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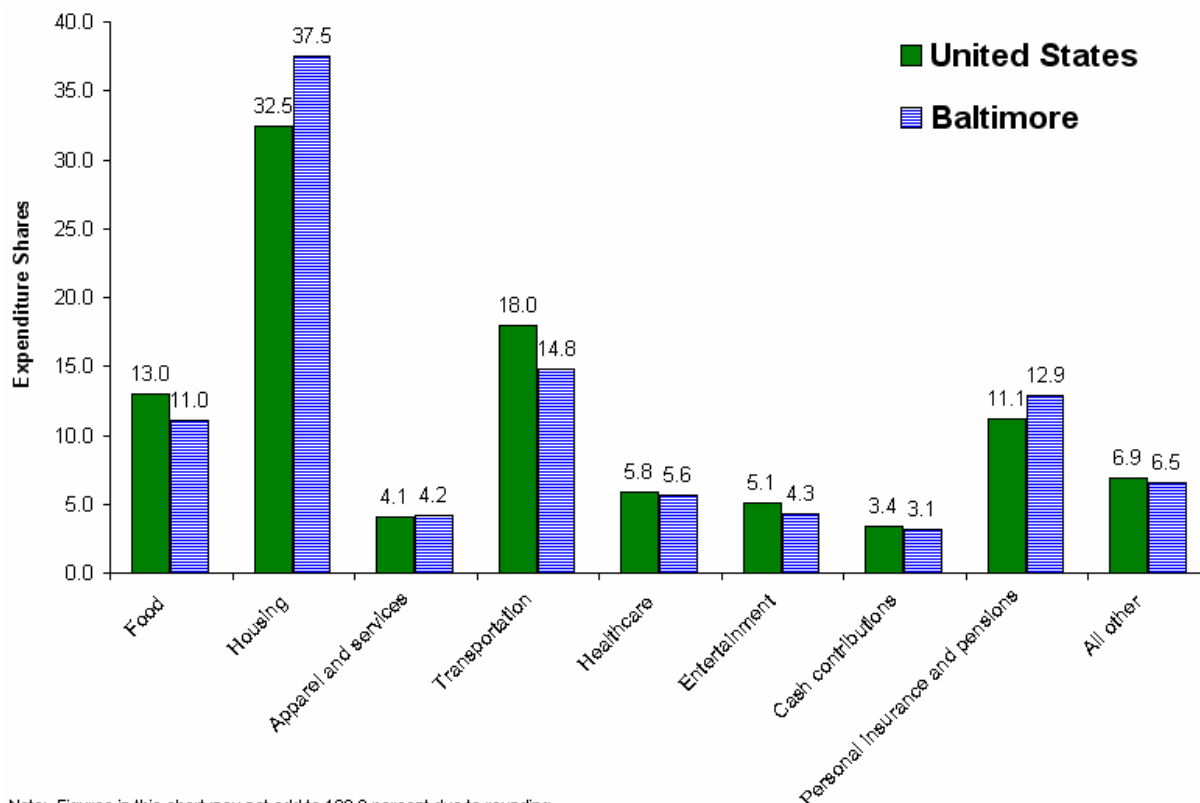
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CONSUMER SPENDING PATTERNS IN THE BALTIMORE METROPOLITAN AREA, 2004-2005

Consumer units¹ in the Baltimore, Maryland, metropolitan area spent an average of \$39,217 per year in 2004-2005, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Sheila Watkins noted that this figure was 12.7 percent lower than the \$44,928 expenditure level for a typical United States household. Not only did households in the Baltimore area spend less than the U.S. average, they also allocated their dollars differently. Expenditures for housing and personal insurance and pensions accounted for significantly larger shares of average annual expenditures in the Baltimore area than they did nationwide. On the other hand, transportation, food, and entertainment represented significantly smaller-than-average shares of total budgets in Baltimore. (See chart A.)

Chart A. Percent distribution of total average expenditures in the United States and Baltimore metropolitan area, 2004-2005



Note: Figures in this chart may not add to 100.0 percent due to rounding.

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

This report contains annual data averaged over a two-year period, 2004 and 2005. The data are from the Consumer Expenditure Survey (CE), which is collected on an ongoing basis by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The Consumer Expenditure Survey is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. CE data are available for the nation, the 4 geographic regions of the country, and 24 metropolitan areas. Survey data cannot be used to make cost of living comparisons between areas. Expenditures 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 category, can be used to compare spending patterns across areas. The survey provides average expenditures for consumer units. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

Housing, the largest expenditure category, accounted for 37.5 percent of a typical Baltimore area household's total budget, significantly exceeding the 32.5-percent national average. In four other metropolitan areas with population sizes similar to that of Baltimore, expenditure shares for housing were also significantly higher than average in San Diego (35.9 percent), lower in St. Louis (29.8 percent) and Pittsburgh (30.2 percent), and not appreciably different from the national average in Denver (31.5 percent). Overall, 11 of the 24 metropolitan areas surveyed had expenditure shares for housing above the U.S. average and 3 had lower-than-average shares. (See chart 1.)

The majority of housing expenditures in Baltimore went toward shelter (64.5 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was above the 57.9 percent spent nationally. (See table A.) Utilities, fuels, and public service expenses accounted for 20.0 percent of total housing expenditures in Baltimore; nationwide, they made up 21.0 percent. The rate of homeownership in Baltimore, at 69 percent, was similar to the national average of 68 percent. Among the other four areas chosen for comparison, homeownership rates in Denver were also close to the U.S. average. Rates in Pittsburgh and St. Louis (each at 73 percent) were above the U.S. average and those in San Diego (63 percent) were below.

Table A. Percent distribution of housing expenditures in the United States and selected metropolitan areas, 2004-2005

Category	United States	Baltimore	St. Louis	San Diego	Denver	Pittsburgh
Total housing	100.0	100.0	100.0	100.0	100.0	100.0
Shelter	57.9	64.5	52.9	67.5	63.9	53.4
Utilities, fuels, and public services	21.0	20.0	22.6	12.9	19.1	25.8
Household operations	5.3	4.2	6.4	7.3	4.6	4.7
Housekeeping supplies	4.1	2.8	4.0	3.0	3.5	4.6
Household furnishings and equipment	11.7	8.5	14.1	9.3	8.9	11.5

Note: Numbers may not add to 100.0 due to rounding.

At 14.8 percent of the total budget, transportation was the second-largest expenditure category in the Baltimore area; this was significantly below the national average of 18.0 percent. On the other hand, households in San Diego (18.9 percent), Pittsburgh (18.7 percent), St. Louis (17.9 percent), and Denver (17.3 percent) allocated a similar share of their budgets to transportation compared to that for the nation. Among the 24 metropolitan areas surveyed, 7 others joined Baltimore in having lower-than-average expenditure shares for transportation. (See chart 2.)

Of the \$5,799 in annual expenditures for transportation in Baltimore, 93.8 percent was spent buying and maintaining private vehicles, similar to the 94.5 percent spent nationally. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Baltimore, at 1.6, was below the U.S. average of 2.0. The average number of vehicles was closer to the national norm in St. Louis (2.1) and San Diego, Denver, and Pittsburgh (each at 1.9).

The remaining 6.3 percent of a Baltimore household's transportation budget was spent on public transportation, which includes fares for taxis, buses, trains, subways, and planes. Nationally, a typical household spent 5.5 percent of its budget on this item. (See table B.) Among all metropolitan areas surveyed, New York (13.9 percent), Honolulu (10.8 percent), and Washington and San Francisco (each at 10.0 percent) allocated the largest portion of their transportation dollars to public transportation. Households in Phoenix (3.6 percent) and Houston (3.7 percent) spent the smallest portions of their transportation budgets on public transit. (See table C.)

Table B. Percent distribution of transportation expenditures in the United States and selected metropolitan areas, 2004-2005

Category	United States	Baltimore	St. Louis	San Diego	Denver	Pittsburgh
Total transportation	100.0	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	43.0	35.4	47.3	50.3	40.8	44.4
Gasoline and motor oil	22.3	26.6	21.4	18.5	20.3	20.6
Other vehicle expenses	29.1	31.8	26.4	22.9	29.8	29.7
Public transportation	5.5	6.3	4.8	8.3	9.1	5.3

Note: Numbers may not add to 100.0 due to rounding.

Table C. Spending on public transportation in the United States, regions, and 24 metropolitan areas, 2004-2005

Area	Transportation Spending	Public Transportation	Share
United States	\$8,081	\$444	5.5
Northeast	7,646	637	8.3
New York	7,581	1,054	13.9
Philadelphia	8,084	495	6.1
Boston	8,586	579	6.7
Pittsburgh	7,456	393	5.3
South	7,620	288	3.8
Washington, D.C.	7,876	790	10.0
Dallas	8,838	469	5.3
Houston	10,326	386	3.7
Miami	6,282	353	5.6
Atlanta	6,044	242	4.0
Baltimore	5,799	363	6.3
Midwest	7,795	371	4.8
Chicago	8,875	644	7.3
Detroit	9,246	444	4.8
Minneapolis-St.Paul	8,550	731	8.5
St. Louis	8,649	415	4.8
Cleveland	6,095	263	4.3
West	9,498	606	6.4
Los Angeles	10,972	635	5.8
San Francisco	9,518	953	10.0
Phoenix	10,549	380	3.6
Seattle	9,491	867	9.1
San Diego	11,301	939	8.3
Denver	8,646	789	9.1
Portland	8,845	596	6.7
Honolulu	9,921	1,069	10.8
Anchorage	12,596	1,119	8.9

Payments for personal insurance and pensions, the third largest expenditure category in Baltimore, accounted for 12.9 percent of the typical household's budget, significantly higher than the national average of 11.1 percent. On the other hand, Pittsburgh area households allocated 10.0 percent, a significantly smaller share than the national average, while households in St. Louis (11.5 percent), Denver (11.4 percent), and San Diego (10.9 percent) spent shares on personal insurance and pensions not measurably different from that for the nation.

Baltimore consumer units spent 11.0 percent of their budgets on food, significantly below the national average of 13.0 percent. San Diego area consumer units also spent significantly less of their budgets (10.8 percent) on food than the typical U.S. household; however, spending on food was the same as the nationwide average in St. Louis and Pittsburgh (13.0 percent each), and comparable to that for the nation in Denver (12.5 percent).

Households in Baltimore spent \$2,655, or 61.4 percent, of their food dollars on food prepared at home and the remaining 38.6 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. In comparison, the average U.S. household spent 56.7 percent of its food budget on food at home and 43.3 percent on food away from home. Among the four areas being compared, residents of Pittsburgh (46.5 percent) and San Diego (46.2 percent) allocated larger-than-average shares of their food budgets to dining out, while households in Denver (39.4 percent), like those in Baltimore, allocated a smaller-than-average share. Nationally, only two of the 24 areas surveyed spent less of their food budgets on food prepared away from home, Miami (31.3 percent) and Cleveland (38.4 percent).

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 5.6 percent of total household expenditures in Baltimore, not significantly different from the 5.8 percent nationwide. The shares spent on out-of-pocket health care expenses were also similar to the national average in Pittsburgh (6.3 percent), St. Louis (6.2 percent), and Denver (5.4 percent), but significantly lower than the national average in San Diego (5.1 percent).

Baltimore area households allocated a significantly smaller portion of their budgets to entertainment (4.3 percent) when compared to the average household in the U.S. (5.1 percent). Likewise, a typical household in San Diego allocated a significantly below-average share to entertainment (4.4 percent). However, Denver households spent a measurably greater share (6.5 percent), while those in Pittsburgh (5.3 percent) and St. Louis (5.1 percent) allocated shares close to or the same as the U.S. average.

Spending on apparel and services accounted for 4.2 percent of total expenditures in Baltimore, similar to the 4.1-percent share allocated nationally. Among the other four areas, expenditure shares for apparel and services were also close to that for the U.S. in Pittsburgh (4.4 percent), St. Louis (4.2 percent), and Denver (3.5 percent), but were significantly lower than average in San Diego (3.2 percent).

Cash contributions accounted for 3.1 percent of a typical consumer unit's spending in Baltimore, comparable to the 3.4-percent nationwide average. Shares for cash contributions were also statistically similar to the national norm in St. Louis (4.5 percent), San Diego (4.2 percent), and Denver (3.2 percent), but were significantly higher in Pittsburgh (4.6 percent).

As noted, Baltimore is 1 of 24 metropolitan areas nationwide for which Consumer Expenditure (CE) data are available. We encourage users interested in learning more about the Consumer Expenditure survey to contact the Mid-Atlantic Information Office at (215) 597-3282. Metropolitan area CE data and that for the four geographic regions and the United States are available on our Web site at www.bls.gov/ro3/.

Changes in 2004

Beginning in 2004, the Consumer Expenditure Survey tables included imputed income estimates. While the imputed data provide more reliable income estimates because they allow the inclusion of households for which income data are not otherwise available, income data from 2004 and 2005 are not strictly comparable to data from 2003 and earlier years.

This change also affected those expenditure items in the personal insurance and pensions component that are derived from income data. As a result of the changes that started in 2004, income data, personal insurance and pensions, and average annual expenditures are not strictly comparable to data from previous years. Data for 2004 and 2005 are comparable to each other.

For further information, contact the Division of Consumer Expenditure Surveys, Office of Prices and Living Conditions, Bureau of Labor Statistics, 2 Massachusetts Ave., N.E., Washington, DC 20212-0001 or call 202-691-6900.

Technical Note

The current Consumer Expenditure Survey (CE) 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. Census Bureau 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 Survey 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 102 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 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. Sample sizes for the metropolitan areas are much smaller than for the nation, so the U.S. estimates and year-to-year changes are more reliable than those for the metropolitan areas.

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 CE significance tests are used in this release to compare expenditure shares for the 14 major expenditure categories in the United States to selected metropolitan areas (areas in this release are listed below). Expenditure shares for housing and transportation that are above or below that for the nation after testing for significance at the 95-percent confidence interval are identified in charts 1 and 2 for the 24 metropolitan areas surveyed.

NOTE: A value that is statistically different from another does not necessarily mean that the difference has economic or practical significance. Statistical significance is concerned with our ability to make confident statements about a universe based on a sample. It is entirely possible that a large difference between two values is not significantly different statistically, while a small difference is, since both the size and heterogeneity of the sample affect the relative error of the data being tested.

Metropolitan areas definitions are based on Core-Based Statistical Areas defined by the U.S. Office of Management and Budget. The metropolitan areas and their component counties and cities discussed in this release are:

Baltimore, Md.: includes Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties.

Denver-Boulder-Greeley, Colo.: includes Adams, Arapahoe, Boulder, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, Park, and Weld Counties.

Pittsburgh, Pa.: includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland Counties.

St. Louis, Mo.-Ill.: includes Franklin, Jefferson, Lincoln, St. Charles, St. Louis, Warren, and Washington Counties and St. Louis City in Missouri and Bond, Clinton, Jersey, Macoupin, Madison, Monroe, and St. Clair Counties in Illinois.

San Diego, Calif.: includes San Diego County.

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.

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 in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2004-2005

Item	United States	Baltimore	St. Louis	San Diego	Denver	Pittsburgh
Consumer unit characteristics:						
Income before taxes	\$56,593	\$63,372	\$61,535	\$69,067	\$65,224	\$52,637
Age of reference person	48.5	51.3	49	50.1	45.6	52.9
Average number in consumer unit:						
Persons	2.5	2.3	2.4	2.6	2.4	2.3
Children under 18	.6	.5	.7	.6	.6	.5
Persons 65 and over	.3	.4	.2	.4	.3	.4
Earners	1.3	1.2	1.4	1.4	1.4	1.3
Vehicles	2.0	1.6	2.1	1.9	1.9	1.9
Percent homeowner	68	69	73	63	64	73
Average annual expenditures						
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0
Food	13.0	11.0	13.0	10.8	12.5	13.0
Alcoholic beverages	1.0	.9	1.5	1.0	1.3	1.0
Housing	32.5	37.5	29.8	35.9	31.5	30.2
Apparel and services	4.1	4.2	4.2	3.2	3.5	4.4
Transportation	18.0	14.8	17.9	18.9	17.3	18.7
Healthcare	5.8	5.6	6.2	5.1	5.4	6.3
Entertainment	5.1	4.3	5.1	4.4	6.5	5.3
Personal care products and services	1.2	1.3	1.2	1.3	1.3	1.2
Reading	.3	.2	.3	.3	.3	.4
Education	2.1	2.5	2.8	2.1	3.1	2.2
Tobacco products and smoking supplies	.7	.6	.7	.2	.6	1.2
Miscellaneous	1.7	1.0	1.4	1.6	2.0	1.7
Cash contributions	3.4	3.1	4.5	4.2	3.2	4.6
Personal insurance and pensions	11.1	12.9	11.5	10.9	11.4	10.0

Table 2. Average annual expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2004-2005

Item	United States	Baltimore	St. Louis	San Diego	Denver	Pittsburgh
Average annual expenditures	\$44,928	\$39,217	\$48,365	\$59,805	\$49,996	\$39,891
Food	5,855	4,324	6,266	6,437	6,251	5,205
Food at home	3,322	2,655	3,452	3,462	3,789	2,785
Cereals and bakery products	453	374	494	458	511	399
Meats, poultry, fish, and eggs	822	737	854	761	886	681
Dairy products	374	275	395	404	428	331
Fruits and vegetables	556	448	536	606	619	460
Other food at home	1,116	820	1,173	1,233	1,344	915
Food away from home	2,533	1,670	2,814	2,976	2,462	2,420
Alcoholic beverages	442	354	738	613	635	387
Housing	14,586	14,714	14,409	21,484	15,772	12,031
Shelter	8,448	9,487	7,620	14,511	10,078	6,429
Owned dwellings	5,688	6,644	5,568	9,118	6,613	4,454
Rented dwellings	2,273	2,366	1,494	4,627	2,936	1,524
Other lodging	487	476	558	767	530	451
Utilities, fuels, and public services	3,057	2,944	3,251	2,767	3,013	3,103
Household operations	777	614	921	1,561	722	563
Housekeeping supplies	603	417	581	646	548	549
Household furnishings and equipment	1,701	1,253	2,035	1,999	1,411	1,386
Apparel and services	1,851	1,641	2,015	1,935	1,755	1,747
Transportation	8,081	5,799	8,649	11,301	8,646	7,456
Vehicle purchases (net outlay)	3,478	2,052	4,095	5,681	3,529	3,307
Gasoline and motor oil	1,806	1,541	1,853	2,094	1,755	1,538
Other vehicle expenses	2,354	1,844	2,287	2,587	2,573	2,218
Public transportation	444	363	415	939	789	393
Healthcare	2,625	2,215	2,980	3,038	2,724	2,528
Entertainment	2,279	1,696	2,477	2,653	3,227	2,102
Personal care products and services	561	507	563	805	636	479
Reading	128	80	127	192	144	144
Education	924	998	1,370	1,245	1,573	879
Tobacco products and smoking supplies	303	219	348	136	308	465
Miscellaneous	751	395	699	940	1,010	662
Cash contributions	1,535	1,228	2,177	2,520	1,624	1,817
Personal insurance and pensions	5,006	5,046	5,546	6,507	5,689	3,989
Life and other personal insurance	386	235	555	423	240	378
Pensions and Social Security	4,619	4,811	4,991	6,084	5,449	3,611

