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PLS – 4520

For Release:

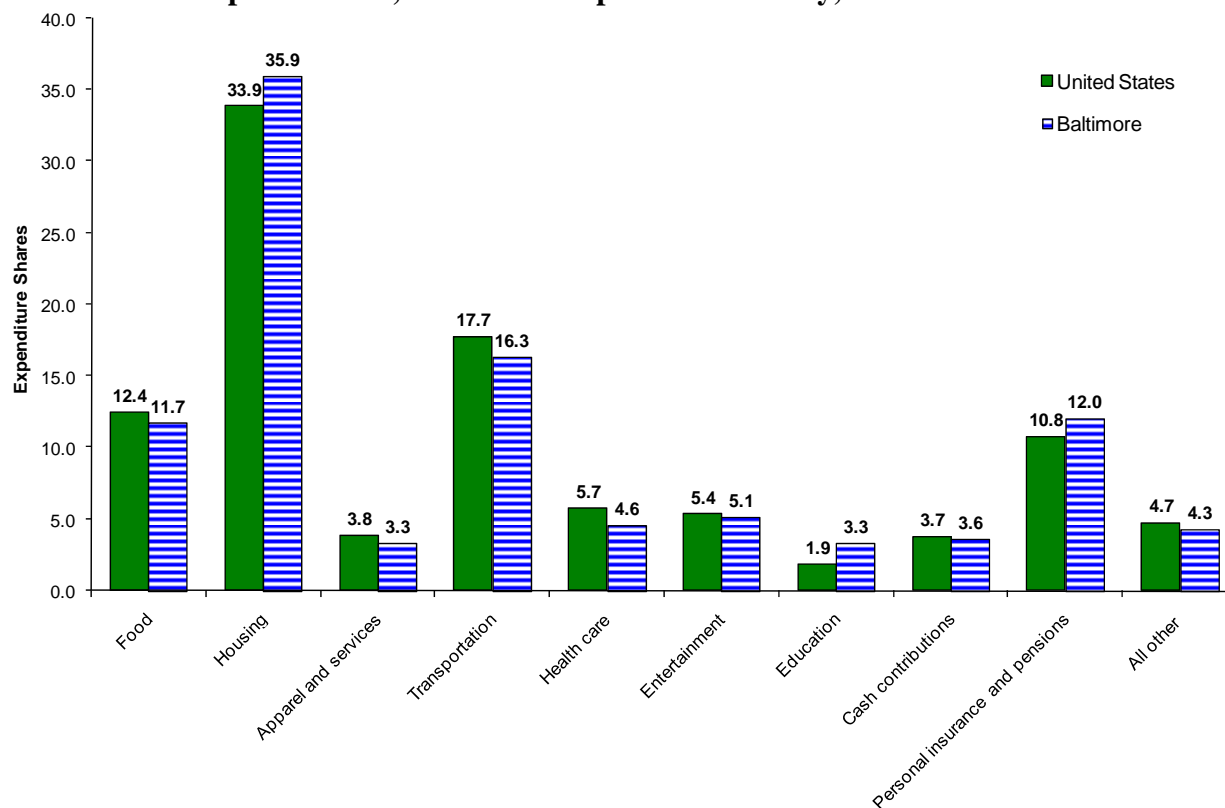
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Thursday, April 9, 2009

CONSUMER SPENDING PATTERNS IN THE BALTIMORE METROPOLITAN AREA, 2006-2007

Consumer units¹ in the Baltimore, Md. metropolitan area spent an average of \$53,244 per year in 2006-2007, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Sheila Watkins, the Bureau's regional commissioner, noted that this figure was 8.0 percent higher than the \$49,279 expenditure level for a typical United States household. While households in the Baltimore area spent more than the U.S. average, they tended to allocate their shares similarly among the major expenditure categories. Still, expenditures for personal insurance and pensions accounted for a significantly larger² share of average annual expenditures in the Baltimore area than they did nationwide, while health care represented a significantly smaller-than-average share. (See chart A.)

Chart A. Percent distribution of total average expenditures in the United States and Baltimore metropolitan area, Consumer Expenditure Survey, 2006-2007



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.

² Statistical significance tests were introduced for metropolitan area expenditure shares beginning with 2004-2005 data. See the Technical Note for further discussion of Consumer Expenditure significance testing.

This report contains annual data averaged over a two-year period, 2006 and 2007. 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 CE 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 18 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 35.9 percent of a typical Baltimore area household's total budget, similar to the 33.9-percent national average. In comparison to four other metropolitan areas with similar populations to Baltimore, expenditure shares for housing were also close to the national average in Seattle (34.8 percent) and Cleveland and Minneapolis (each at 34.7 percent), but were significantly higher than average in San Diego (41.5 percent). (See table 1.) Overall, 10 of the 18 published metropolitan areas had expenditure shares for housing significantly above the U.S. average and only Houston had a lower-than-average share. (See chart 1.)

The majority of housing expenditures in Baltimore went toward shelter (62.4 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was not significantly different from the 59.0 percent spent nationally. (See table A.) Utilities, fuels, and public service expenses accounted for 20.7 percent of total housing expenditures in Baltimore; nationwide, they made up 20.6 percent. The rate of homeownership in Baltimore was 71 percent, higher than the national average of 67 percent. Among the other four areas chosen for comparison, homeownership rates were also higher than average in Minneapolis (73 percent), but were close to that for the nation in Cleveland (68 percent) and Seattle (67 percent), and lower in San Diego (52 percent).

Table A. Percent distribution of housing expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Category	United States	Baltimore	Cleveland	Minneapolis	San Diego	Seattle
Total housing	100.0	100.0	100.0	100.0	100.0	100.0
Shelter	59.0	62.4	58.5	55.5	71.3	65.5
Utilities, fuels, and public services	20.6	20.7	22.7	15.8	12.5	16.1
Household operations	5.8	5.0	4.7	13.8	7.2	4.2
Housekeeping supplies	3.8	3.4	3.4	2.7	1.9	2.5
Household furnishings and equipment	10.7	8.5	10.7	12.2	7.0	11.8

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

At 16.3 percent of the total budget, transportation was the second-largest expenditure category in the Baltimore area; this was not significantly different from the national average of 17.7 percent. Expenditure shares for transportation were also similar to those for the nation in Cleveland and Seattle, at 17.5 and 16.9 percent, respectively. However, households in San Diego (13.3 percent) and Minneapolis (14.5 percent) allocated significantly less of their budgets to transportation compared to the nation. Among the 18 published metropolitan areas, 8 had lower-than-average expenditure shares for transportation, while just 2 had above average shares. (See chart 2.)

Of the \$8,673 in annual expenditures for transportation in Baltimore, 93.6 percent was spent buying and maintaining private vehicles; this compared to the national average of 94.0 percent. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Baltimore, at 1.7, was close to the U.S. average of 1.9. The average number of vehicles was also close to the national norm in Minneapolis (2.2), Cleveland (2.1), and San Diego (1.7), but was higher in Seattle (2.4).

Table B. Percent distribution of transportation expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Category	United States	Baltimore	Cleveland	Minneapolis	San Diego	Seattle
Total transportation	100.0	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlays)	38.1	41.1	39.4	42.4	28.8	39.0
Gasoline and motor oil	26.4	28.9	26.0	24.7	34.5	22.8
Other vehicle expenses	29.5	23.6	31.6	25.4	27.0	27.3
Public transportation	6.0	6.4	3.0	7.5	9.7	10.9

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

The remaining 6.4 percent of a Baltimore household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, subways, and planes. This share was not measurably different from the national average of 6.0 percent. (See table B.) Among all 18 published metropolitan areas only 3 allocated at least 10.0 percent of their transportation dollars to public transportation: New York (13.5 percent), San Francisco (11.5 percent), and Seattle (10.9 percent). Households in Cleveland (3.0 percent) and Dallas (4.1 percent) spent the smallest portions of their transportation budgets on public transit. (See table C.)

Table C. Spending on public transportation in the United States, regions, and 18 metropolitan areas, Consumer Expenditure Survey, 2006-2007

Area	Transportation Spending	Public Transportation	Share
United States	\$8,737	\$521	6.0
Northeast	8,107	688	8.5
New York	8,048	1,085	13.5
Philadelphia	7,345	548	7.5
Boston	8,707	618	7.1
South	8,578	342	4.0
Washington, D.C.	9,531	778	8.2
Atlanta	8,053	570	7.1
Miami	7,938	530	6.7
Baltimore	8,673	554	6.4
Houston	11,119	490	4.4
Dallas	10,764	439	4.1
Midwest	8,159	428	5.2
Chicago	8,846	806	9.1
Minneapolis-St.Paul	8,694	649	7.5
Detroit	8,743	433	5.0
Cleveland	8,371	253	3.0
West	10,116	762	7.5
San Francisco	10,792	1,238	11.5
Seattle	10,047	1,094	10.9
San Diego	7,258	702	9.7
Los Angeles	10,141	727	7.2
Phoenix	12,424	601	4.8

Payments for personal insurance and pensions, the third largest expenditure category in Baltimore, accounted for 12.0 percent of the typical household's budget, significantly higher than the national average of 10.8 percent. Households in San Diego also spent a higher-than-average share of their budgets on personal insurance and pensions, at 12.2 percent, while Cleveland spent a significantly lower share, at 9.8 percent. Households in Minneapolis (11.0 percent) and Seattle (10.9 percent) had shares similar to that of the nation. Of the 18 metropolitan areas published, only San Diego and Washington spent a measurably larger share of their budgets on personal insurance and pensions than on food.

Baltimore consumer units spent 11.7 percent of their budgets on food, similar to the national average of 12.4 percent. Cleveland (11.5 percent) and Minneapolis (11.4 percent) also allocated expenditure shares similar to that of the nation, while the portions of budgets spent on food in San Diego (9.7 percent) and Seattle (10.9 percent) were significantly lower.

Households in Baltimore spent \$3,386, or 54.4 percent, of their food dollars on food at home and the remaining 45.6 percent on food away from home, such as restaurant meals, carry-outs, food or board at school, and catered affairs. In comparison, the average U.S. household spent 56.2 percent of its food budget on food at home and 43.8 percent on food away from home. When compared to the nation, neither Baltimore nor any of the four areas chosen for comparison spent a significantly different portion of their food budgets on dining out.

Baltimore area households allocated 5.1 percent of their budgets to entertainment, similar to the 5.4 percent spent by the average household in the U.S. As in Baltimore, households in Minneapolis (6.6 percent), Seattle (6.0 percent), San Diego (5.4 percent), and Cleveland (4.7 percent) allocated shares similar to the nationwide average.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 4.6 percent of total household expenditures in Baltimore, measurably lower than the 5.7 percent nationwide. However, consumer units in Cleveland (6.9 percent) spent a higher-than-average portion of their budgets on health care, while those in Minneapolis (6.2 percent), Seattle (5.3 percent) and San Diego (4.8 percent) had expenditure shares close to that for the nation.

Cash contributions accounted for 3.6 percent of a typical consumer unit's spending in Baltimore, comparable to the 3.7-percent nationwide average. Shares for cash contributions were also similar to the national norm in Seattle (5.3 percent), Minneapolis (4.9 percent), San Diego (3.6 percent), and Cleveland (3.3 percent).

Spending on apparel and services accounted for 3.3 percent of total expenditures in Baltimore, similar to the 3.8-percent share allocated nationally. Among the other four areas, expenditure shares for apparel and services were also close to that for the U.S., ranging from 4.7 percent in Cleveland to 3.5 percent in Seattle.

As noted, Baltimore is 1 of 18 metropolitan areas nationwide for which Consumer Expenditure Survey (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 2007

In 2007 there were a number of revisions to the survey questionnaires to capture new products and services that are available to consumers. This was the latest in a series of periodic revisions to keep the surveys current with changes in the marketplace. Also for 2007, a number of expenditure items changed survey source from the Interview Survey to the Diary Survey or vice versa. Due to the overlap in the item coverage between the two surveys, the survey source is periodically reviewed and statistical methods are used to select the best source.

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 7,000 consumer units are sampled for the Diary Survey. The Interview Survey is conducted on a rotating panel basis, with about 7,000 consumer units participating each quarter. The data are collected on an ongoing basis in 91 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 14 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 18 published metropolitan areas.

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 the 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. PMSA: includes Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties in Maryland.

Cleveland-Akron, Ohio CMSA: includes Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit Counties in Ohio.

Minneapolis-St. Paul, Minn. MSA: includes Anoka, Benton, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Stearns, Washington, and Wright Counties in Minnesota and Pierce and St. Croix Counties in Wisconsin.

San Diego, Calif. MSA: includes San Diego County in California.

Seattle-Tacoma-Bremerton, Wash. CMSA: includes Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties in Washington.

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.

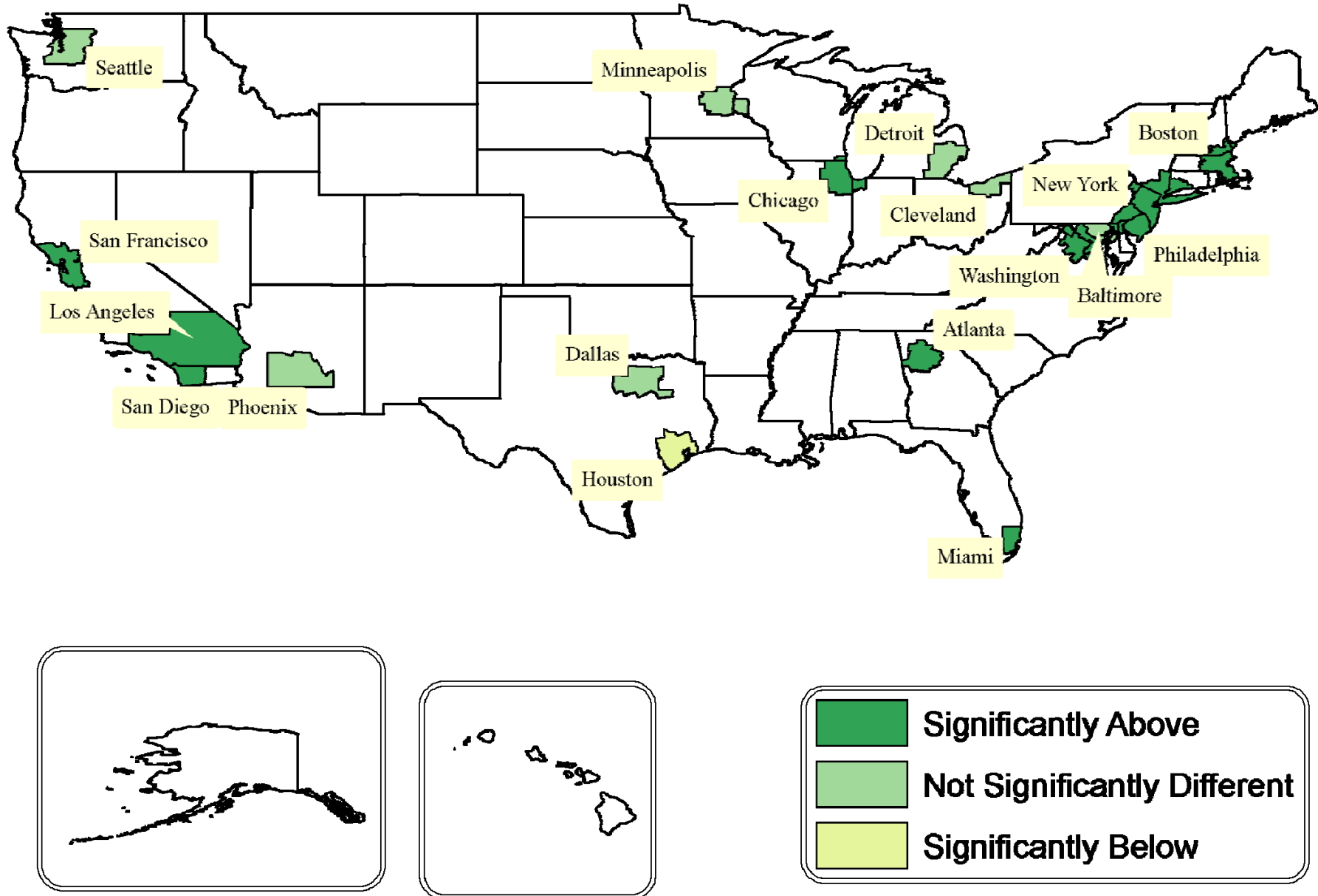
Table 1. Consumer unit characteristics and percent distribution of expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Item	United States	Baltimore	Cleveland	Minneapolis	San Diego	Seattle
Consumer unit characteristics:						
Income before taxes	\$61,820	\$78,930	\$62,104	\$76,772	\$73,604	\$67,923
Age of reference person	48.8	48.9	53.0	48.1	46.9	48.5
Average number in consumer unit:						
Persons	2.5	2.5	2.5	2.3	2.6	2.3
Children under 18	.6	.6	.6	.5	.7	.5
Persons 65 and over	.3	.3	.3	.3	.3	.2
Earners	1.3	1.4	1.4	1.4	1.3	1.4
Vehicles	1.9	1.7	2.1	2.2	1.7	2.4
Percent homeowners	67	71	68	73	52	67
Average annual expenditures	\$49,279	\$53,244	\$47,890	\$60,059	\$54,648	\$59,384
Percent distribution:						
	100.0	100.0	100.0	100.0	100.0	100.0
Food	12.4	11.7	11.5	11.4	9.7	10.9
Alcoholic beverages	1.0	.9	.8	1.5	1.0	1.0
Housing	33.9	35.9	34.7	34.7	41.5	34.8
Apparel and services	3.8	3.3	4.7	3.7	4.2	3.5
Transportation	17.7	16.3	17.5	14.5	13.3	16.9
Health care	5.7	4.6	6.9	6.2	4.8	5.3
Entertainment	5.4	5.1	4.7	6.6	5.4	6.0
Personal care products and services	1.2	1.1	1.2	1.1	1.3	1.1
Reading	.2	.2	.3	.3	.2	.3
Education	1.9	3.3	2.1	1.8	1.2	1.6
Tobacco products and smoking supplies	.7	.4	.8	.5	.2	.5
Miscellaneous	1.7	1.7	1.7	1.9	1.6	1.9
Cash contributions	3.7	3.6	3.3	4.9	3.6	5.3
Personal insurance and pensions	10.8	12.0	9.8	11.0	12.2	10.9

Table 2. Average annual expenditures in the United States and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

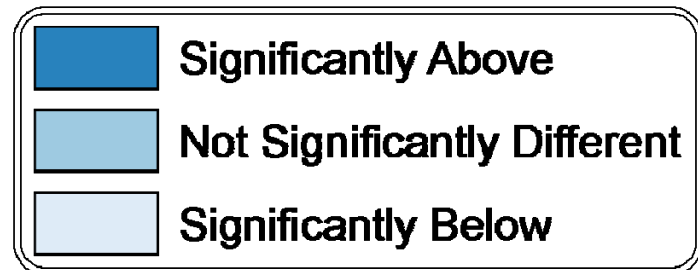
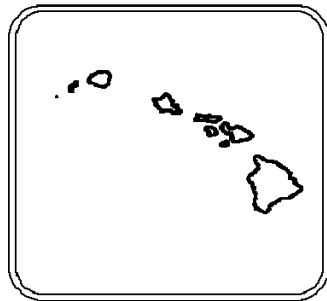
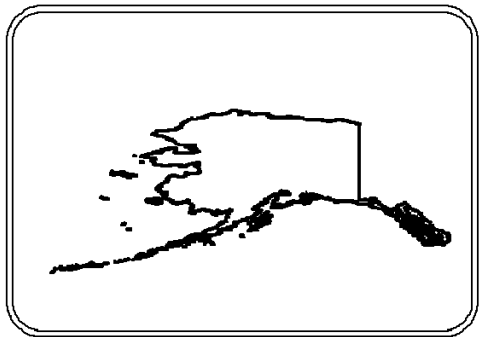
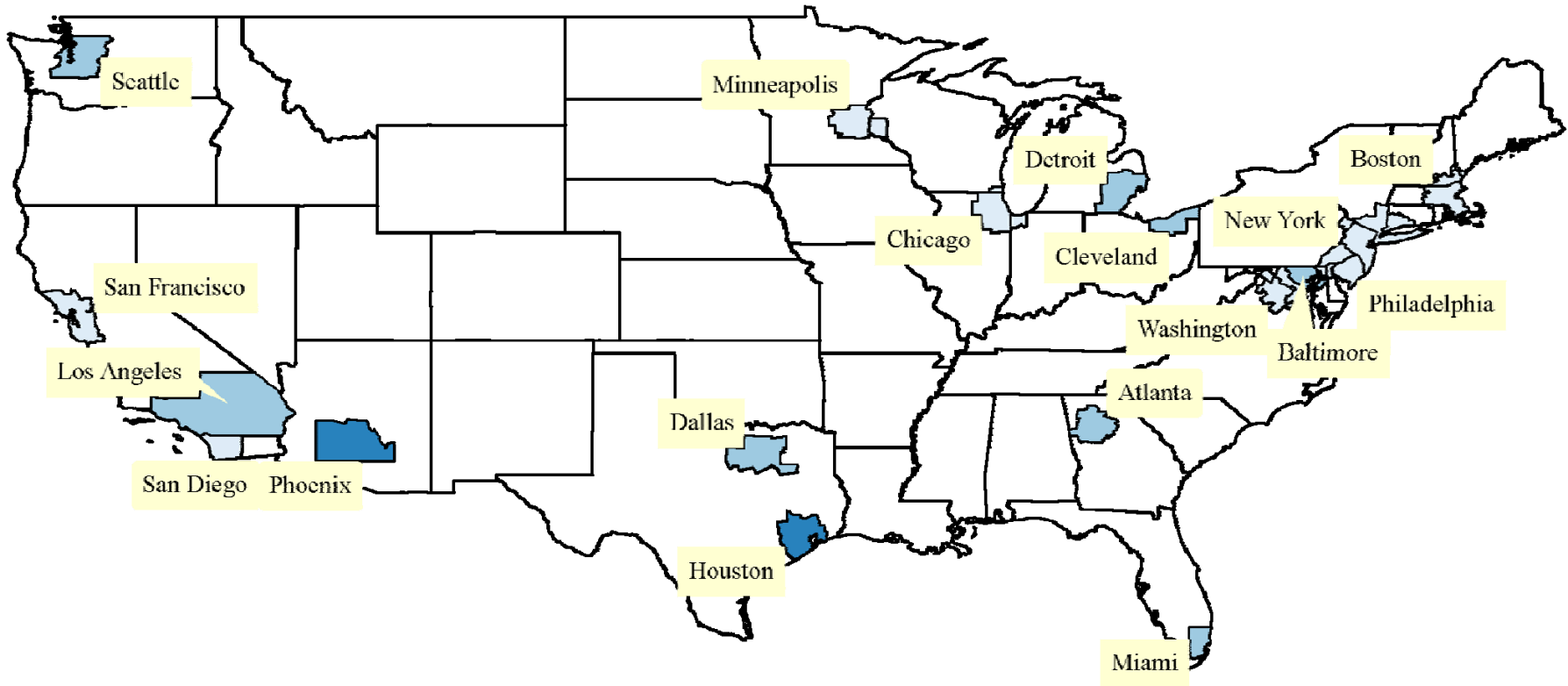
Item	United States	Baltimore	Cleveland	Minneapolis	San Diego	Seattle
Average annual expenditures	\$49,279	\$53,244	\$47,890	\$60,059	\$54,648	\$59,384
Food	6,122	6,222	5,514	6,848	5,312	6,486
Food at home	3,441	3,386	3,331	3,845	2,819	3,615
Cereals and bakery products	453	438	422	517	332	447
Meats, poultry, fish, and eggs	787	820	934	703	630	761
Dairy products	378	338	320	475	286	390
Fruits and vegetables	596	573	531	731	510	619
Other food at home	1,227	1,217	1,125	1,419	1,061	1,398
Food away from home	2,681	2,836	2,183	3,003	2,493	2,871
Alcoholic beverages	477	479	401	928	520	570
Housing	16,684	19,123	16,602	20,819	22,670	20,671
Shelter	9,849	11,930	9,719	11,559	16,174	13,530
Owned dwellings	6,624	8,921	6,269	8,592	9,278	9,213
Rented dwellings	2,596	2,504	2,773	2,222	6,276	3,261
Other lodging	629	505	678	745	620	1,056
Utilities, fuels, and public services	3,437	3,951	3,768	3,294	2,837	3,322
Household operations	966	960	775	2,871	1,637	860
Housekeeping supplies	639	650	561	562	427	510
Household furnishings and equipment	1,793	1,632	1,778	2,533	1,596	2,449
Apparel and services	1,893	1,755	2,241	2,193	2,292	2,080
Transportation	8,737	8,673	8,371	8,694	7,258	10,047
Vehicle purchases (net outlay)	3,332	3,562	3,296	3,689	2,090	3,917
Gasoline and motor oil	2,306	2,508	2,177	2,151	2,504	2,288
Other vehicle expenses	2,577	2,049	2,644	2,204	1,962	2,747
Public transportation	521	554	253	649	702	1,094
Health care	2,810	2,431	3,293	3,705	2,613	3,127
Entertainment	2,637	2,726	2,250	3,952	2,938	3,542
Personal care products and services	586	565	571	647	691	663
Reading	117	84	154	156	103	196
Education	917	1,771	1,010	1,079	677	944
Tobacco products and smoking supplies	325	229	398	320	95	309
Miscellaneous	827	908	815	1,149	890	1,101
Cash contributions	1,845	1,891	1,557	2,953	1,941	3,147
Personal insurance and pensions	5,303	6,387	4,713	6,615	6,648	6,501
Life and other personal insurance	316	546	429	283	307	395
Pensions and Social Security	4,987	5,841	4,285	6,332	6,340	6,107

Chart 1. Expenditure shares spent on housing in all 18 metropolitan statistical areas compared to the U.S. average, Consumer Expenditure Survey, 2006-2007



NOTE: Statistical significance testing at the 95 percent confidence interval.

Chart 2. Expenditure shares spent on transportation in all 18 metropolitan statistical areas compared to the U.S. average, Consumer Expenditure Survey, 2006-2007



NOTE: Statistical significance testing at the 95 percent confidence interval.