



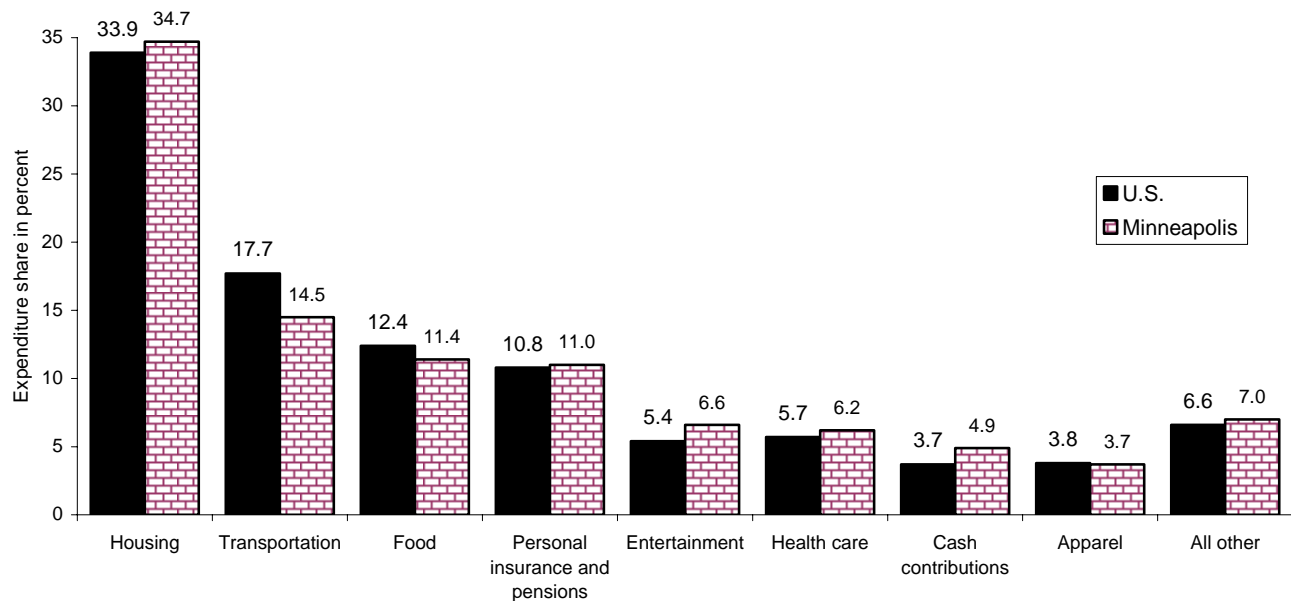
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## CONSUMER SPENDING PATTERNS IN THE MINNEAPOLIS METROPOLITAN AREA, 2006-2007

Consumer units<sup>1</sup> in the Minneapolis-St. Paul, Minnesota metropolitan area spent an average of \$60,059 per year in 2006-2007, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Jay A. Mousa noted that this figure was 21.9 percent higher than the \$49,279 average expenditure level for a typical household in the United States. Although households in the Minneapolis area spent more than the U.S. average, they tended to allocate their dollars similarly among the major categories with a few exceptions, most notably transportation. (See chart A.)

Chart A. Percent distribution of average annual expenditures in the United States and Minneapolis metropolitan area, Consumer Expenditure Survey 2006-07



<sup>1</sup> See Technical Note for definition of 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, 2006 and 2007. The data are from the Consumer Expenditure Survey (CE), which is conducted 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. Data from the CE 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 34.7 percent of a Minneapolis area household's total budget; this share was not significantly different from the 33.9-percent national average (see table 1). Expenditure shares for housing were also similar to that for the nation in Cleveland (34.7 percent) and Detroit (33.1 percent), but significantly higher than average in Chicago (35.3 percent). These three areas were selected for comparison with Minneapolis because they are large metropolitan areas in the same geographic region of the country. Overall, 10 of the 18 published metropolitan areas had expenditure shares for housing significantly above the U.S. average and only 1 (Houston) had a lower-than-average share. (See chart 1).

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

Category	United States	Minneapolis	Chicago	Cleveland	Detroit
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	59.0	55.5	62.3	58.5	59.8
Utilities, fuels & public services	20.6	15.8	18.6	22.7	22.7
Household operations	5.8	13.8	5.3	4.7	3.8
Housekeeping supplies	3.8	2.7	3.2	3.4	4.0
Household furnishings	10.7	12.2	10.6	10.7	9.7

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

The majority of housing expenditures in Minneapolis went toward shelter (55.5 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was lower than the 59.0 percent spent nationally. (See table A.) Utilities, fuels, and public services expenses accounted for 15.8 percent of total housing expenditures in Minneapolis; nationally, they made up 20.6 percent. The rate of homeownership in Minneapolis, 73 percent, was higher than the national average of 67 percent. Among the other three areas chosen for comparison, the homeownership rate in Detroit was the same

as Minneapolis, was higher than the national average in Chicago (71 percent), and lower in Cleveland (68 percent).

At 14.5 percent of the total budget, transportation was the second-largest expenditure category in the Minneapolis area; this was significantly lower than the national average of 17.7 percent. Like Minneapolis, households in Chicago (15.4 percent) allocated a smaller share of their budgets to transportation when compared to that for the nation. On the other hand, consumer units in Cleveland (17.5 percent) and Detroit (18.1 percent) spent a similar share of their budgets on transportation. (See chart 2.)

Of the \$8,694 annual expenditure for transportation in Minneapolis, 92.5 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 owned per household in Minneapolis was 2.2, slightly more than the national average of 1.9. The average number of vehicles owned was closer to the United States average in Detroit (2.0), Chicago (1.8), and Cleveland (2.1).

The remaining 7.5 percent of a Minneapolis household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; this compares to the national average of 6.0 percent. The percentage of the transportation budget spent on public transportation in Detroit was 5.0 percent, 3.0 percent in Cleveland, and 9.1 percent in Chicago. (See table B.)

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

Category	United States	Minneapolis	Chicago	Cleveland	Detroit
Total transportation	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	38.1	42.4	34.9	39.4	25.2
Gasoline and motor oil	26.4	24.7	26.2	26.0	29.8
Other vehicle expenses	29.5	25.4	29.8	31.6	40.1
Public transportation	6.0	7.5	9.1	3.0	5.0

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

The portion of a typical Minneapolis consumer unit's budget spent on food, 11.4 percent, was not significantly different from the 12.4-percent U.S. average. In the other three Midwest metropolitan areas, households in Chicago (12.6 percent) and Cleveland (11.5 percent) also allocated expenditure shares similar to that of the nation. Whereas, a typical Detroit household spent a significantly larger share (13.5 percent) of their total budget on food.

Households in Minneapolis spent \$3,845, or 56.1 percent, of their food dollars on food prepared at home and the remaining 43.9 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 56.2 percent of its food budget on food prepared at home and 43.8 percent on food prepared away from home. Among the other Midwest metropolitan areas being compared, Cleveland residents allocated 39.6 percent of their food budgets to dining out.

Payments for personal insurance and pensions accounted for 11.0 percent of the typical Minneapolis household's budget, close to the 10.8-percent share allocated nationally. Like Minneapolis households, consumer units in Chicago (10.9 percent) and Detroit (10.4 percent) had expenditure shares that were not significantly different from the national average for personal insurance and pensions. On the other hand, households in Cleveland (9.8 percent) allocated a significantly lower share than the national average.

Spending on apparel and services accounted for 3.7 percent of total expenditures in Minneapolis, similar to the 3.8-percent national average. Expenditure shares for apparel and services were significantly higher than that for the nation in Chicago (5.3 percent), while households in Cleveland (4.7 percent) and Detroit (3.8 percent) allocated a similar share of their total budgets for clothing when compared to the typical household nationally.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 6.2 percent of total household expenditures in Minneapolis, not significantly different than the 5.7 percent recorded nationwide. The percentage spent on out-of-pocket health care expenses was significantly more than that of the nation in Cleveland (6.9 percent). However, expenditure shares in Chicago (5.3 percent) and Detroit (4.8 percent) were significantly less than the national average.

A typical Minneapolis area household allocated a similar share (6.6 percent) of its budget to entertainment when compared to the national average (5.4 percent). Like Minneapolis, spending on entertainment was comparable to the national average in Detroit (5.0 percent) and Cleveland (4.7 percent). Consumer units in Chicago (4.8 percent) allocated a statistically smaller share of total expenditures to entertainment when compared to the nation.

Out-of-pocket expenses for education accounted for 1.8 percent of a Minneapolis area household's total budget, comparable to the 1.9-percent nationwide average. Among the other three areas, expenditure shares for education were not significantly different than for the nation in Detroit (2.7 percent) and Cleveland (2.1 percent), but were significantly higher in Chicago (2.9 percent).

Cash contributions accounted for 4.9 percent of an average consumer unit's spending in Minneapolis, not significantly different from the national average of 3.7 percent. Shares for cash contributions were also not measurably different than average in Cleveland (3.3 percent) and Detroit (3.1 percent), but were significantly lower in Chicago (2.8 percent).

As noted, Minneapolis-St. Paul is 1 of 18 metropolitan areas nationwide for which Consumer Expenditure data are available. We encourage users interested in learning more about the Consumer Expenditure Survey to contact the Chicago Information Office at (312) 353-1880. 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/ro5/](http://www.bls.gov/ro5/).

### 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 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. 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 in this release compare expenditure shares for 14 expenditure categories in the United States to expenditure shares in 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 metropolitan areas published.

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:

Chicago-Gary-Kenosha, Ill.-Ind.-Wis. includes the counties of Cook, De Kalb, Du Page, 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;

Cleveland-Akron, Ohio includes the counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit;

Minneapolis-St. Paul, Minn.-Wis. includes the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright in Minnesota; Pierce and St. Croix in Wisconsin.

## **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, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

Item	United States	Minneapolis	Chicago	Cleveland	Detroit
Consumer unit characteristics:					
Income before taxes	\$61,820	\$76,772	\$75,463	\$62,104	\$58,414
Age of reference person	48.8	48.1	49.6	53.0	49.3
Persons	2.5	2.3	2.6	2.5	2.4
Children under 18	.6	.5	.7	.6	.6
Persons 65 and over	.3	.3	.3	.3	.3
Earners	1.3	1.4	1.4	1.4	1.3
Vehicles	1.9	2.2	1.8	2.1	2.0
Percent homeowner	67	73	71	68	73
Average annual expenditures	\$49,279	\$60,059	\$57,304	\$47,890	\$48,348
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	12.4	11.4	12.6	11.5	13.5
Alcoholic beverages	1.0	1.5	1.4	0.8	1.0
Housing	33.9	34.7	35.3	34.7	33.1
Apparel & services	3.8	3.7	5.3	4.7	3.8
Transportation	17.7	14.5	15.4	17.5	18.1
Health care	5.7	6.2	5.3	6.9	4.8
Entertainment	5.4	6.6	4.8	4.7	5.0
Personal care products & services	1.2	1.1	1.2	1.2	1.2
Reading	0.2	0.3	0.2	0.3	0.2
Education	1.9	1.8	2.9	2.1	2.7
Tobacco products & smoking supplies	0.7	0.5	0.5	0.8	0.9
Miscellaneous	1.7	1.9	1.5	1.7	2.0
Cash contributions	3.7	4.9	2.8	3.3	3.1
Personal insurance & pensions	10.8	11.0	10.9	9.8	10.4

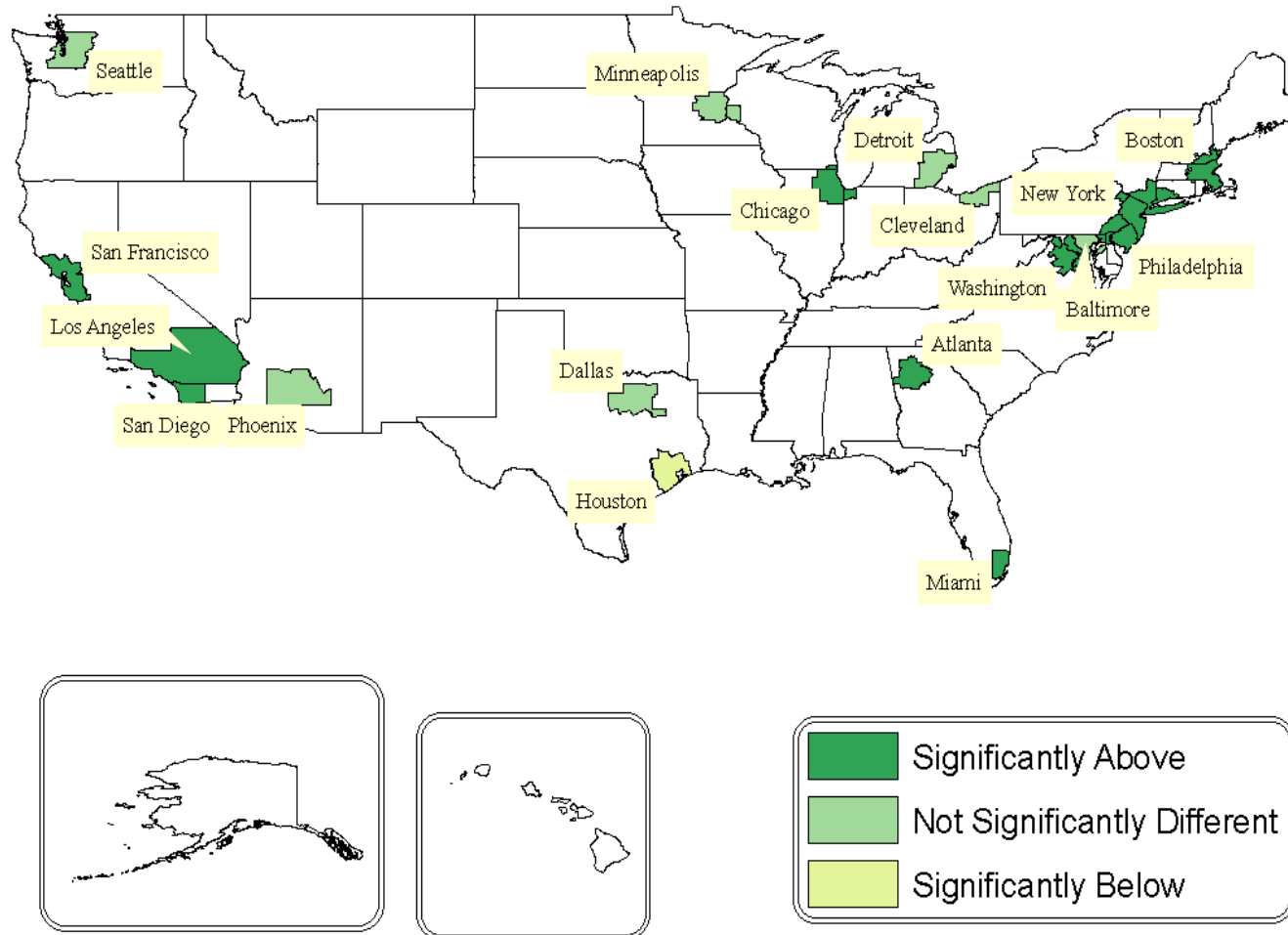
Note: Numbers may not add to 100 due to rounding.



Table 2. Average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2006-2007

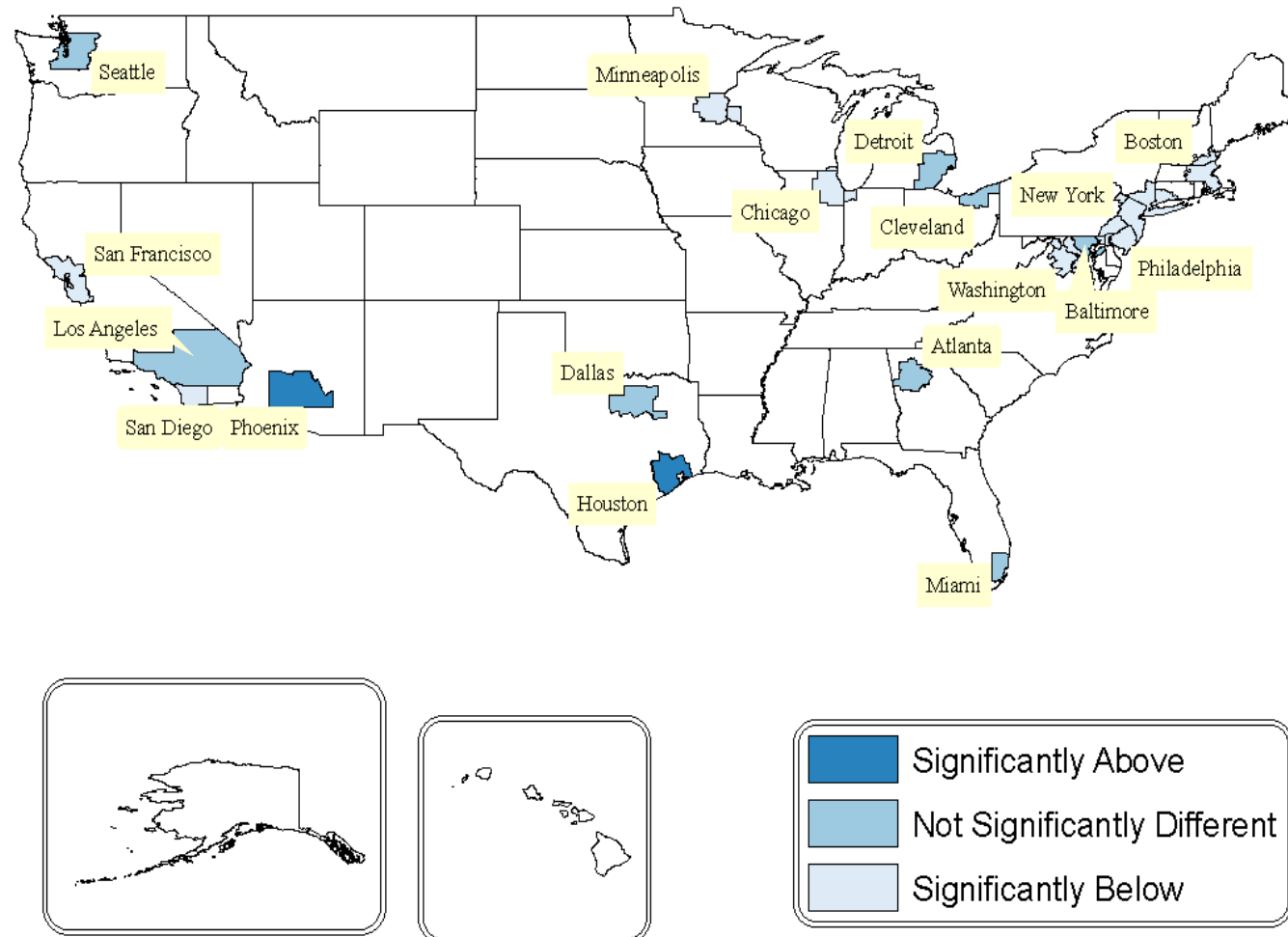
Item	United States	Minneapolis	Chicago	Cleveland	Detroit
Average annual expenditures:	\$49,279	\$60,059	\$57,304	\$47,890	\$48,348
Food	6,122	6,848	7,202	5,514	6,550
Food at home	3,441	3,845	4,046	3,331	3,886
Cereals and bakery products	453	517	537	422	579
Meats, poultry, fish and eggs	787	703	932	934	871
Dairy products	378	475	406	320	420
Fruits and vegetables	596	731	713	531	635
Other food at home	1,227	1,419	1,457	1,125	1,381
Food away from home	2,681	3,003	3,156	2,183	2,663
Alcoholic beverages	477	928	801	401	495
Housing	16,684	20,819	20,238	16,602	15,995
Shelter	9,849	11,559	12,612	9,719	9,568
Owned dwellings	6,624	8,592	9,043	6,269	7,077
Rented dwellings	2,596	2,222	2,680	2,773	1,841
Other lodging	629	745	889	678	650
Utilities, fuels & public services	3,437	3,294	3,761	3,768	3,637
Household operations	966	2,871	1,063	775	602
Housekeeping supplies	639	562	654	561	642
Household furnishings & equipment	1,793	2,533	2,146	1,778	1,545
Apparel & services	1,893	2,193	3,019	2,241	1,848
Transportation	8,737	8,694	8,846	8,371	8,743
Vehicle purchases (net outlay)	3,332	3,689	3,084	3,296	2,201
Gasoline & motor oil	2,306	2,151	2,322	2,177	2,602
Other vehicle expenses	2,577	2,204	2,635	2,644	3,506
Public transportation	521	649	806	253	433
Healthcare	2,810	3,705	3,020	3,293	2,307
Entertainment	2,637	3,952	2,740	2,250	2,441
Personal care products & services	586	647	662	571	570
Reading	117	156	130	154	113
Education	917	1,079	1,644	1,010	1,325
Tobacco products & smoking supplies	325	320	291	398	445
Miscellaneous	827	1,149	837	815	985
Cash contributions	1,845	2,953	1,663	1,557	1,500
Personal insurance & pensions	5,303	6,615	6,241	4,713	5,031
Life & other personal insurance	316	283	352	429	318
Pensions & Social Security	4,987	6,332	5,889	4,285	4,713

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.