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Fax-On-Demand Document No. 9277

Internet: [www.bls.gov/ro5](http://www.bls.gov/ro5)

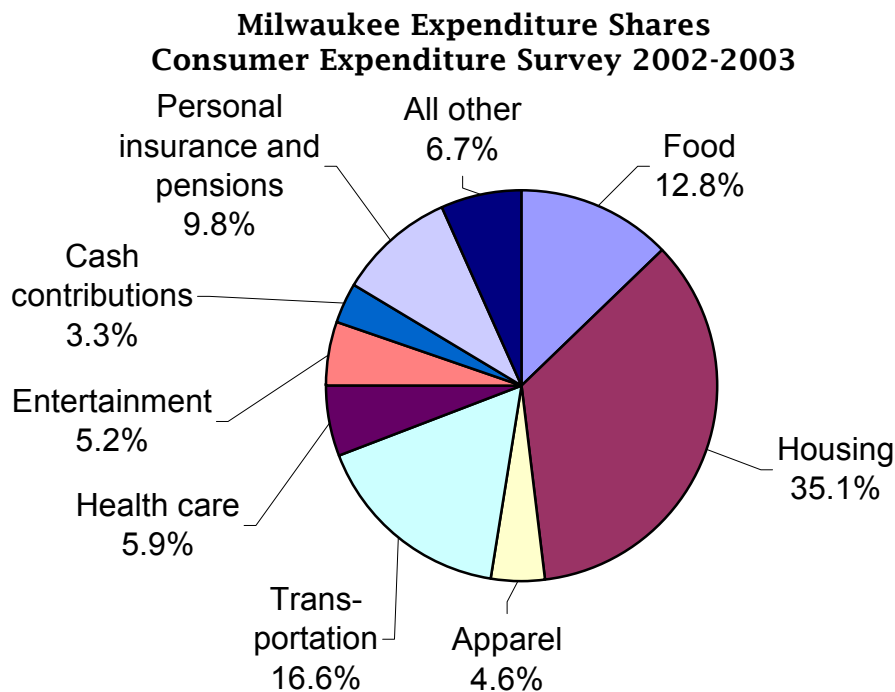
FOR IMMEDIATE RELEASE:

Thursday, March 3, 2005

## CONSUMER SPENDING PATTERNS IN MILWAUKEE-RACINE, 2002-2003

Consumer units<sup>1</sup> in the Milwaukee-Racine, Wisconsin metropolitan area spent an average of \$40,890 per year in 2002-2003, a 1.7-percent increase from 2000-2001, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Jay A. Mousa noted that this figure was close to the \$40,748 expenditure level for a typical household in the United States. Households in the Milwaukee area allocated their dollars in a similar fashion to that of the nation, with two major exceptions. Expenditures for transportation accounted for a smaller portion of the total budget in Milwaukee than it did nationwide, while spending on housing represented a larger than average share of the total budget in the metropolitan area.

The percentage of the total budget spent by a typical Milwaukee household for food, housing, and transportation was 64.5 percent—close to the 65 percent spent by



<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.

the average U.S. household. (See table 1.) Among three other major metropolitan areas in the Midwest chosen for comparison—Chicago, Detroit, and Minneapolis-St. Paul—households in Minneapolis-St. Paul spent a smaller than average percentage of their budget (60.9 percent) on these three major components, while those in Chicago (66 percent) and Detroit (65.8 percent) had shares closer to that for the nation.

This report contains annual data averaged over a two-year period—2002 and 2003. The data are from the Consumer Expenditure Survey, 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. 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 35.1 percent of the budget in Milwaukee, above the national average of 32.8 percent. Among the other three Midwest metropolitan areas, only Chicago had an expenditure share (36.3 percent) surpassing that for the nation. The majority of housing costs in Milwaukee (61.2 percent) went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items; this was above the U.S. average of 58.8 percent. (See table A.) Utilities, fuels and public services accounted for 17.8 percent of total housing expenditures. The rate of home ownership in Milwaukee, at 61 percent, was below the national average of 67 percent. Milwaukee was the only one of the four selected areas in the Midwest where the percentage of homeowners fell below the U.S. norm.

Table A. Percent distribution of housing expenditures, U.S. and selected metropolitan areas, 2002-2003

Item	United States	Milwaukee	Chicago	Detroit	Minneapolis-St. Paul
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.8	61.2	60.3	61.1	60.6
Utilities, fuels & public services	20.6	17.8	18.7	20.2	15.9
Household operations	5.3	4.3	5.1	5.1	4.9
Housekeeping supplies	4.0	4.2	3.7	3.7	4.2
Household furnishings & equip.	11.3	12.5	12.2	10.0	14.5

At 16.6 percent of total spending, transportation was the second largest expenditure category in both Milwaukee and the nation; nationally, transportation's share averaged 19.1 percent. Among the other three large areas in the Midwest, expenditure shares for transportation were also lower than average in Chicago (16.9 percent) and Minneapolis-St. Paul (17.2 percent), but above that for the nation in Detroit (20.5 percent). Of the \$6,797 annual expenditure on transportation in Milwaukee, 94.6 percent was spent buying and maintaining private vehicles. (See table 2 for detailed expenditure levels.) The remaining 5.4 percent of a Milwaukee household's transportation budget was spent on public transit which includes taxis, buses, trains, and planes; this was close to the national share of 5.0 percent. The average number of vehicles per household in Milwaukee matched the national average at 2.0. Of the other three selected midwestern areas, Minneapolis-St. Paul had the highest number of vehicles per household at 2.6.

Milwaukee households spent 12.8 percent of their budget on food, not very different from the national share of 13.1 percent. In fact, none of the selected metropolitan areas in the Midwest had an expenditure share for food exceeding the national average, and of the four, Minneapolis-St. Paul's was the lowest, at 11.5 percent. Of the \$5,234 annual food expenditure, households in Milwaukee spent 55.1 percent on food prepared at home, joining the other three areas with shares lower than the 58.1 percent national average. On the other hand, Milwaukee households spent a larger share of their food budget, 44.9 percent, on food prepared away from home (such as restaurant meals, carry-outs, board at school, and catered affairs) than did the average U.S. household at 41.9 percent.

Payments for personal insurance and pensions accounted for 9.8 percent of the typical Milwaukee household's budget, matching the share spent nationally. Detroit households also matched the national percentage, while those in Minneapolis-St. Paul were well above the national average at 12.9 percent.

Out-of-pocket health care expenses, which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies, accounted for 5.9 percent of a Milwaukee household's budget. This was the highest share among the four areas in the Midwest and matched the national average.

Milwaukee area households spent 5.2 percent of their budget on entertainment, about the same as the 5.1-percent share allocated nationally. At 6.6 percent, Minneapolis-St. Paul households spent the largest share among the four selected Midwest areas.

Spending on apparel and related services accounted for 4.6 percent of total expenditures in Milwaukee; the national average was 4.2 percent. Of the four selected areas, only households in Minneapolis-St. Paul (3.8 percent) allocated a smaller than average percentage of their budget for clothing. Detroit had the highest expenditure share for clothing (5.6 percent) among these Midwest areas.

Cash contributions accounted for 3.3 percent of a consumer unit's spending in Milwaukee, close to the national average of 3.2 percent. Expenditure shares in the other three large Midwest areas ranged from 2.6 percent in Detroit to 3.6 percent in Minneapolis-St. Paul.

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### **Additional Data Available**

Data tables are available for the four Census regions and for the national average. These tables may be obtained from the Bureau's automated Fax-on-Demand service. See below. Additional tables are offered under the heading "*Tables Created by BLS*" on the BLS Internet site [www.bls.gov/cex](http://www.bls.gov/cex).

BLS Fax-on-Demand - Chicago (312) 353-1880	Number of pages	Document number
Consumer Expenditures in 2003 - national news release (annual)	2	2705
U.S. data tables containing consumer expenditures -		
By quintiles of income before taxes (Table 1)	4	2710
By income before taxes (Table 2)	4	2715
By age of reference person (Table 3)	4	2720
By size of consumer unit (Table 4)	4	2725
By composition of consumer unit (Table 5)	4	2730
By number of earners (Table 6)	4	2735
By housing tenure and type of area - urban or rural (Table 7)	4	2740
By region of residence (Table 8)	4	2745
By occupation of reference person (Table 9)	4	2750
By education of reference person (Table 10)	4	2760
By selected metropolitan statistical area	4	9279

### **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 105 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 consumer unit preferences or characteristics such as consumer unit size, age, 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. The survey sample for the nation is much larger than for individual metropolitan areas, meaning the resulting national estimates 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 Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed in this release:

Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin CMSA which 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 which is comprised of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties; and

Milwaukee-Racine, Wisconsin CMSA which is comprised of Milwaukee, Ozaukee, Racine, Washington, and Waukesha Counties;

Minneapolis-St. Paul, Minnesota-Wisconsin CMSA which is comprised of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties, Minnesota; and Pierce and St. Croix Counties, Wisconsin.

The Consumer Expenditure Survey also provides data for the four regions of the country as defined by the U.S. Bureau of the Census - Northeast, South, Midwest, and West. Data for metropolitan areas presented in tables 1 and 2 of this release are part of the Midwest region which includes the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and 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 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.

Expenditures - consists 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, 2002-2003

Item	United States	Milwaukee	Chicago	Detroit	Minneapolis -St. Paul
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$50,302	\$48,531	\$64,670	\$57,541	\$69,758
Age of reference person	48.2	49.9	47.7	48.8	47.4
Average number in consumer unit:					
Persons	2.5	2.5	2.8	2.6	2.4
Children under 18	.6	.7	.8	.7	.6
Persons 65 and over	.3	.3	.2	.3	.2
Earners	1.3	1.3	1.5	1.3	1.4
Vehicles	2.0	2.0	1.7	2.0	2.6
Percent homeowner	67.0	61.0	69.0	74.0	71.0
Average annual expenditures	\$40,748	\$40,890	\$47,016	\$44,039	\$54,088
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.1	12.8	12.8	12.5	11.5
Alcoholic beverages	.9	1.3	1.0	1.0	1.2
Housing	32.8	35.1	36.3	32.8	32.3
Apparel & services	4.2	4.6	4.3	5.6	3.8
Transportation	19.1	16.6	16.9	20.5	17.2
Health Care	5.9	5.9	5.2	4.5	4.8
Entertainment	5.1	5.2	4.9	4.4	6.6
Personal care products & services	1.3	1.3	1.3	1.4	1.2
Reading	.3	.4	.3	.3	.4
Education	1.9	1.6	2.6	1.7	1.9
Tobacco products & smoking supplies	.7	.9	.6	.9	.6
Miscellaneous	1.7	1.3	2.0	1.8	2.1
Cash contributions	3.2	3.3	3.0	2.6	3.6
Personal insurance & pensions	9.8	9.8	8.7	9.8	12.9

1/ Components of income and taxes are derived from "complete income reporters" only; see definitions.

Table 2. Average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2002-2003

Item	United States	Milwaukee	Chicago	Detroit	Minneapolis -St. Paul
Average annual expenditures:	\$40,748	\$40,890	\$47,016	\$44,039	\$54,088
Food	5,357	5,234	6,001	5,511	6,235
Food at home	3,114	2,882	3,418	3,073	3,444
Food away from home	2,243	2,352	2,583	2,439	2,791
Alcoholic beverages	384	536	486	430	634
Housing	13,359	14,364	17,059	14,429	17,451
Shelter	7,859	8,786	10,290	8,814	10,575
Utilities, fuels & public services	2,749	2,558	3,190	2,911	2,766
Household operations	706	622	876	732	849
Housekeeping supplies	537	601	624	530	730
Household furnishings & equip.	1,508	1,796	2,080	1,442	2,531
Apparel & services	1,694	1,880	2,017	2,473	2,056
Transportation	7,770	6,797	7,961	9,024	9,280
Vehicle purchases (net outlay)	3,699	3,002	3,570	3,955	4,209
Gasoline & motor oil	1,285	1,284	1,325	1,354	1,400
Other vehicle expenses	2,400	2,142	2,410	3,229	3,007
Public transportation	387	368	657	486	664
Health care	2,384	2,429	2,462	1,999	2,576
Entertainment	2,069	2,114	2,326	1,950	3,596
Personal care products & services	526	521	588	630	650
Reading	133	147	138	145	202
Education	768	634	1,224	767	1,044
Tobacco products & smoking supplies	305	368	300	383	309
Miscellaneous	698	537	945	805	1,126
Cash contributions	1,324	1,342	1,431	1,158	1,937
Personal insurance & pensions	3,978	3,988	4,077	4,335	6,993
Life & other personal insurance	402	414	324	304	641
Pensions & Social Security	3,576	3,575	3,754	4,031	6,352