



Bureau of Labor Statistics

Chicago, Ill. 60604

General Information: (312) 353-1880

Media Contact: Ronald M. Guzicki
(312) 353-1138

Fax-On-Demand Document No. 9272

Internet: www.bls.gov/ro5

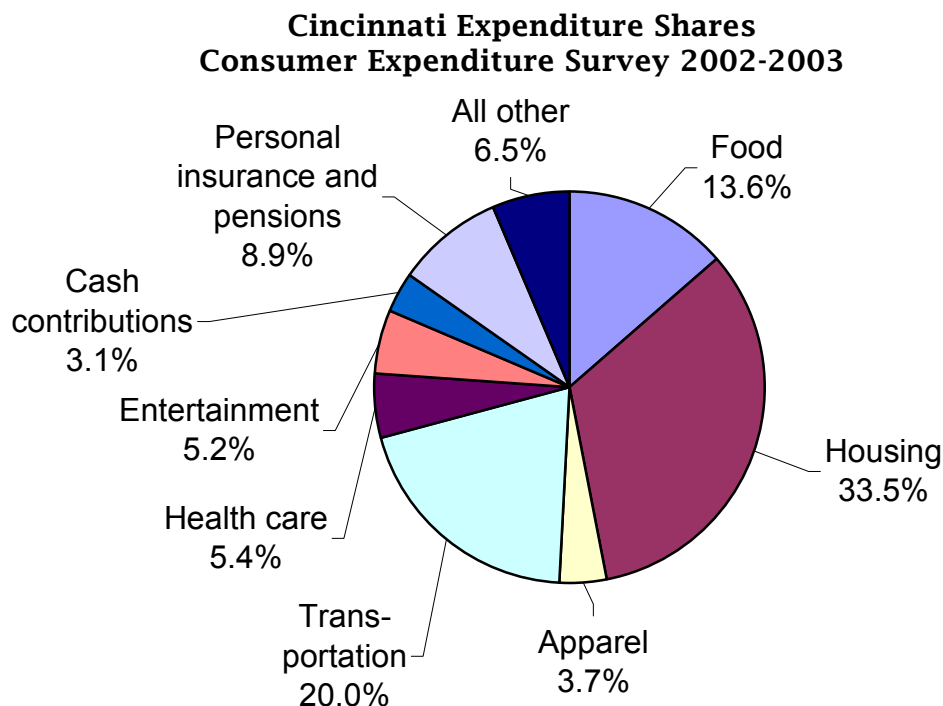
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CONSUMER SPENDING PATTERNS IN CINCINNATI-HAMILTON, 2002-2003

Consumer units¹ in the Cincinnati-Hamilton, Ohio metropolitan area spent an average of \$39,030 per year in 2002-2003, 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 U.S. The proportion of the budget spent on each major expenditure category by Cincinnati households was close to that of households nationwide.

The typical Cincinnati household spent 67.1 percent of its budget on the three largest expenditure items--food, housing, and transportation. This was slightly more than the 65 percent spent by the average U.S. household. (See table 1.) Among three other selected major metropolitan areas in the Midwest chosen for comparison, the percentages of a household's budget spent on these three major components in



¹ See Technical Note for definition of consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

Cleveland (65.7 percent), Detroit (65.8 percent), and Chicago (66 percent), were all close to the national average.

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 for a Cincinnati area household, accounted for 33.5 percent of the total budget, slightly more than the 32.8-percent national average. Chicagoans spent 36.3 percent of their budget on housing, the highest share among the selected Midwest areas. The majority of housing costs in Cincinnati went for shelter (59 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items, and was similar to the national share. (See table A.) Utilities, fuels and public services accounted for 19.3 percent of total housing expenditures. This was lower than the 20.6-percent nationwide average. Among the other three metropolitan areas, utilities, fuels and public services accounted for 25 percent of Cleveland's housing dollars, the only area to exceed the national percentage. On the other hand, Detroit's share (20.2 percent) was about on par with the national average and Chicago's (18.7 percent), below that for the nation. The rate of home ownership in Cincinnati, at 58 percent, was well below the 67 percent national average. However, the percentage of homeowners in the other three areas in the Midwest all exceeded the U.S. average, though the rate in Chicago was closer to the norm than in Cleveland and Detroit.

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

Item	United States	Cincinnati	Chicago	Cleveland	Detroit
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.8	59.0	60.3	58.9	61.1
Utilities, fuels & public services	20.6	19.3	18.7	25.0	20.2
Household operations	5.3	4.5	5.1	3.8	5.1
Housekeeping supplies	4.0	3.9	3.7	3.5	3.7
Household furnishings & equip.	11.3	13.3	12.2	8.8	10.0

At 20 percent, transportation was the second largest expenditure category in the Cincinnati area. Nationally, 19.1 percent of the budget went towards the cost of transportation. As in Cincinnati, transportation shares for Cleveland and Detroit (both 20.5 percent) were above the national average. On the other hand, the expenditure share for transportation in Chicago, 16.9 percent, fell below that for the nation. Of the \$7,803 annual expenditure for transportation in Cincinnati, 96.6 percent was spent buying and maintaining private vehicles. Only 3.4 percent of all transportation dollars went for public transportation, which includes taxis, buses, trains, and planes. (See table 2 for detailed expenditure levels.) This was below the national average of 5.0 percent. Among the other three areas in the Midwest, households in Detroit and Cleveland were closer to the national share for public transportation at 5.3 and 4.5 percent, respectively; however, those in Chicago spent a considerably larger portion of

their transportation budget on public transport averaging 8.3 percent. Not surprisingly, the average number of vehicles per household was lowest in Chicago at 1.7; this compares to 2.0 vehicles nationally. Still, Cincinnati households, which allocated only a small percentage of their transportation dollars to public means, averaged only 1.9 vehicles per household.

Cincinnati consumer units spent 13.6 percent of their budget on food, just above the national average of 13.1 percent. None of the expenditure shares for food in the other three Midwest areas exceeded the U.S. average. Households in Cincinnati spent \$3,052 or 57.6 percent of their annual food budget on food prepared at home. The remainder (42.4 percent) was spent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. Nationally, 41.9 percent of all food dollars went to restaurants, carry-outs, and such. Of the four Midwest areas under comparison, only households in Cleveland spent a smaller than average share of their food dollars (39.6 percent) on food prepared away from home.

Payments for personal insurance and pensions accounted for 8.9 percent of total expenditures in Cincinnati, below the 9.8-percent national average. Chicago's share, at 8.7 percent, was also below that for the U.S., while Detroit's share matched the national average. Household in Cleveland, on the other hand, spent a larger than average portion of their budget on personal insurance and pensions, 11.3 percent.

Out-of-pocket health care expenses, which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies, accounted for 5.4 percent of total household expenditures in Cincinnati. All of the selected areas in the Midwest were below the national average of 5.9 percent, with Detroit the lowest at 4.5 percent.

Cincinnati area households spent 5.2 percent of their budgets on entertainment, very close to the 5.1-percent share allocated nationally. Shares were also near the national average in Chicago (4.9 percent) and Cleveland (4.8 percent). Detroit's expenditure share for entertainment was the lowest at 4.4 percent.

Spending on apparel and related services accounted for 3.7 percent of total expenditures in Cincinnati, the same amount as in Cleveland. Of the four areas in the Midwest, households in Detroit spent the highest share of their budget on clothing at 5.6 percent, exceeding the 4.2-percent national average.

Cash contributions accounted for 3.1 percent of a consumer unit's spending in Cincinnati, about the same as the 3.2-percent national average. The expenditure share for cash contributions in Chicago (3.0 percent) was also close to the national norm; however, shares in Cleveland (2.3 percent) and Detroit (2.6 percent) were lower than average.

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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.

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 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 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;

Cincinnati-Hamilton, Ohio-Kentucky-Indiana CMSA which is comprised of Brown, Butler, Clermont, Hamilton, and Warren Counties, Ohio; Dearborn and Ohio Counties, Indiana; and Boone, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties, Kentucky;

Cleveland-Akron, Ohio CMSA which is comprised of Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit Counties; and

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

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	Cincinnati	Chicago	Cleveland	Detroit
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$50,302	\$52,271	\$64,670	\$50,391	\$57,541
Age of reference person	48.2	48.6	47.7	49.2	48.8
Average number in consumer unit:					
Persons	2.5	2.3	2.8	2.4	2.6
Children under 18	.6	.6	.8	.6	.7
Persons 65 and over	.3	.3	.2	.3	.3
Earners	1.3	1.3	1.5	1.4	1.3
Vehicles	2.0	1.9	1.7	1.8	2.0
Percent homeowner	67	58	69	73	74
Average annual expenditures	\$40,748	\$39,030	\$47,016	\$37,487	\$44,039
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.1	13.6	12.8	12.2	12.5
Alcoholic beverages	.9	.9	1.0	.8	1.0
Housing	32.8	33.5	36.3	32.9	32.8
Apparel & services	4.2	3.7	4.3	3.7	5.6
Transportation	19.1	20.0	16.9	20.5	20.5
Health Care	5.9	5.4	5.2	5.4	4.5
Entertainment	5.1	5.2	4.9	4.8	4.4
Personal care products & services	1.3	1.3	1.3	1.1	1.4
Reading	.3	.4	.3	.3	.3
Education	1.9	1.6	2.6	2.1	1.7
Tobacco products & smoking supplies	.7	.8	.6	.9	.9
Miscellaneous	1.7	1.4	2.0	1.6	1.8
Cash contributions	3.2	3.1	3.0	2.3	2.6
Personal insurance & pensions	9.8	8.9	8.7	11.3	9.8

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	Cincinnati	Chicago	Cleveland	Detroit
Average annual expenditures:	\$40,748	\$39,030	\$47,016	\$37,487	\$44,039
Food	5,357	5,303	6,001	4,574	5,511
Food at home	3,114	3,052	3,418	2,761	3,073
Food away from home	2,243	2,250	2,583	1,813	2,439
Alcoholic beverages	384	363	486	306	430
Housing	13,359	13,072	17,059	12,335	14,429
Shelter	7,859	7,715	10,290	7,262	8,814
Utilities, fuels & public services	2,749	2,520	3,190	3,079	2,911
Household operations	706	586	876	472	732
Housekeeping supplies	537	510	624	432	530
Household furnishings & equip.	1,508	1,741	2,080	1,089	1,442
Apparel & services	1,694	1,435	2,017	1,378	2,473
Transportation	7,770	7,803	7,961	7,702	9,024
Vehicle purchases (net outlay)	3,699	3,917	3,570	3,716	3,955
Gasoline & motor oil	1,285	1,152	1,325	1,107	1,354
Other vehicle expenses	2,400	2,466	2,410	2,531	3,229
Public transportation	387	269	657	349	486
Health care	2,384	2,126	2,462	2,035	1,999
Entertainment	2,069	2,047	2,326	1,794	1,950
Personal care products & services	526	502	588	397	630
Reading	133	166	138	125	145
Education	768	629	1,224	789	767
Tobacco products & smoking supplies	305	323	300	347	383
Miscellaneous	698	554	945	616	805
Cash contributions	1,324	1,229	1,431	863	1,158
Personal insurance & pensions	3,978	3,478	4,077	4,227	4,335
Life & other personal insurance	402	331	324	469	304
Pensions & Social Security	3,576	3,147	3,754	3,758	4,031