



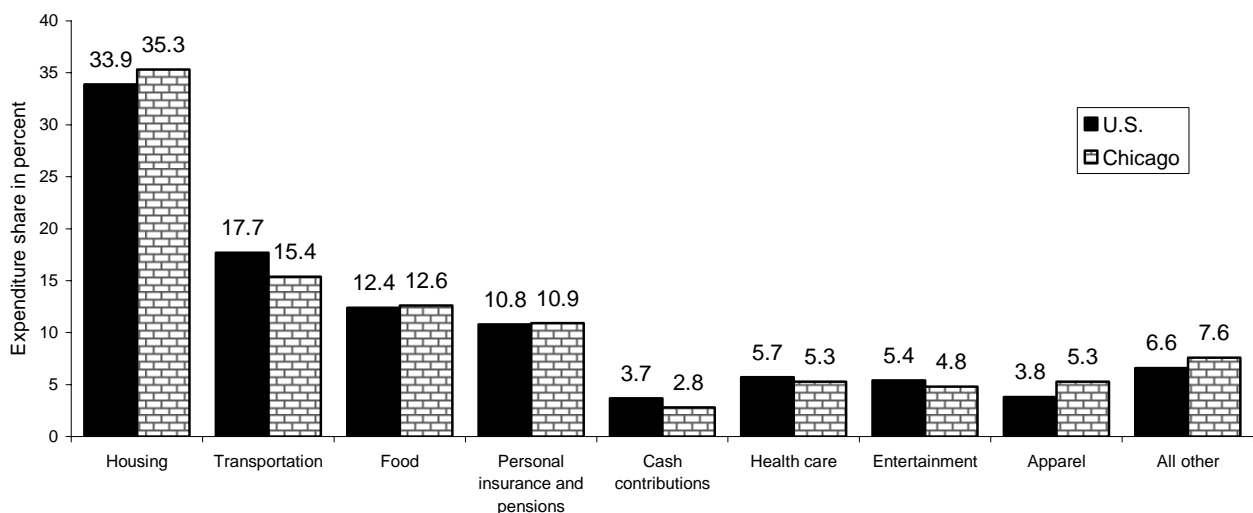
General Information: (312) 353-1880
Media Contact: Paul LaPorte
(312) 353-1138
Internet: www.bls.gov/ro5

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

Consumer units¹ in the Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin metropolitan area spent an average of \$57,304 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 16.3 percent higher than the \$49,279 average expenditure level for a typical household in the United States. In addition to spending more than the U.S. average, Chicago-area households also allocated their dollars differently among the major categories, differing significantly in 8 of the 14. Expenditures for housing, apparel and related services, and education accounted for a

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



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.

significantly larger² portion of the total budget in the Chicago area compared to the United States, whereas spending on transportation, health care, entertainment, tobacco products and smoking supplies, and cash contributions represented significantly smaller-than-average shares of the total budget. (See chart A.)

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 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 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.

Among the 18 metropolitan areas in the U.S. for which consumer expenditure data are available, Chicago is the third-largest in population behind only New York and Los Angeles. Expenditure shares in Chicago were compared to these other two metropolitan areas throughout this release. One other large metropolitan area, Detroit, that is geographically close to Chicago is also included in this release for comparative purposes.

Housing, the largest expenditure category, accounted for 35.3 percent of a Chicago area household's total budget; this share was significantly higher than the 33.9-percent national average (see table 1). Among the comparison areas, expenditure shares for housing were also higher than the national average in New York (39.3 percent) and Los Angeles (36.7 percent), but comparable to the national average in Detroit (33.1 percent). Overall, 10 of the 18 metropolitan areas surveyed had expenditure shares for housing significantly above the U.S. average and one (Houston) had a lower-than-average share. (See chart 1).

The majority of housing expenditures in Chicago went toward shelter (62.3 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was significantly more than the 59.0 percent spent nationally. (See table A.) Utilities, fuels, and public services expense accounted for 18.6 percent of total housing expenditures in Chicago; nationally, they made up 20.6 percent. The rate of homeownership in Chicago, 71 percent, compared to the national average of 67 percent. Among the other three areas chosen for comparison, homeownership rates in Los Angeles

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.

(56 percent) and New York (58 percent) were lower than the national average while the rate in Detroit (73 percent) was above the national average.

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

Category	United States	Chicago	Detroit	Los Angeles	New York
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	59.0	62.3	59.8	68.4	66.6
Utilities, fuels, and public services	20.6	18.6	22.7	14.0	17.4
Household operations	5.8	5.3	3.8	5.9	5.3
Housekeeping supplies	3.8	3.2	4.0	2.8	2.6
Household furnishings and equipment	10.7	10.6	9.7	8.9	8.2

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

At 15.4 percent of the total budget, transportation was the second-largest expenditure category in the Chicago area; this was significantly below the national average of 17.7 percent. Like Chicago, households in New York (14.2 percent) allocated a below-average share of their budgets to transportation when compared to that for the nation. The expenditure shares for transportation in Los Angeles (16.6 percent) and Detroit (18.1 percent) were not significantly different from the national average. Among the 18 metropolitan areas, seven others joined Chicago in having lower-than-average expenditure shares for transportation, while two others had above-average shares. (See chart 2.)

Of the \$8,846 annual expenditure for transportation in Chicago, 90.9 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 numbers of vehicles owned per household in Chicago (1.8), Detroit (2.0), and Los Angeles (1.8) were close to the national average of 1.9. Consumer units in New York owned an average of 1.3 vehicles, significantly below the national average and lowest among the 18 metropolitan areas.

The remaining 9.1 percent of a Chicago household's transportation budget was spent on public transit, which includes fares for taxis, buses, trains, and planes; this was well above the national average of 6.0 percent. (See table B.) Among all 18 metropolitan areas surveyed, the largest shares of transportation dollars allocated to public transit were New York (13.5 percent), San Francisco (11.5 percent), and Seattle (10.9 percent). Households in Cleveland (3.0 percent) and Dallas-Fort Worth (4.1 percent) spent the smallest portions of their transportation budgets on public transit.

The portion of a Chicago consumer unit's budget spent on food, 12.6 percent, was not significantly different from the 12.4-percent U.S. average. Two comparison areas, New York (12.4 percent) and Los Angeles (12.8 percent), also allocated expenditure shares similar to that of the nation. However, a typical Detroit household spent a significantly larger share of their total budget (13.5 percent) on food.

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

Category	United States	Chicago	Detroit	Los Angeles	New York
Total transportation	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	38.1	34.9	25.2	32.9	29.2
Gasoline and motor oil	26.4	26.2	29.8	26.7	23.5
Other vehicle expenses	29.5	29.8	40.1	33.2	33.8
Public transportation	6.0	9.1	5.0	7.2	13.5

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

Households in Chicago spent \$4,046, or 56.2 percent, of their food dollars on food prepared at home and the remaining 43.8 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. The average U.S. household spent similar shares of its food budget: 56.2 percent on food prepared at home and 43.8 percent on food prepared away from home. Among the three comparison cities, consumers in Detroit spent the smallest share of their food budget away from home (40.7 percent) while New York (45.6 percent) and Los Angeles (45.3 percent) allocated larger shares.

Payments for personal insurance and pensions accounted for 10.9 percent of the typical Chicago household's budget, close to the 10.8-percent share allocated nationally. All three of the comparison areas were also close to the national average in this category. Of the 18 metropolitan areas, seven spent a larger-than-average share on insurance and pensions, three allocated smaller shares, and eight were close to the national average.

Spending on apparel and services accounted for 5.3 percent of total expenditures in Chicago, significantly higher than the 3.8-percent national average. Among the other three areas, expenditure shares for apparel and services were also significantly higher than that for the nation in New York (4.6 percent) and comparable in Los Angeles and Detroit.

Out-of-pocket health care expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 5.3 percent of total household expenditures in Chicago, significantly less than the 5.7 percent recorded nationwide. The percentage spent on out-of-pocket health care expenses was also significantly below the national average in New York (4.7 percent), Los Angeles (3.8 percent), and Detroit (4.8 percent). Among the 18 metro areas, the only one with expenditure shares significantly higher than the national average was Cleveland (6.9 percent).

A Chicago area household allocated a significantly lower share (4.8 percent) of its budget to entertainment when compared to the national average (5.4 percent). Like Chicago, consumer units in New York and Los Angeles (4.6 percent each) also allocated a smaller-than-average share to entertainment. Consumer units in Detroit (5.0 percent)

allocated a similar share of total expenditures to entertainment when compared to the nation.

Out-of-pocket expenses for education accounted for 2.9 percent of a Chicago area household's total budget, significantly higher than the 1.9-percent nationwide average. Among the other three areas, expenditure shares for education were significantly higher than for the nation in New York (2.5 percent) while households in Detroit and Los Angeles had shares comparable to the national average.

Cash contributions accounted for 2.8 percent of an average consumer unit's spending in Chicago, significantly lower than the national average of 3.7 percent. Shares for cash contributions were also significantly smaller than average in New York (2.7 percent). In Detroit (3.1 percent) and Los Angeles (4.4 percent), expenditure shares for cash contributions were not significantly different from the U.S. average.

As noted, Chicago is 1 of 18 areas nationwide for which Consumer Expenditure data are available. We encourage users interested in learning more about the Consumer Expenditure Survey to contact the Midwest 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.

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 the 14 major 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 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:

Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin CMSA is comprised of Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties, Illinois; Lake and Porter Counties, Indiana; and Kenosha County, Wisconsin;

Detroit-Ann Arbor-Flint, Michigan CMSA is comprised of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties

Los Angeles-Riverside-Orange County, California CMSA is comprised of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties.

New York-Northern New Jersey-Long Island, New York-New Jersey-Connecticut-Pennsylvania CMSA is comprised of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, and Westchester Counties, New York; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties, New Jersey; parts of Fairfield, Litchfield, Middlesex, and New Haven Counties, Connecticut; and Pike County, Pennsylvania.

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

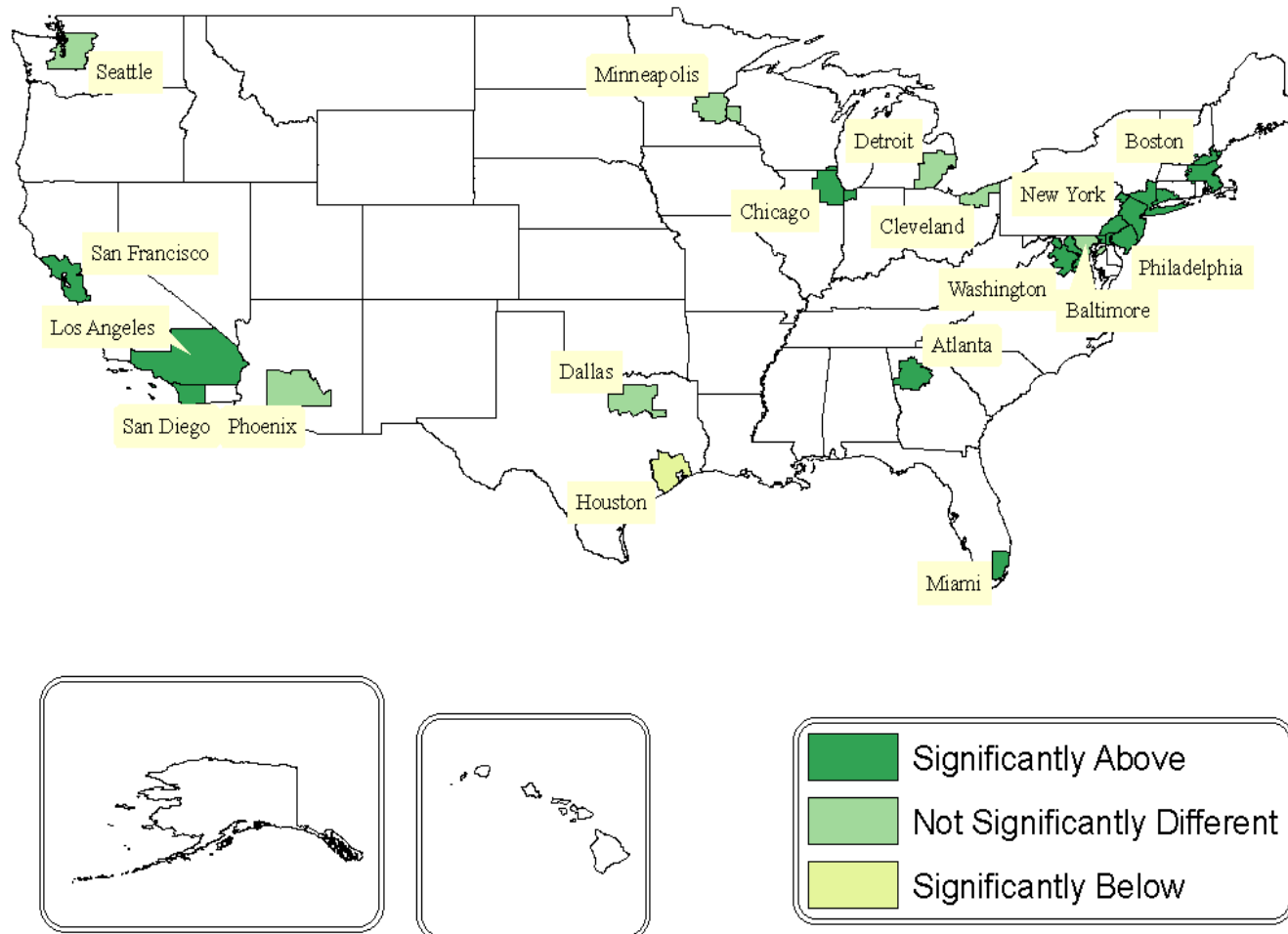
Item	United States	Chicago	Detroit	Los Angeles	New York
Consumer unit characteristics:					
Income before taxes	\$61,820	\$75,463	\$58,414	\$76,384	\$76,022
Age of reference person	48.8	49.6	49.3	47.7	50.7
Average number in consumer unit:					
Persons	2.5	2.6	2.4	2.8	2.5
Children under 18	.6	.7	.6	.8	.6
Persons 65 and over	.3	.3	.3	.3	.3
Earners	1.3	1.4	1.3	1.5	1.3
Vehicles	1.9	1.8	2.0	1.8	1.3
Percent homeowner	67	71	73	56	58
Average annual expenditures					
Total (percent):	\$49,279	\$57,304	\$48,348	\$60,932	\$56,683
	100.0	100.0	100.0	100.0	100.0
Food	12.4	12.6	13.5	12.8	12.4
Alcoholic beverages	1.0	1.4	1.0	.9	.9
Housing	33.9	35.3	33.1	36.7	39.3
Apparel & services	3.8	5.3	3.8	3.9	4.6
Transportation	17.7	15.4	18.1	16.6	14.2
Health care	5.7	5.3	4.8	3.8	4.7
Entertainment	5.4	4.8	5.0	4.6	4.6
Personal care products & services	1.2	1.2	1.2	1.3	1.2
Reading	.2	.2	.2	.2	.2
Education	1.9	2.9	2.7	2.1	2.5
Tobacco products & smoking supplies	.7	.5	.9	.3	.4
Miscellaneous	1.7	1.5	2.0	1.9	1.8
Cash contributions	3.7	2.8	3.1	4.4	2.7
Personal insurance & pensions	10.8	10.9	10.4	10.6	10.5

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

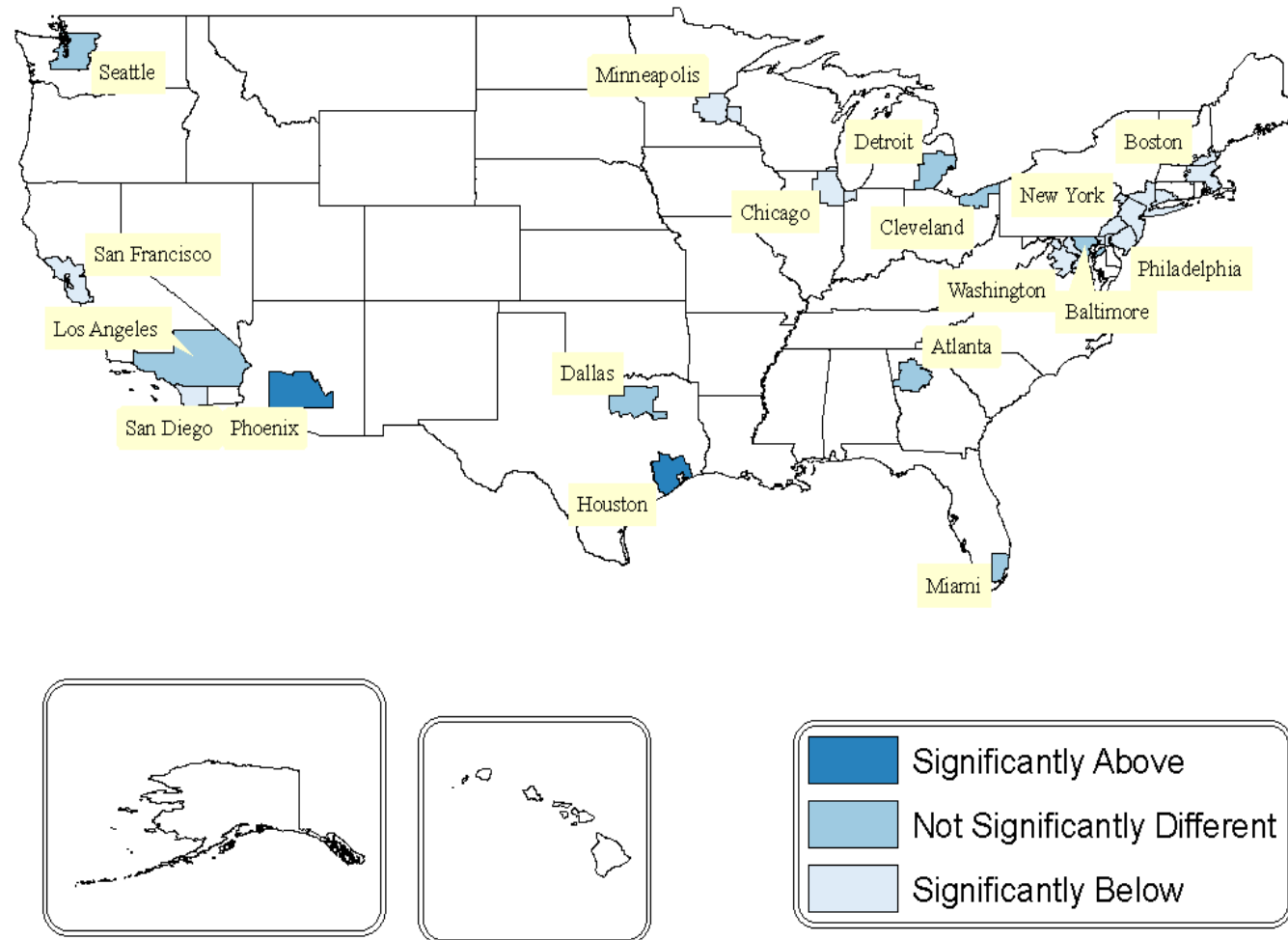
Item	United States	Chicago	Detroit	Los Angeles	New York
Average annual expenditures:	\$49,279	\$57,304	\$48,348	\$60,932	\$56,683
Food	6,122	7,202	6,550	7,785	7,023
Food at home	3,441	4,046	3,886	4,257	3,822
Cereals and bakery products	453	537	579	494	528
Meats, poultry, fish and eggs	787	932	871	1,026	955
Dairy products	378	406	420	416	396
Fruits and vegetables	596	713	635	879	743
Other food at home	1,227	1,457	1,381	1,442	1,199
Food away from home	2,681	3,156	2,663	3,528	3,202
Alcoholic beverages	477	801	495	543	533
Housing	16,684	20,238	15,995	22,336	22,295
Shelter	9,849	12,612	9,568	15,271	14,848
Owned dwellings	6,624	9,043	7,077	9,260	9,327
Rented dwellings	2,596	2,680	1,841	5,394	4,438
Other lodging	629	889	650	616	1,084
Utilities, fuels & public services	3,437	3,761	3,637	3,125	3,879
Household operations	966	1,063	602	1,321	1,171
Housekeeping supplies	639	654	642	628	572
Household furnishings & equipment	1,793	2,146	1,545	1,990	1,824
Apparel & services	1,893	3,019	1,848	2,383	2,619
Transportation	8,737	8,846	8,743	10,141	8,048
Vehicle purchases (net outlay)	3,332	3,084	2,201	3,338	2,349
Gasoline & motor oil	2,306	2,322	2,602	2,712	1,892
Other vehicle expenses	2,577	2,635	3,506	3,364	2,721
Public transportation	521	806	433	727	1,085
Healthcare	2,810	3,020	2,307	2,324	2,674
Entertainment	2,637	2,740	2,441	2,790	2,600
Personal care products & services	586	662	570	776	685
Reading	117	130	113	126	118
Education	917	1,644	1,325	1,298	1,420
Tobacco products & smoking supplies	325	291	445	199	221
Miscellaneous	827	837	985	1,141	1,006
Cash contributions	1,845	1,633	1,500	2,652	1,517
Personal insurance & pensions	5,303	6,241	5,031	6,439	5,924
Life & other personal insurance	316	352	318	254	338
Pensions & Social Security	4,987	5,889	4,713	6,185	5,586

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.