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REGIONAL SPENDING PATTERNS IN THE U.S. AND METROPOLITAN AREAS IN THE MIDWEST, 2003-2004

Consumer units¹ spent an average of \$42,166 annually in 2003 and 2004, 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 Jay A. Mousa noted that annual expenditures of households in the Midwest² averaged \$41,881, close to the national level. In the other three regions, expenditures ranged from \$38,454 in the South to \$46,717 in the West. (See table 1.) Whereas, each region also spent about two thirds of its dollars on housing, transportation, and food, some regional variations were evident in the proportion (or share) of a household's budget allocated for items within these broad categories. The data in this report are from the Consumer Expenditure Survey and are collected by the U.S. Census Bureau for the Bureau of Labor Statistics.

Expenditures vary among the regions because of many factors: prices, income, population characteristics, consumer tastes, family size, etc. 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. Consumer units in the Midwest averaged 2.1 vehicles per household compared to 1.7 vehicles in the Northeast. However, there were similarities among the regions as well. The number of persons over the age of 65 in a consumer unit, the number of children under the age of 18, and the number of earners was quite close across all four regions.

Expenditure shares by region

In general, households in the Midwest and South spent a smaller portion of their budgets on housing (31.1 and 31.5 percent, respectively) than did their counterparts in the West and Northeast (33.1 and 34.6 percent, respectively). The cost of transportation

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

represented a smaller share of household expenses in the Northeast (16.6 percent) than it did in the South (19.3 percent). In contrast, expenditure shares for food varied the least among the three major components, ranging from 12.7 percent in the Midwest to 13.7 percent in the Northeast. (See table 2.)

Table A. Average annual housing expenditures and percent distribution of costs for the United States and regions, 2003-2004

Item	United States	Northeast	Midwest	South	West
Housing expenditures	\$13,676	\$15,271	\$13,036	\$12,130	\$15,465
Total (percent)	100.0	100.0	100.0	100.0	100.0
Shelter	58.0	61.4	55.3	54.7	61.9
Utilities, fuels and services	21.0	19.6	22.3	24.2	16.9
Household furnishings	11.5	10.1	12.6	11.2	12.1

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 54.7 and 55.3 percent, respectively, of their housing dollars for shelter, while those in the Northeast and West spent larger shares, 61.4 and 61.9 percent, respectively. Other housing costs included utilities, fuels and public services, accounted for a higher proportion of all housing expenditures in the South (24.2 percent) than in the West (16.9 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.

Table B. Average annual transportation expenditures and percent distribution of costs for the United States and regions, 2003-2004

Item	United States	Northeast	Midwest	South	West
Transportation expenditures	\$7,791	\$7,332	\$7,763	\$7,426	\$8,807
Total (percent)	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	45.7	42.5	45.7	47.7	45.5
Gasoline and motor oil	18.8	17.3	19.2	19.7	18.4
Other vehicle expenses	30.1	32.1	30.4	29.0	30.0
Public transportation	5.3	8.1	4.7	3.6	6.2

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 16.6 percent of all household expenditures for transportation costs compared to 19.3 percent in the South, 18.9 percent in the West, and 18.5 percent in the Midwest. (See table B.) The distribution of a consumer's transportation dollars among the subcomponents also varied across regions with households in the Northeast spending the largest share on public transportation (8.1 percent), which includes airplanes, trains, buses, taxis, and subways and the smallest on vehicle purchase (42.5 percent); they also averaged the fewest vehicles per household at 1.7. Consumers in the Midwest and South, on the other hand, allocated a smaller share of their expenditures to public transit, spending 4.7 and 3.6 percent, respectively, and averaged more vehicles per household at 2.1 and 1.9, respectively.

Regardless of region, the proportion of the household budget spent for food was close to the national average of 13.2 percent, with regional differences varying a half a percentage point or less 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 (43.0 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 40.5 (South) and 42.6 percent (Northeast).

Among the other major expenditure categories, there was little variation in the budget shares allocated on a regional basis with health care costs the only exception. Out-of-pocket medical expenses averaged 5.1 percent of all expenditures in the Northeast and 5.4 percent in the West, but 6.5 and 6.4 percent, respectively, in the Midwest and South. Virtually no regional distinctiveness was shown for 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 \$37,070 in Cleveland to \$55,951 in Minneapolis-St. Paul in 2003-2004, with only households in Cleveland and Cincinnati spending less than the regional average of \$41,881.

During the 2003-2004 period, the expenditure share for housing varied widely across the eight areas surveyed, with four--Chicago, Milwaukee, Cleveland and Cincinnati--surpassing the regional average of 31.1 percent by more than 2.0 percentage points. Housing costs in Chicago accounted for 35.8 percent of a household's budget, among the highest in the nation. Consumer units in Detroit and St. Louis spent a smaller percentage of their budget on housing, averaging 32.1 and 30.0 percent, respectively. Four of the metropolitan areas had rates of homeownership meeting or exceeding the regional average of 72 percent--Detroit, Minneapolis-St Paul, Cleveland and St. Louis. Of this group, Detroit households were the most likely to be homeowners, with 78 percent owning their own residence. In contrast, those in Cincinnati had the lowest rate of homeownership at 61 percent followed by Milwaukee at 65 percent.

All but two of the major metropolitan areas had an expenditure share for transportation below the 18.5 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 16.4 and 16.2 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 (8.1 and 8.2 percent, respectively) than did other metropolitan areas in the Midwest. Expenditure shares for transportation were highest in Detroit (19.2 percent) and St. Louis (18.8 percent) where public transit accounted for smaller shares, 5.1 percent and 4.5 percent, 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 13.2 percent in Kansas City, with shares in six of the eight areas below the regional average of 12.7 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 about 46 percent of expenses in Minneapolis, but about 39 percent in Cleveland.

Among the other expenditure categories, consumer units in six of the eight metropolitan areas in the Midwest spent a larger portion of their total expenditures on apparel and services than the regional average of 3.9 percent. Expenditure shares were highest in Detroit and St. Louis, averaging 4.6 percent and 4.7 percent, respectively. Two areas, Chicago and Cleveland, spent less than 4.0 percent of their budgets on clothing.

A household's expenditure share for entertainment in the Midwest was 5.0 percent. Minneapolis-St. Paul, at 6.1 percent and Cincinnati at 5.1 percent, exceeded the regional average. The other areas fell into a narrow band, ranging from 5.0 percent in Detroit to a low of 4.5 percent in Kansas City. The portion of a consumer unit's budget spent on health care costs was below the Midwest average (6.5 percent) in all of the metropolitan areas in the region. Households in Milwaukee and Kansas City were the only ones to spend more than 6.0 percent of their budget on health care, averaging 6.3 and 6.1 percent, respectively.

The expenditure share for personal insurance and pensions in the Midwest averaged 11.1 percent. Among the eight areas surveyed, Chicago's share was the smallest at 9.2 percent and Minneapolis' the largest at 13.2 percent. 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 4:00 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. Census Bureau 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.

Changes in 2004

Beginning in 2004 the Consumer Expenditure Survey includes 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 forward will not be strictly comparable to earlier years.

This change also affects those expenditure items in the personal insurance and pensions component that are derived from income data. The increase in personal

insurance and pensions in 2004 was largely due to increases in deductions for Social Security, which are computed from wage and salary amounts. As a result of the changes in 2004, income data, personal insurance and pensions, and average annual expenditures are not strictly comparable to data from previous years. (See <http://www.bls.gov/cex/csximpute.htm> for details.)

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

Consumer expenditure survey data are published for the eight metropolitan areas in the Midwest region described below.

- Chicago-Gary-Kenosha, Ill.-Ind.-Wis. 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, Mich. includes the counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.
- Cincinnati-Hamilton, Ind.-Ohio-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, Ohio includes the counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit.
- Kansas City, Mo.-Kan. 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, Wis. includes the counties of Milwaukee, Ozaukee, Racine, Washington, and Waukesha.
- Minneapolis-St. Paul, Minn.-Wis. 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.-Ill. 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. Components of income and taxes are derived from "complete income reporters" only through 2003. Beginning in 2004, income imputation was implemented. As a result all consumer units are considered to be complete income reporters in the 2004 data.

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 purchase 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 average annual expenditures by region, Consumer Expenditure Survey, 2003-2004

Consumer unit characteristics	Northeast		Midwest		South		West	
Income before taxes ^{1/}	\$59,187		\$53,149		\$49,110		\$54,416	
Age of reference person	50.1		48.9		48.2		46.9	
Average number in consumer unit:								
Persons	2.4		2.4		2.5		2.6	
Children under 18	.6		.6		.6		.7	
Persons 65 and older	.3		.3		.3		.3	
Earners	1.3		1.4		1.3		1.4	
Vehicles	1.7		2.1		1.9		2.0	
Percent homeowner	65		72		69		62	
Expenditure category	Expenditure	Share	Expenditure	Share	Expenditure	Share	Expenditure	Share
Average annual expenditures	\$44,202	100.0	\$41,881	100.0	\$38,454	100.0	\$46,717	100.0
Food	6,049	13.7	5,338	12.7	5,142	13.4	6,051	13.0
Alcoholic beverages	526	1.2	415	1.0	346	.9	477	1.0
Housing	15,271	34.5	13,036	31.1	12,130	31.5	15,465	33.1
Apparel and services	2,018	4.6	1,617	3.9	1,548	4.0	1,885	4.0
Transportation	7,332	16.6	7,763	18.5	7,426	19.3	8,807	18.9
Healthcare	2,248	5.1	2,724	6.5	2,453	6.4	2,543	5.4
Entertainment	2,067	4.7	2,093	5.0	1,974	5.1	2,516	5.4
Personal care products & services	582	1.3	531	1.3	519	1.3	613	1.3
Reading	149	.3	146	.3	96	.2	148	.3
Education	1,096	2.5	862	2.1	606	1.6	996	2.1
Tobacco products & smoking supplies	301	.7	352	.8	283	.7	224	.5
Miscellaneous	654	1.5	722	1.7	534	1.4	752	1.6
Cash contributions	1,135	2.6	1,630	3.9	1,298	3.4	1,508	3.2
Personal insurance & pensions	4,776	10.8	4,653	11.1	4,101	10.7	4,733	10.1

^{1/} Components of income and taxes are derived from "complete income reporters" only through 2003. Beginning in 2004 income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.

Table 2. Consumer unit characteristics and percent distribution of expenditures, Midwest region and selected metropolitan areas, Consumer Expenditure Survey, 2003-2004

Item	Midwest Average	Chicago	Detroit	Milwaukee	Minneapolis-St. Paul	Cleveland	Cincinnati	St. Louis	Kansas City
Consumer unit characteristics:									
Income before taxes ^{1/}	\$53,149	\$65,545	\$62,728	\$51,958	\$69,717	\$51,796	\$54,627	\$61,082	\$55,719
Age of reference person	48.9	49.2	49.0	49.3	47.1	49.1	49.4	49.5	48.1
Average number in consumer unit:									
Persons	2.4	2.7	2.7	2.5	2.4	2.5	2.3	2.5	2.6
Children under 18	.6	.7	.8	.7	.6	.6	.5	.6	.7
Persons 65 and over	.3	.3	.3	.3	.2	.3	.3	.3	.3
Earners	1.4	1.5	1.4	1.3	1.5	1.4	1.3	1.4	1.4
Vehicles	2.1	1.8	2.1	2.1	2.6	1.8	2.0	2.1	2.1
Percent homeowner	72	71	78	65	73	73	61	74	71
Average annual expenditures	\$41,881	\$50,627	\$46,731	\$42,111	\$55,951	\$37,070	\$40,594	\$47,793	\$46,308
Total (percent):	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food	12.7	11.9	12.3	12.3	11.7	12.4	13.1	12.5	13.2
Alcoholic beverages	1.0	1.0	.8	1.3	1.4	.9	1.0	1.3	.9
Housing	31.1	35.8	32.1	34.6	32.7	34.0	33.4	30.0	32.7
Apparel & services	3.9	3.8	4.6	4.1	4.0	3.2	4.0	4.7	4.3
Transportation	18.5	16.2	19.2	17.0	16.4	18.2	17.9	18.8	18.4
Healthcare	6.5	5.3	4.3	6.3	5.2	5.8	5.8	5.9	6.1
Entertainment	5.0	4.6	5.0	4.8	6.1	4.6	5.1	4.7	4.5
Personal care products & serv.	1.3	1.2	1.3	1.4	1.3	1.2	1.4	1.2	1.4
Reading	.3	.3	.3	.3	.3	.3	.4	.3	.4
Education	2.1	3.0	2.3	1.8	2.2	1.9	1.9	2.3	1.8
Tobacco products & smoking supplies	.8	.6	.9	.7	.6	.9	.7	.7	.6
Miscellaneous	1.7	1.4	1.7	2.2	2.1	1.9	1.4	1.2	1.4
Cash contributions	3.9	5.6	2.8	2.6	2.8	2.6	3.8	5.2	3.9
Personal insurance & pensions	11.1	9.2	12.4	10.6	13.2	11.9	10.0	11.0	10.5

Note: Numbers may not add to 100 due to rounding.

^{1/} Components of income and taxes are derived from "complete income reporters" only through 2003. Beginning in 2004 income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.