Focus on Prices and Spending

Consumer Expenditures: 2009

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Current Price Topics

Do Two live as Cheaply as one? Evidence from the Consumer Expenditure Survey

Are there economies of scale for young married couples that allow them to live as cheaply as a single person? The answer is no. However, even though the savings young married couples realize by sharing expenses for housing and food do not cut their spending in half, the savings do help them spend less *per person* than do singles. Sharing rent or homeowner expenses and buying food in bulk enables married couples to spend less per person on housing and food. Young married couples also spend less per person on alcohol and education. However, they have higher per-person expenditures than singles for transportation, health care, and personal insurance and pensions.

This article examines per-person—also known as per-capita—differences in spending patterns between singles[1] ages 21 to 29 and married couples[2] with at least one person in that age group. It also examines differences between married couples and singles who are in their early twenties (ages 21 to 23) and those in their late twenties (ages 27 to 29). Spending is measured in terms of weighted[3] out-of-pocket outlays[4] by consumer units (CUs).[5] According to the 2008-09 interview component[6] of the Consumer Expenditure Survey (CE), total per-person spending levels of married couples and singles who are ages 21 to 29 are quite similar—$26,753 and $26,567, respectively, in 2008–09. (See table 1.) That was also true of the early-twenties groups, with married couples spending $21,138 per person and singles $19,980. However, married couples in the late-twenties group spent about $7,200 less per person ($27,816 versus $35,026) than did singles.

Spending by married couples compared with singles (ages 21 to 29 years)

Per-capita total spending by married couples and singles in the 21-to-29 age group was very similar; less than $200 separated them in 2008–09 even though the earnings of a married person in this age group were about a third higher, on average, than that of a single person.

However, the similarity between per-capita spending by married couples and singles starts to fade when viewed by specific age group. Older singles (ages 27 to 29) spent $15,046 more than the younger singles (ages 21 to 23), while the older married couples spent $6,678 more than the younger married couples.

Even when looking at the overall 21-to-29 age group, there are differences in what single people and married couples purchase. Exam-

Table 1. Characteristics and per-person outlays of single people and married couples ages 21 to 29, by detailed age group and type of outlay, 2008–09

Item	Age 21-29		Age 21–23		Age 24–26		Age 27–29	
	Single	Married	Single	Married	Single	Married	Single	Married
Number of consumer units (in thousands)	5,041	1,518	2,014	217	1,698	549	1,328	752
Percent distribution:								
Sex								
Male	59	50	57	50	58	50	63	50
Female	41	50	43	50	42	50	37	50
Housing tenure								
Homeowner	15	53	4	19	15	53	31	62
Renter	85	47	96	81	85	47	69	38
Educational status								
Highest level attained by any member								
High school diploma or less	63	32	85	73	53	31	44	22
Bachelor's degree or more	37	68	15	27	47	69	56	78
Either member currently enrolled in college								
Enrolled	44	34	68	63	34	34	21	27
Not enrolled	56	66	32	37	66	66	79	73
Per-person income (in dollars)	$27,486	36,684	15,328	20,561	31,101	37,152	41,300	40,986
Per-person outlays (in dollars)	$26,567	26,753	19,980	21,138	27,763	27,512	35,026	27,816
Food	4,223	3,406	3,508	2,976	4,386	3,333	5,099	3,583
Food at home	2,368	2,002	2,002	1,875	2,375	2,000	2,914	2,039
Food away from home	1,855	1,404	1,506	1,101	2,011	1,333	2,185	1,544
Alcoholic beverages	600	263	622	210	546	288	635	260
Housing	9,925	9,432	7,063	6,352	10,219	9,744	13,887	10,091
Apparel	840	698	664	685	772	775	1,194	645
Transportation	4,088	4,916	3,211	4,212	4,146	4,962	5,344	5,085
Health care	583	886	329	897	721	908	792	867
Entertainment	1,242	1,356	980	1,044	1,217	1,420	1,673	1,400
Education	1,620	984	1,849	2,143	1,909	1,060	902	595
Personal insurance and pensions	2,420	3,508	1,122	1,664	2,766	3,303	3,946	4,189
Other outlays	1,025	1,304	632	956	1,079	1,718	1,552	1,103
Per-person outlays (percent distribution)								
Food	15.9	12.7	17.6	14.1	15.8	12.1	14.6	12.9
Food at home	8.9	7.5	10.0	8.9	8.6	7.3	8.3	7.3
Food away from home	7.0	5.2	7.5	5.2	7.2	4.8	6.2	5.6
Alcoholic beverages	2.3	1.0	3.1	1.0	2.0	1.0	1.8	0.9
Housing	37.4	35.3	35.4	30.1	36.8	35.4	39.6	36.3
Apparel	3.2	2.6	3.3	3.2	2.8	2.8	3.4	2.3
Transportation	15.4	18.4	16.1	19.9	14.9	18.0	15.3	18.3
Health care	2.2	3.3	1.6	4.2	2.6	3.3	2.3	3.1
Entertainment	4.7	5.1	4.9	4.9	4.4	5.2	4.8	5.0
Education	6.1	3.7	9.3	10.1	6.9	3.9	2.6	2.1
Personal insurance and pensions	9.1	13.1	5.6	7.9	10.0	12.0	11.3	15.1
Other outlays	3.9	4.9	3.2	4.5	3.9	6.2	4.4	4.0

Source: U.S. Bureau of Labor Statistics.

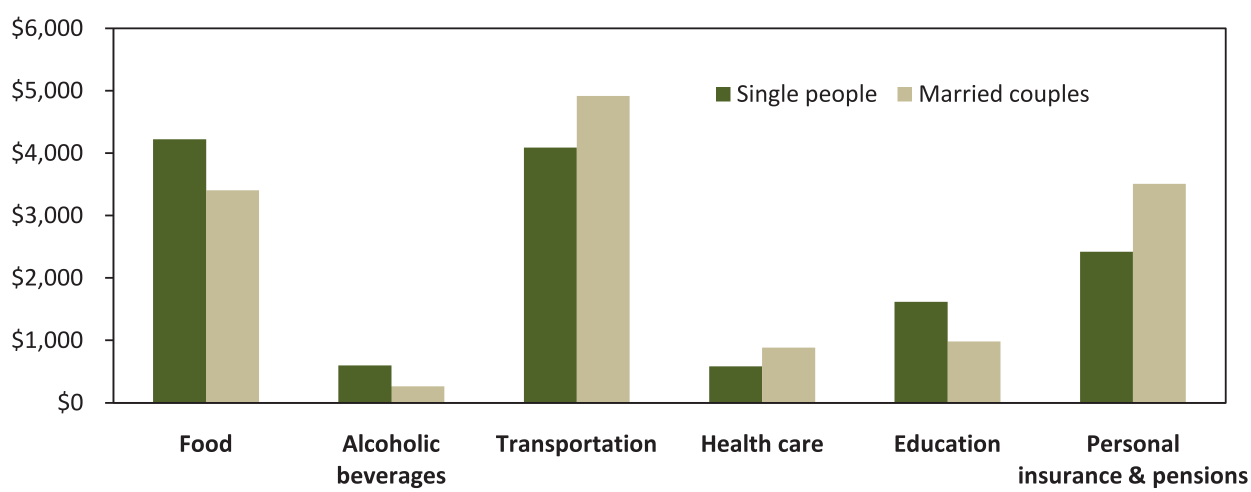
ining the differences by spending category gives an idea of how the spending of married couples compares with that of their single counterparts.

In 2008–09, singles spent more per person on food, alcohol, and education, while married couples spent more per person on transportation, health care, and personal insurance and pensions. (See chart 1.) Singles spent $817 more than married couples on food, reinforcing the idea that couples are able to achieve savings by sharing food costs. Married couples spent $366 less per year per person on groceries and $451 per person less at restaurants, fast-food establishments, and carry-outs. These lower spending levels could be the result of savings from buying in bulk, or from behavioral differences between married couples and single persons; singles may go out to dinner more frequently or to more expensive restaurants, or may purchase costlier food items at the grocery store.

Spending on transportation, however, is higher for married couples. Married couples spent more than $800 per person more than singles on transportation. Much of the difference can be explained by automobile ownership rates of the two groups. Overall, 76 percent of married couples reported owning a vehicle, compared with 54 percent of single people; that helps account for why married couples spent in excess of $500 more per person than singles on purchasing and maintaining vehicles.

Higher spending by singles on alcohol and education, and by married couples on health care and personal insurance and pensions, is most likely due to demographic and behavioral differences. Singles, who typically are younger than married couples, are more likely

Chart 1. Per-person spending of single people and married couples ages 21 to 29 by type of outlay, 2008–09



SOURCE: U.S. Bureau of Labor Statistics

to still be in college and thus paying for education expenses. Married couples are more likely to own their home, more likely to have a college degree, and less likely to be enrolled in college.[7] As a result of having higher income, married couples paid over $700 more per capita in Social Security than singles, accounting for most of the difference between each group's expenditures on personal insurance and pensions.

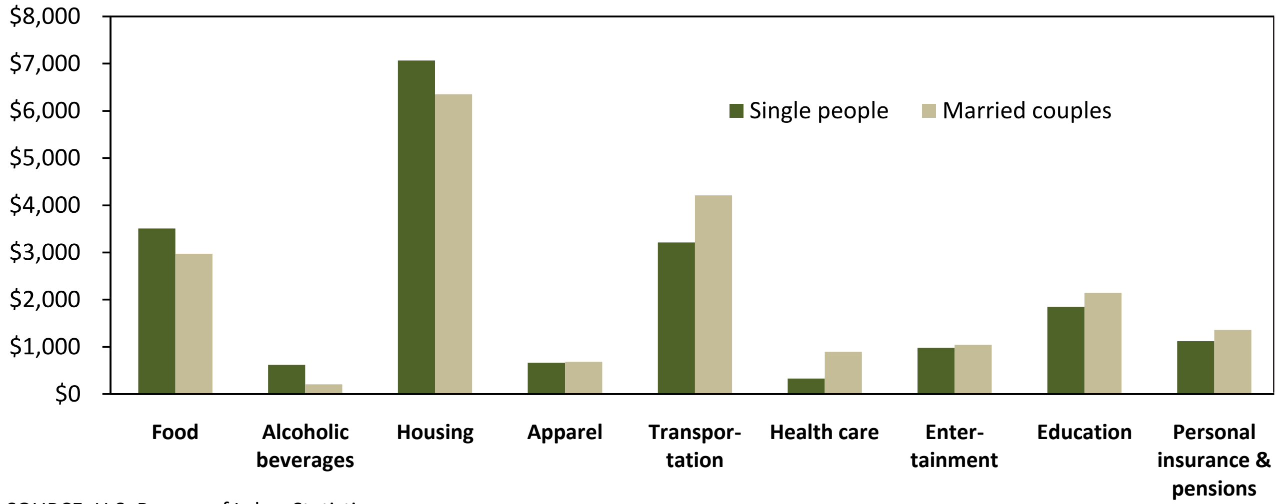
Not only are the levels of spending different between the groups, so are the shares of outlays—that is, the proportion of a CU's total spending that is used for a particular type of outlay. The distribution of CU spending per person for singles and married couples reflects the differences in spending already mentioned. Married couples spend a smaller share of their budget than do singles on food, housing, and education, and a larger share on transportation and on personal insurance and pensions. See table 1 for the details on per-person outlays and outlay shares.

Early twenties compared with late twenties

Married couples and singles both go through major lifestyle changes in their twenties. Graduating from college, entering the workforce, and purchasing a home are just some of the changes they experience at that time in their lives. Lending credence to the view that this is a transitional period, both late-twenties groups earn more, spend more, are more likely to be homeowners, and are more likely to have a college degree than their younger counterparts. These changes have a significant effect on the way both groups spend their money.

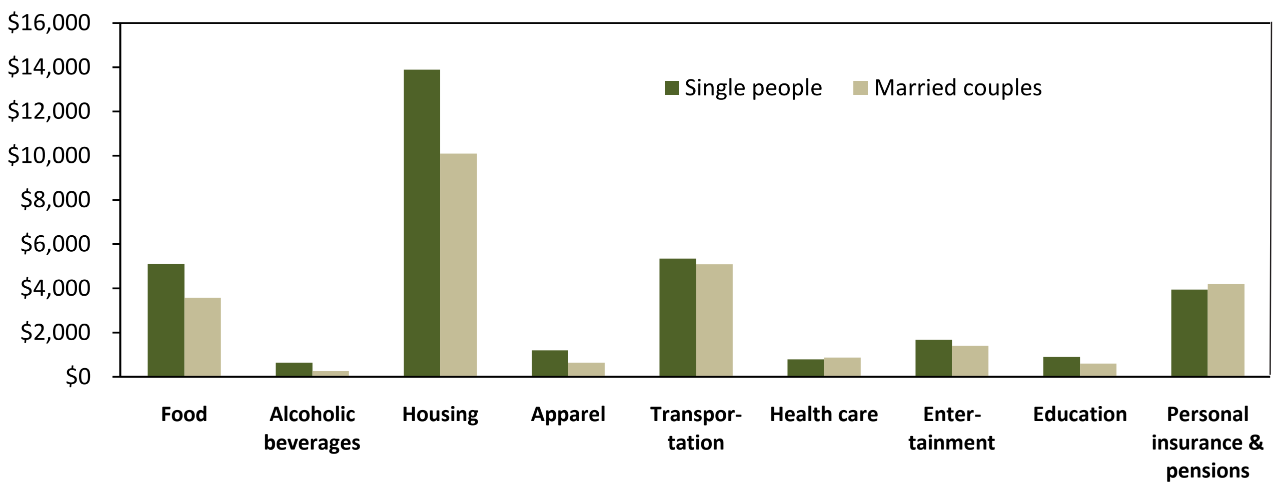
Much of the reason that late-twenties married couples spend less per capita than singles relates to outlays for housing. Married couples ages 27 to 29 spent about $3,800 per person less on housing than singles ($10,091 versus $13,887) in 2008–09. Charts 2 and 3 show average spending levels by type of outlay. The homeownership rate for married couples ages 27 to 29, 62 percent, was double that of singles for that age group. Married couples spend smaller shares of their outlays than singles for food and housing, and larger shares for transportation, health care, and personal insurance and pensions in both the early- and late-twenties groups. However, the differences in the shares between married couples and singles are smaller for the older group than for the younger group for all types of outlays except personal insurance and pensions. Whereas differences in per-person spending levels are greater between married couples and singles in their late twenties than those in their early twenties, the spending patterns of the two groups, as measured by the outlay shares, become more alike once married couples and singles reach their late twenties.

Chart 2. Per-person spending of single people and married couples ages 21 to 23 by type of outlay, 2008–09



SOURCE: U.S. Bureau of Labor Statistics

Chart 3. Per-person spending of single people and married couples ages 27 to 29 by type of outlay, 2008–09



SOURCE: U.S. Bureau of Labor Statistics

Conclusion

CE data establish that young married couples ages 21 to 29 do not live as cheaply as young single people but, on a per-person basis, they do experience cost savings. The data give insight into how the spending patterns of young married couples and singles differ and where the cost savings occur. Married couples spend less per person than singles on housing, food, and alcohol and more on transportation and health care.

Questions? Please contact William Hawk with the **Consumer Expenditure Survey** at **Hawk.William@bls.gov** or (202) 691-5131.

Notes

[1] Singles. To be categorized as a "single" consumer unit (CU), a person must identify him- or herself as single and never married and must be in a CU of size 1. This categorization implies that the person is not living with other blood relatives, is not widowed or divorced, and, if there are other people living in the housing unit, is financially independent of them (that is, is not making joint financial decisions with his or her housemates).

[2] Married couples. For the married group, each CU must, of course, be married, have no children, and be living in a two-member CU. In order to allow closer comparisons between singles and couples in the same age group, couples with age differences greater than 4 years between their members are omitted from their respective groups.

[3] Weights. Estimates shown in this article are calculated with the use of weights. The Consumer Expenditure Survey (CE) uses a representative sample to estimate the spending habits of the U.S. civilian noninstitutional population. For the 2008–09 Interview Survey, approximately 600 married CUs and 2,200 single CUs provided data for this analysis. These sampled CUs represent nearly 7 million CUs in the population.

[4] Outlays. Outlays are similar to expenditures in that both (1) define spending as the transaction cost, including taxes, to obtain goods and services; (2) include spending on gifts for people outside of the CU; and (3) exclude business expenses. The key difference is in the treatment of purchases of real property and vehicles. In the CE, expenditures on purchases of property include only mortgage interest, and expenditures on vehicles include the full value of the purchased vehicle, regardless of whether it was or was not financed. By contrast, outlays include both the principal and interest portions of property on mortgages and vehicle loans. The purchase price of vehicles bought outright and not financed also is included in outlays.

[5] Consumer unit. A consumer unit (CU) comprises either: (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) a person living alone or sharing a household with others or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is financially independent; or (3) two or more persons living together who use their income to make joint expenditure decisions. Financial independence is determined by the three major expense categories: housing, food, and other living expenses. To be considered financially independent, at least two of the three major expense categories must be provided entirely, or in part, by the respondent.

[6] Interview Survey. The CE includes two components: the quarterly Interview Survey and the weekly Diary Survey. Published CE tables are created by integrating information from the two surveys.

The Interview Survey, which is designed to collect data on major types of expenditures, household characteristics, and income, is used in this study because it provides the most complete picture of spending. Respondents are usually asked to report values for expenditures or outlays that occurred during the 3 months prior to the interview.

The data in this analysis are by collection year, not calendar year, from surveys which were administered in 2008 and 2009.

[7] College degree status and college enrollment are by CU. If one or both members of a married couple has a college degree or is enrolled in college, the household is categorized by this characteristic.