



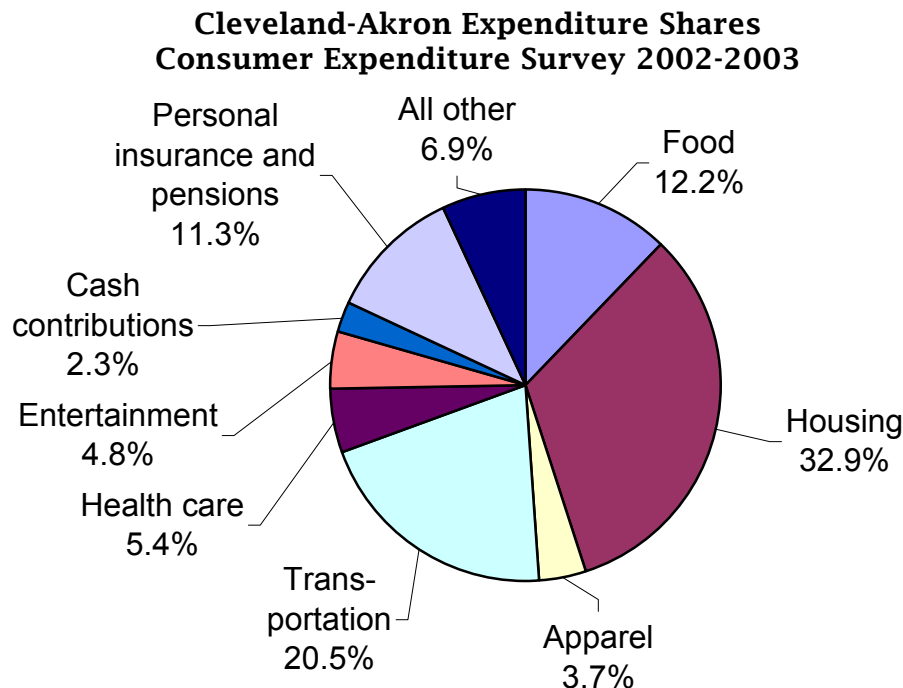
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CONSUMER SPENDING PATTERNS IN CLEVELAND-AKRON, 2002-2003

Consumer units¹ in the Cleveland-Akron, Ohio metropolitan area spent an average of \$37,487 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 below the \$40,748 expenditure level for a typical household in the United States. Not only did households in Cleveland spend less than the U.S. average, they also allocated their dollars differently. Expenditures on transportation and personal insurance and pensions accounted for larger portions of the total budget than they did nationwide. Conversely, food, health care, apparel and related services, and cash contributions represented smaller than average shares of the total budget in the Cleveland area.

The typical Cleveland household spent 65.7 percent of its budget on the three largest expenditure items—food, housing, and transportation, close to the 65 percent



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

spent by the average U.S. household. (See table 1.) Among three other selected major metropolitan areas in the Midwest chosen for comparison, expenditures shares were also close to the national average for these three categories in Detroit and Chicago (65.8 and 66 percent, respectively), and higher in Cincinnati (67.1 percent).

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 Cleveland area household, accounted for 32.9 percent of the total budget, about the same as the 32.8-percent national average. Households in Cincinnati and Detroit also had expenditure shares for housing that either were close to or equaled the U.S. average. Those in Chicago, however, spent a considerably larger portion of their budget on housing, 36.3 percent. The majority of the \$12,335 spent on housing in Cleveland went for shelter (58.9 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this percentage was on a par with the national share. (See table A.) Utilities, fuels and public services, on the other hand, accounted for 25 percent of total housing expenditures, above the 20.6 percent spent nationally. The rate of home ownership in Cleveland, at 73 percent, exceeded the national average of 67 percent. Of the four metropolitan areas in the Midwest under comparison, only residents of Cincinnati had a less than average likelihood (58 percent) of being homeowners.

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

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

At 20.5 percent of the total budget, transportation was the second largest expenditure category in the Cleveland area; this was above the 19.1 percent nationwide average. Expenditure shares for transportation also exceeded the national norm in Detroit (20.5 percent) and Cincinnati (20 percent), but not Chicago (16.9 percent). Of the \$7,702 annual expenditure for transportation in Cleveland, 95.5 percent was spent buying and maintaining private vehicles. (See table 2 for detailed expenditure levels.) The remaining 4.5 percent of a Cleveland household's transportation budget was spent on public transit which includes taxis, buses, trains, and planes; not very different from the 5.0-percent average nationwide. The average number of vehicles per household in Cleveland was 1.8, below the national average of 2.0. Of the four areas under comparison, only households in Chicago averaged fewer vehicles (1.7); however, Chicagoans also spent a larger than average percentage of their transportation dollars (8.3 percent) on public transit.

Cleveland consumer units spent 12.2 percent (\$4,574) of their budget on food, below the U.S. average of 13.1 percent. Of the four selected metropolitan areas in the Midwest, only households in Cincinnati had an expenditure share for food (13.6 percent) surpassing the nationwide average. Households in Cleveland spent 60.4 percent of their food budget on food prepared at home, the only metropolitan area under comparison to exceed the 58.1-percent national average. The remaining 39.6 percent of a Cleveland household's food dollars was spent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. Expenditure shares for "eating out" were all above the national average of 41.9 percent in the other three areas, with Detroit the highest at 44.3 percent.

Payments for personal insurance and pensions accounted for 11.3 percent of total expenditures in Cleveland, above the 9.8-percent national average and the largest share among the four metropolitan areas. Expenditure shares in Detroit matched the U.S. norm and were lower than average in Cincinnati and Chicago at 8.9 and 8.7 percent, respectively.

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

Cleveland area households spent 4.8 percent of their budgets on entertainment, close to the 5.1-percent share allocated nationally. Shares were also close to the national average in Chicago (4.9 percent) and Cincinnati (5.2 percent). Of the four selected areas in the Midwest, Detroit had the lowest expenditure share for entertainment, 4.4 percent.

Spending on apparel and related services accounted for 3.7 percent of total expenditures in Cleveland, the same percentage as in Cincinnati. This was a bit below the 4.2 percent allocated nationally. The expenditure shares for clothing were on a par with the national average in Chicago (4.3 percent) and well above in Detroit (5.6 percent).

Cash contributions accounted for 2.3 percent of a consumer unit's spending in Cleveland, the lowest share among the four areas and below the national average of 3.2 percent. None of the other metropolitan areas had expenditure shares surpassing that for the nation, though Chicago's (3.0 percent) and Cincinnati's (3.1 percent) were close to the national 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
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 sample survey 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. Census Bureau - 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	Cleveland	Chicago	Cincinnati	Detroit
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$50,302	\$50,391	\$64,670	\$52,271	\$57,541
Age of reference person	48.2	49.2	47.7	48.6	48.8
Average number in consumer unit:					
Persons	2.5	2.4	2.8	2.3	2.6
Children under 18	.6	.6	.8	.6	.7
Persons 65 and over	.3	.3	.2	.3	.3
Earners	1.3	1.4	1.5	1.3	1.3
Vehicles	2.0	1.8	1.7	1.9	2.0
Percent homeowner	67	73	69	58	74
Average annual expenditures	\$40,748	\$37,487	\$47,016	\$39,030	\$44,039
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.1	12.2	12.8	13.6	12.5
Alcoholic beverages	.9	.8	1.0	.9	1.0
Housing	32.8	32.9	36.3	33.5	32.8
Apparel & services	4.2	3.7	4.3	3.7	5.6
Transportation	19.1	20.5	16.9	20.0	20.5
Health Care	5.9	5.4	5.2	5.4	4.5
Entertainment	5.1	4.8	4.9	5.2	4.4
Personal care products & services	1.3	1.1	1.3	1.3	1.4
Reading	.3	.3	.3	.4	.3
Education	1.9	2.1	2.6	1.6	1.7
Tobacco products & smoking supplies	.7	.9	.6	.8	.9
Miscellaneous	1.7	1.6	2.0	1.4	1.8
Cash contributions	3.2	2.3	3.0	3.1	2.6
Personal insurance & pensions	9.8	11.3	8.7	8.9	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	Cleveland	Chicago	Cincinnati	Detroit
Average annual expenditures:	\$40,748	\$37,487	\$47,016	\$39,030	\$44,039
Food	5,357	4,574	6,001	5,303	5,511
Food at home	3,114	2,761	3,418	3,052	3,073
Food away from home	2,243	1,813	2,583	2,250	2,439
Alcoholic beverages	384	306	486	363	430
Housing	13,359	12,335	17,059	13,072	14,429
Shelter	7,859	7,262	10,290	7,715	8,814
Utilities, fuels & public services	2,749	3,079	3,190	2,520	2,911
Household operations	706	472	876	586	732
Housekeeping supplies	537	432	624	510	530
Household furnishings & equip.	1,508	1,089	2,080	1,741	1,442
Apparel & services	1,694	1,378	2,017	1,435	2,473
Transportation	7,770	7,702	7,961	7,803	9,024
Vehicle purchases (net outlay)	3,699	3,716	3,570	3,917	3,955
Gasoline & motor oil	1,285	1,107	1,325	1,152	1,354
Other vehicle expenses	2,400	2,531	2,410	2,466	3,229
Public transportation	387	349	657	269	486
Health care	2,384	2,035	2,462	2,126	1,999
Entertainment	2,069	1,794	2,326	2,047	1,950
Personal care products & services	526	397	588	502	630
Reading	133	125	138	166	145
Education	768	789	1,224	629	767
Tobacco products & smoking supplies	305	347	300	323	383
Miscellaneous	698	616	945	554	805
Cash contributions	1,324	863	1,431	1,229	1,158
Personal insurance & pensions	3,978	4,227	4,077	3,478	4,335
Life & other personal insurance	402	469	324	331	304
Pensions & Social Security	3,576	3,758	3,754	3,147	4,031