

News

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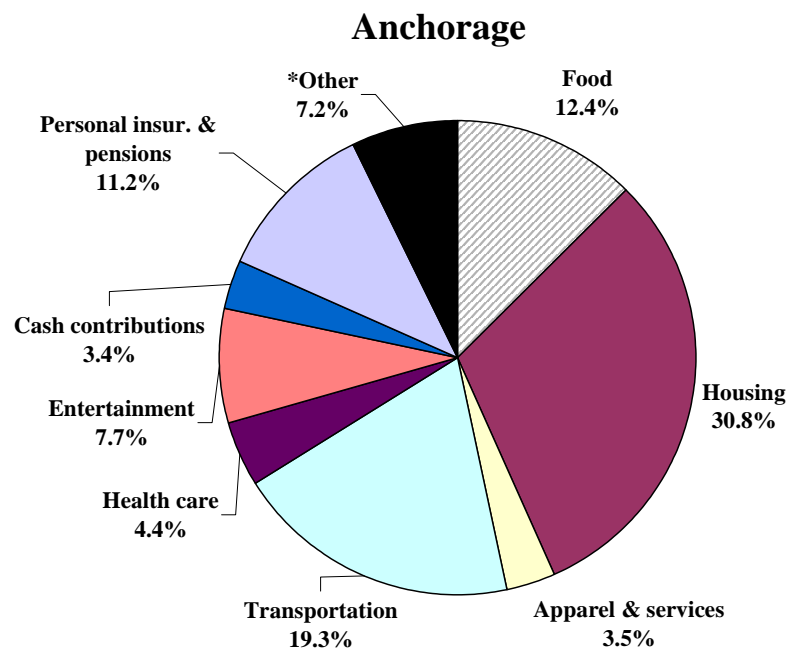
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CONSUMER SPENDING PATTERNS IN ANCHORAGE, 2001-2002

Consumer units¹ in the Anchorage, Alaska metropolitan area spent an average of \$56,169 per year in 2001-2002, about 40 percent more than the national average, according to the latest Consumer Expenditure Survey results from the Bureau of Labor Statistics of the U.S. Department of Labor. Acting Regional Commissioner Nancy Treadwell noted that while an Anchorage area household's expenditures were above the national average in all major categories, they nevertheless spent a smaller portion of their total budget for housing, food, and health care than did the average consumer unit in the U.S. Conversely, entertainment and personal insurance and pensions accounted for a larger than average share of an Anchorage household's expenditures. The typical household in Anchorage reported income of \$63,144 before taxes, and was comprised of 2.7 persons and 1.6 wage earners. (See table 1.)

Chart A. Percent distribution of total average expenditures in Anchorage, 2001-2002



* Includes alcoholic beverages, personal care, reading, education, tobacco & supplies, and miscellaneous goods and services.

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

The percentage of the total budget spent by a typical Anchorage household for food, housing, and transportation was 62.6 percent, falling under the 65.3 percent spent by an average U.S. household. In comparison to the eight other metropolitan areas surveyed in the West region, households in Anchorage spent the smallest percentage of their budget on these three components, while households in San Diego had the highest combined expenditure share at 70.2 percent. (See table 2. Geographical boundaries of the region and metropolitan areas referenced in this release are contained in the Technical Note.)

This report contains annual data averaged over a two-year period, 2001 and 2002. The data are from the Consumer Expenditure Survey (CE), which is conducted on an ongoing basis by the Bureau of Labor Statistics (BLS). The Bureau of the Census collects the survey data for BLS. The CE 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. Expenditure levels 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 item, can be used to compare spending patterns across areas. Data shown are annual averages per consumer unit. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

Housing expenses accounted for 30.8 percent of total expenditures in the Anchorage area, less than the 32.8 percent for the nation. Anchorage also had the smallest expenditure share for housing among the nine metropolitan areas in the West, while San Diego had the largest at 40.0 percent. The majority (61.4 percent) of a consumer unit's housing costs in Anchorage went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items. Only 15.4 percent of housing expenses went towards utilities, fuels, and services. In the United States, a typical household spent 58.7 percent of the housing budget on shelter, but 20.7 percent for utilities, fuels, and services. The rate of homeownership in Anchorage, at 61 percent, was below the nationwide average of 66 percent.

Transportation was the second largest expenditure category in the Anchorage area accounting for 19.3 percent of a household's budget, almost identical to the national share of 19.2 percent. Among the metropolitan areas in the West, Portland spent the smallest share on transportation, 16.1 percent, and Denver the largest, 20.6 percent. Households in Anchorage allocated a larger portion of their transportation dollars for vehicle purchases than did households nationwide (48.3 versus 47.1 percent), but spent a smaller percentage for gasoline and motor oil (13.4 versus 16.3 percent). Overall, Anchorage area residents averaged 2.7 vehicles per household, well above the U.S. average of 2.0. Anchorage households also spent a larger share of their transportation dollars on public transit, which includes taxis, buses, trains, planes, and ferries, than did the typical consumer unit—8.8 compared to 5.1 percent. Contributing to this higher percentage for public transportation is the fact that airplanes and ferries are a more common means of travel in this State of vast proportions and numerous islands.

Food accounted for 12.4 percent of total expenditures in the Anchorage area, lower than the national average of 13.3 percent. In the West, expenditures on food ranged from 11.7 percent in San Francisco to 14.8 percent in Honolulu. Consumer units in Anchorage spent 42.0 percent of their total food budget on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs, nearly matching the nationwide average of 42.2 percent.

Among the other major categories, an Anchorage household's expenditure share for entertainment (7.7 percent) was well above the nationwide average (5.0 percent) and highest among the

metropolitan areas surveyed in the West. Included in entertainment are expenditures for recreational vehicles and outdoor sports equipment. In Anchorage, shares for personal insurance and pensions (11.2 percent) were also above the national average (9.5 percent). On the other hand, a typical Anchorage household spent a smaller share of its budget for both apparel and out-of-pocket health care costs, at 3.5 and 4.4 percent, respectively, than did consumer units nationally, at 4.4 and 5.7 percent.

Anchorage is one of nine metropolitan areas in the West region for which CEX data are available. Data tables are also available for the four Census regions and the nation on the BLS Internet site <http://www.bls.gov/cex/home.htm> in both text and PDF formats. For personal assistance or further information on the Consumer Expenditure Survey, as well as other Bureau programs, contact the San Francisco Information Office at 415-975-4350.

TECHNICAL NOTE

The current Consumer Expenditure Survey 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.

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 specified characteristics, regardless of whether a particular unit incurred an expense for a 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 characteristics such as consumer unit size, age, income levels, etc., as well as a household's preferences. 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 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:

Anchorage, Alaska MSA which is comprised of Anchorage Borough;

Los Angeles, California CMSA which is comprised of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties;

San Francisco, California CMSA which is comprised of Alameda, Contra Costa, Marin, Napa, Santa Clara, Santa Cruz, San Francisco, San Mateo, Solano, and Sonoma Counties;

San Diego, California MSA which is comprised of San Diego County;

Portland, Oregon-Washington, CMSA which is comprised of Clackamas, Columbia, Marion, Multnomah, Polk, Washington, and Yamhill Counties, Oregon and Clark County, Washington;

Seattle, Washington CMSA which is comprised of Island, King Kitsap, Pierce, Snohomish, and Thurston Counties;

Honolulu, Hawaii MSA which is comprised of Honolulu County;

Phoenix, Arizona MSA which is comprised of Maricopa and Pinal Counties; and

Denver, Colorado CMSA which is comprised of Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson and Weld 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 table 2 of this release are part of the West region which includes the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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.

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 - 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. Average annual expenditures and characteristics of all consumer units, U.S. and Anchorage metropolitan area, Consumer Expenditure Survey, 2001-2002

	United States	Anchorage
Income before taxes ¹	\$48,484	\$63,144
Age of reference person.....	48.1	43.3
Average number in consumer unit:		
Persons.....	2.5	2.7
Earners.....	1.4	1.6
Vehicles.....	2.0	2.7
Percent homeowner.....	66	61
Average annual expenditures.....	\$40,102	\$56,169
Food.....	5,348	6,993
Food at home.....	3,092	4,056
Cereals and bakery products.....	451	547
Meats, poultry, fish, and eggs.....	813	1,016
Dairy products.....	330	431
Fruits and vegetables.....	537	709
Other food at home.....	961	1,352
Food away from home.....	2,256	2,937
Alcoholic beverages.....	362	529
Housing.....	13,148	17,299
Shelter.....	7,716	10,628
Owned dwellings.....	5,072	6,323
Rented dwellings.....	2,147	3,699
Other lodging.....	497	607
Utilities, fuels, and public services.....	2,725	2,656
Household operations.....	691	950
Housekeeping supplies.....	527	592
Household furnishings and equipment.....	1,488	2,472
Apparel and services.....	1,746	1,992
Transportation.....	7,697	10,860
Vehicle purchases (net outlay).....	3,622	5,242
Gasoline and motor oil.....	1,257	1,455
Other vehicle expenses.....	2,423	3,211
Public transportation.....	394	953
Health care.....	2,267	2,484
Entertainment.....	2,017	4,297
Personal care products and services.....	505	628
Reading.....	140	290
Education.....	700	729
Tobacco products and smoking supplies.....	314	508
Miscellaneous.....	771	1,387
Cash contributions.....	1,268	1,891
Personal insurance and pensions.....	3,818	6,280

¹ Components of income and taxes are derived from "complete income reporters" only.

Table 2. Distribution of expenditures, U.S. and West region¹ metropolitan areas, Consumer Expenditure Survey, 2001-2002

Item	United States	Anchorage	Denver	Honolulu	Los Angeles	Portland	Phoenix	San Francisco	San Diego	Seattle
Average annual expenditures.....	\$40,102	\$56,169	\$49,014	\$43,458	\$47,459	\$43,358	\$41,615	\$55,346	\$42,588	\$48,348
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food.....	13.3	12.4	11.9	14.8	12.4	12.0	12.6	11.7	11.8	12.4
Alcoholic beverages.....	0.9	0.9	1.1	1.1	0.9	1.1	1.1	1.1	0.8	0.9
Housing.....	32.8	30.8	34.4	32.7	37.1	34.8	33.4	38.2	40.0	34.4
Apparel and services.....	4.4	3.5	3.5	3.7	4.2	3.7	3.7	4.1	3.4	3.6
Transportation.....	19.2	19.3	20.6	16.6	18.7	16.1	19.7	16.7	18.3	20.0
Health care.....	5.7	4.4	4.9	5.4	4.3	5.4	5.4	4.2	4.4	4.8
Entertainment.....	5.0	7.7	5.4	5.2	4.8	6.3	5.9	4.3	4.6	5.9
Personal care products and services.....	1.3	1.1	1.3	1.4	1.3	1.2	1.3	1.0	1.2	1.1
Reading.....	0.3	0.5	0.3	0.4	0.3	0.5	0.3	0.5	0.3	0.4
Education.....	1.7	1.3	1.3	2.5	1.7	1.7	1.1	1.9	1.2	1.8
Tobacco products and smoking supplies.....	0.8	0.9	0.6	0.7	0.4	0.7	0.7	0.4	0.5	0.6
Miscellaneous.....	1.9	2.5	2.2	1.7	2.2	2.6	1.9	1.8	2.0	1.8
Cash contributions.....	3.2	3.4	3.1	2.9	2.6	3.4	2.7	2.8	2.2	2.2
Personal insurance and pensions.....	9.5	11.2	9.6	10.9	9.1	10.6	10.2	11.4	9.2	10.0

¹ West region includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.