									
Income before taxes ^{1/}	\$46,093	\$56,091	\$50,860	\$45,390	\$60,601	\$48,636	\$49,977	\$51,569	\$56,958
Age of reference person	48.6	48.4	49.2	49.9	46	50.1	46.2	48.4	49.1
Average number in consumer unit:									
Persons	2.5	2.7	2.6	2.5	2.4	2.4	2.3	2.5	2.5
Children under 18	0.6	0.8	0.8	0.7	0.6	0.6	0.6	0.7	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	1.3	1.4	1.4	1.4
Vehicles	2.1	1.7	2.1	1.9	2.6	1.9	1.9	1.8	2.1
Percent homeowner	70	68	74	59	67	75	63	72	75
Average annual expenditures	\$39,410	\$47,042	\$43,343	\$40,187	\$51,310	\$39,530	\$41,355	\$42,076	\$40,520
Total (percent):	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food	13.1	12.1	12.7	12.9	11.7	13.8	13.9	14.8	14.4
Alcoholic beverages	0.9	0.9	1.0	1.7	1.4	0.8	1.1	1.0	0.8
Housing	31.0	36.0	33.2	33.5	30.8	33.3	31.9	29.1	31.7
Apparel & services	4.6	5.4	5.2	5.1	4.5	4.7	5.4	5.0	3.7
Transportation	19.7	17.4	18.7	16.6	17.9	20.7	19.7	19.1	18.4
Health Care	5.7	4.5	4.4	5.8	4.4	4.5	4.7	4.9	5.6
Entertainment	5.4	4.9	5.4	5.0	6.1	4.7	4.7	4.8	5.3
Personal care products & serv.	1.3	1.3	1.4	1.5	1.2	1.2	1.4	1.9	1.3
Reading	0.4	0.3	0.4	0.5	0.5	0.4	0.4	0.3	0.4
Education	1.7	2.2	1.6	1.9	1.3	1.7	1.6	1.7	1.1
Tobacco products & smoking supplies	0.9	0.7	1.1	1.0	0.7	0.9	1.0	0.6	0.8
Miscellaneous	1.9	1.9	2.0	2.1	2.2	2.0	2.0	1.8	1.8
Cash contributions	4.1	4.7	4.5	3.9	4.3	3.0	3.0	3.9	3.5
Personal insurance & pensions	9.3	7.6	8.4	8.6	13.1	8.2	9.1	11.1	11.2

^{1/} Components of income and taxes are derived from "complete income reporters" only; see definitions in Technical Note.