

# Preview of the 2009 Comprehensive Revision of the National Income and Product Accounts

## New Classifications for Personal Consumption Expenditures

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IN 2009, the Bureau of Economic Analysis (BEA) will release the results of a comprehensive, or benchmark, revision of the national income and product accounts (NIPAs). The comprehensive revision will incorporate the results of the 2002 benchmark input-output (I-O) accounts as well as changes in definitions, classifications, statistical methods, source data, and presentation. A major change will be the incorporation of a new classification system for personal consumption expenditures (PCE). This new system defines new categories of expenditures by type of expenditure and by type of product. Estimates of the newly defined expenditure categories were incorporated into the 2002 benchmark I-O estimates, and the new classification system was briefly described in the March 2008 *SURVEY OF CURRENT BUSINESS*.<sup>1</sup> This article provides a more detailed explanation of the new system.

Highlights of the new classification system include the following:

- A new type of expenditure or functional structure that is based on demand criteria and that reflects contemporary spending patterns and purposes
- A new type of product structure that more precisely matches the definitions of durable goods, nondurable goods, and services
- Separate accounting for household consumption expenditures and for expenses of nonprofit institutions serving households
- Modest changes in chained-dollar expenditures and in price indexes due to improved deflation from more precise matching of PCE components and price indexes
- Redefined price indexes for PCE excluding food and energy and for market-based PCE

- Restated PCE values for the new classifications for the entire NIPA time series
- Direct linkages between types of expenditures and types of product classifications

The new PCE classification system will follow recommendations for the classification of household and nonprofit consumption by the System of National Accounts (SNA), the principal international guidelines for national economic accounts. The adoption of the SNA recommendations improves consistency with international standards, one of the primary goals of the BEA Strategic Plan. The new PCE functional structure is based on two parts of the SNA structure for the Classification of Individual Consumption by Purpose (COICOP): individual consumption expenditures of households and individual consumption expenditures of nonprofit institutions serving households (NPISHs). The expenditure categories for NPISHs are based on the SNA structure for the Classification of the Purposes of Nonprofit Institutions Serving Households (COPNI).<sup>2</sup>

Separately accounting for household consumption expenditures and NPISH expenditures will advance another BEA strategic planning goal: improving the consistency and the integration of the NIPAs with other accounts. Household purchases from NPISHs will be accounted for in household consumption expenditures, and NPISH expenses will be net of their sales to households, which will make the treatment of NPISHs in the NIPAs more consistent with the treatment of government consumption expenditures. This change will also improve consistency with Bureau of Labor Statistics measures of household expenditures and the related classifications used for the consumer price index (CPI). Additionally, component PCE expenditure categories will align more precisely with the CPI component indexes used for deflation. The new structures will also be more consistent with the

1. Ricky L. Stewart, Jessica Brede Stone, and Mary L. Streitweiser, "U.S. Benchmark Input-Output Accounts, 2002," *SURVEY* 87 (October 2007): 19–48. Revised estimates are available on BEA's Web site. A description of the revisions is available at [www.bea.gov/industry/Make\\_Use\\_table\\_revisions.htm](http://www.bea.gov/industry/Make_Use_table_revisions.htm). Kurt Kunze and Stephanie H. McCulla, "Preview of Revised NIPA Estimates for 2002: Effects of Incorporating the 2002 Benchmark I-O Accounts and Proposed Definition and Statistical Changes," *SURVEY* 88 (March 2008): 10–17.

2. The third part of COICOP, individual consumption expenditures of general government, is not used in the new PCE classifications because such expenditures are outside the scope of PCE.

services industries in the North American Industry Classification System.

## PCE Classifications

### History

The two primary PCE classification structures—type of product and type of expenditure—organize expenditures by the durability of the commodity purchased and by purpose, respectively. The three primary types of product are durable goods, nondurable goods, and services. In general, goods are commodities that can be stored or inventoried. Durable goods have an average life of at least 3 years; all other goods are considered nondurable. Services are commodities that cannot be stored and that are consumed at the place and time of purchase. For commodities that have both a goods component and a services component, the classification is based on the predominant component.<sup>3</sup> In each of the primary aggregates, commodities are grouped together by type, such as food in nondurable goods and housing in services. The type of expenditure classification organizes expenditures by function, such as medical care that includes services, such as physicians and hospitals, that includes nondurable goods, such as prescription drugs, and that includes durable goods, such as optical goods.

Originally, PCE was presented by type of product. “Consumers’ purchases,” which were published in the March 1942 SURVEY OF CURRENT BUSINESS as part of the first estimates of gross national product, were for durable goods and for “nondurable goods and services.”<sup>4</sup> Services by type were first published in the October 1942 SURVEY.<sup>5</sup> Consumer expenditures for goods by type and expenditures classified by the current primary types of product—durable goods, nondurable goods, and services—were first published in the March 1943 SURVEY.<sup>6</sup> PCE by major type of product was published in the April 1943 SURVEY.<sup>7</sup> Since 1943, there have been some additions and deletions to the product structure, but the current structure is remarkably similar to the original structure as shown in table 1.

Tobacco, a separate major type of product in 1943, is now part of other nondurable goods; tobacco was 3

percent of PCE in 1943, but it was less than 1 percent in 2007. “Fuel oil and coal,” part of “other nondurable goods” in 1943, is now part of the category “gasoline, fuel oil, and other energy goods.” “Home maintenance” is now the main part of “other household operation,” which also includes water and sanitary services, part of “household utilities” in 1943. The other part of household utilities, electricity and gas, is now part of “household operation.” “Personal services” is now part of “other” services; personal services were 2.4 percent of PCE in 1943 and 1.3 percent in 2007.

The detailed type of expenditure structure for PCE was first published in the table “Consumption Expenditures, by Type of Product, 1929–42” in the June 1944 SURVEY.<sup>8</sup> The presentation also indicated for each category, its categorization as a commodity (good) or as a service and presented these aggregates at the end of the SURVEY table. The type of expenditure classification introduced in 1944 is similar to that used today (see table 2). The differences are fairly minor. For instance, death expenses are now part of personal business rather than as part of medical care. Private education and research is now education and research, because of a change in definition so that PCE now includes tuition payments for public education.

The component series that comprise the major types of products and types of expenditures are the same for both structures, but a number of components

8. William H Shaw, “Consumption Expenditures, 1929–43,” SURVEY 24 (June 1944): 9–16. The table presented consumption expenditures by type of expenditure as currently defined.

**Table 1. Personal Consumption Expenditures by Major Type of Product**

1943 classification	Current classification
Goods	
Durable	Durable goods
Furniture, furnishings and equipment	Motor vehicles and parts
Automobiles and parts	Furniture and household equipment
Other durable	Other
Nondurable	Nondurable goods
Food	Food
Clothing and related products	Clothing and shoes
Tobacco	Gasoline, fuel oil, and other energy goods
Gasoline and oil	Gasoline and oil
Other nondurable	Fuel oil and coal
Other nondurable	Other
Services	Services
Housing, excluding depreciation	Housing
Home maintenance	Household operation
Household utilities	Electricity and gas
Personal services	Other household operation
Transportation	Transportation
Medical care	Medical care
Recreation	Recreation
Other services (including gifts)	Other

3. For further discussion of classification conventions used in PCE, see Bureau of Economic Analysis, *Personal Consumption Expenditures*, Methodology paper (Washington, DC: 1990): 13.

4. Milton Gilbert, “War Expenditures and National Production,” SURVEY 22 (March 1942): 9–16.

5. William C. Shelton and Louis J. Paradiso, “Monthly Estimates of Total Consumer Expenditures, 1935–42,” SURVEY 22 (October 1942): 8–22.

6. Milton Gilbert and George Jaszi, “National Income and National Product in 1942,” SURVEY 23 (March 1943): 10–26.

7. “The Business Situation,” SURVEY 23 (April 1943): 3–9.

have changed over time. These changes have been due largely to definition changes, the obsolescence or greatly diminished importance of some categories, new goods and services, the growth in importance of some types of expenditures, and the development of new price indexes. Numerous definition changes have affected PCE; for example, including payments to public health and education providers in PCE led to the creation of component series for public hospitals and public higher education. One of the products with greatly diminished importance is “telegraph, cable, and wireless” services, a separate category in 1944, but now a very small part of the category “telephone and telegraph.” Since 1944, new PCE categories have included new and used trucks, televisions, video equipment and media, computers and peripherals, software, motor vehicle leasing, cellular telephones, Internet service providers, cable and satellite television services,

and video media rental. One of the products with growing importance enough to warrant a separate category is casino gambling.

### New PCE functional structure

The current and new PCE functional structures are shown in table 3.

### NPISHs

A major feature of the new structure is the separation of PCE into household consumption expenditures and final consumption expenditures of NPISHs. In the current structure, NPISHs, which are part of the personal sector in the NIPAs, are measured by their gross output, which is determined by the cost of inputs: compensation, consumption of fixed capital, and intermediate goods and services purchased. In the new structure, household consumption expenditures comprise purchases from business, government, the rest of world, and NPISHs, which will be included in the health, recreation, education, and “other” goods and services categories. Final consumption expenditures of NPISHs are measured residually as gross output less own-account investment and sales to households and other sectors.

### Category separations

In the new structure, a number of changes involve the separation of parts of current major categories into new categories that reflect differences in the nature of the commodities and their demand characteristics,

**Table 2. Personal Consumption Expenditures by Major Type of Expenditure**

1944 classification	Current classification
Food and tobacco	Food and tobacco
Clothing, accessories, and jewelry	Clothing, accessories, and jewelry
Personal care	Personal care
Housing	Housing
Household operation	Household operation
Medical care and death expenses	Medical care
Personal business	Personal business
Transportation	Transportation
Recreation	Recreation
Private education and research	Education and research
Religious and welfare activities	Religious and welfare activities
Foreign travel and remittances	Foreign travel and other, net

**Table 3. Current and New Structures for Personal Consumption Expenditures (PCE) by Type of Expenditure and by Function, 2002**

Current structure by type of expenditure	Billions of dollars	Share of current-dollar PCE (percent)	New structure by function	Billions of dollars	Share of current-dollar PCE (percent)
<b>PCE</b> .....	<b>7,350.7</b>	<b>100.0</b>	<b>PCE</b> .....	<b>7,350.7</b>	<b>100.0</b>
Food and tobacco .....	1,091.1	14.8	Household consumption expenditures .....	7,188.0	97.8
Clothing, accessories, and jewelry	407.0	5.5	Food and beverages purchased for off-premise consumption .....	589.1	8.0
Personal care .....	96.7	1.3	Clothing and footwear .....	310.4	4.2
Housing .....	1,123.1	15.3	Housing and utilities .....	1,291.5	17.6
Household operation .....	747.4	10.2	Furnishings, household equipment, and routine household maintenance .....	347.6	4.7
Medical care .....	1,441.2	19.6	Health .....	1,334.2	18.2
Personal business .....	547.0	7.4	Transportation .....	819.6	11.1
Transportation .....	882.2	12.0	Communication .....	160.0	2.2
Recreation .....	629.9	8.6	Recreation .....	659.3	9.0
Education and research .....	190.2	2.6	Education .....	156.4	2.1
Religious and welfare activities .....	200.1	2.7	Food services and accommodations .....	442.7	6.0
Foreign travel and other, net .....	-5.1	-0.1	Financial services and insurance .....	573.7	7.8
			Other goods and services .....	508.9	6.9
			Net foreign travel and expenditures abroad by U.S. residents .....	-5.1	-0.1
			Final consumption expenditures of nonprofit institutions serving households .....	162.7	2.2

including income elasticity of demand. Two examples are the food and tobacco category and the housing category.

The current food and tobacco category has five components: food purchased for off-premise consumption, purchased meals and beverages, food furnished to employees, food produced and consumed on farms, and tobacco. In the new structure, the “people food” portion of food purchased for off-premise consumption (for use at home) will be the new major category “food and beverages purchased for off-premise consumption,” along with food produced and consumed on farms. Pet food, the other part of the current off-premise food category, will be part of the pets and related products component of the recreation category. Purchased meals and beverages and food furnished to employees will be part of a new major category that also includes accommodation services. Tobacco will be part of “other goods and services” in recognition that tobacco may have some commonalities with food in production, but it has no meaningful association based on demand criteria.

In the current structure, accommodation services are part of housing. But transient accommodations have little in common with more permanent housing arrangements that are reflected in the rental values for owner- and tenant-occupied housing. These rental values are the largest part of the current housing category. The new structure separates the accommodation components that have a relatively high income elasticity of demand from the rental components that have a relatively low income elasticity.

The new grouping of accommodation services and food services reflects the fact that for travelers, the expenditures for these services are associated and are often combined at the same establishment. The new “housing and utilities” category includes the space rent components of the current housing category combined with electricity, gas, fuel oil, and other fuel and water supply and sanitation services. Utilities are currently included in the household operation category.

Other household operation components are now part of these new categories: “furnishings, household equipment, and routine household maintenance,” communication, and financial services and insurance.

#### **Other new categories**

**Communication.** This new category includes postal services, telephone and facsimile equipment, and telecommunication services, all of which are currently in household operation, and Internet services, which are currently part of recreation. The current inclusion of telecommunication services in household operation

reflects a view that such services are essentially household utilities, like electricity, gas, and water supply services. Telephones were for a long time used solely in homes, which tended to support this view. However, cellular telephone services, which began in 1985 and are now a majority of telecommunication services, negate this view of telephone service as a household utility.

**Financial services and insurance.** The new financial services category includes services furnished without payment and service charges and fees of financial intermediaries, securities commissions, portfolio management and investment advice services, trust, fiduciary, and custody activities, and pension services, all of which are in the current category of personal business.

Currently, insurance is included in several categories on the basis of the type of commodities or risks insured. Motor vehicle insurance is in transportation, household personal property insurance is in household operation, health insurance is in medical care, and life insurance is in personal business. Most of the differences between the current and new medical care and transportation categories are accounted for by insurance. Health expenditures in the new structure are \$107 billion less and transportation expenditures are \$62 billion less than in the current structure.

**Other goods and services.** This new category consists of tobacco from food and tobacco, jewelry and accessories from clothing, accessories, and jewelry; all of personal care; sales of religious and welfare organizations; and several parts of personal business, including legal services, funeral and burial services, tax return preparation services, and labor organizations and professional associations, which are now measured by dues paid. The separation of jewelry and accessories from clothing recognizes the higher income elasticity of jewelry purchases and the weak association of “accessories” such as luggage with clothing.

#### **New PCE Product Structure**

The current and new PCE product structures are shown in table 4. The new product structure retains the three major product types of the current structure: durable goods, nondurable goods, and services. The main change to the current structure is the reclassification of purchased meals and beverages, which is now called food services, from nondurable goods to services. This change is more consistent with the definition of services as commodities that cannot be stored and that are consumed at the place and time of purchase. Goods are commodities that can be stored or inventoried, which though possible with purchased

meals, is unusual. Additionally, using the criterion that the classification of commodities with both a goods component and a services component is based on the predominant component, the services component of purchased meals is larger than the cost of goods (food) sold. This services component, which is equal to the difference between sales and cost of the goods sold, is larger relative to sales than for any retail industry. Chart 1 shows the effect of the reclassification of purchased meals and beverages from nondurable goods to services on the product-type shares.

### Durable goods

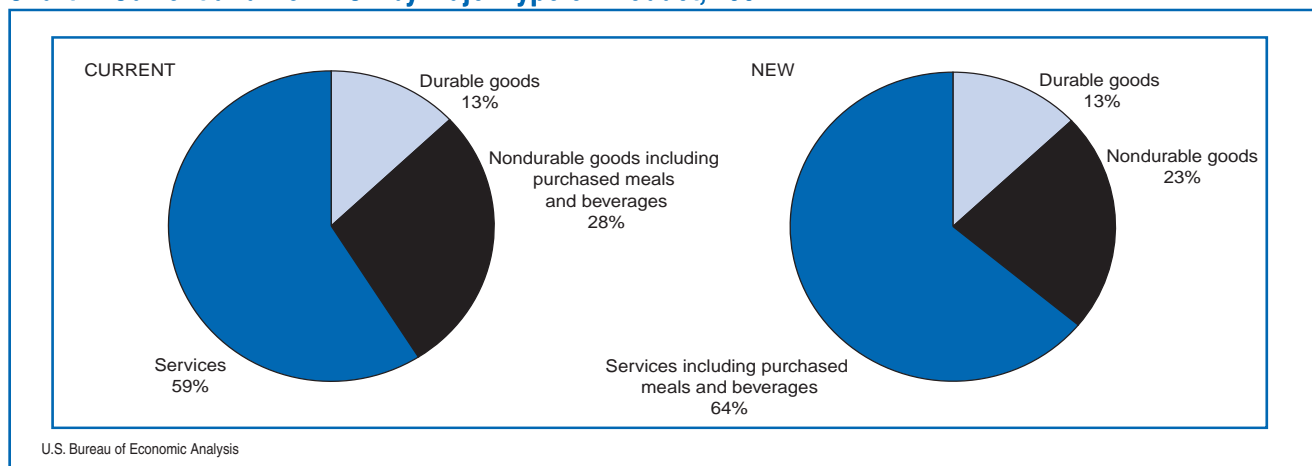
In the new structure, durable goods has four product types; in the current structure, it has three. The new type is recreational goods and vehicles, which was \$228.2 billion in 2002 (table 4). Recreational goods and vehicles consists of (1) video, audio, photographic

and information processing equipment and media, and musical instruments, currently in the furniture and household equipment category; (2) sporting equipment, supplies, guns, and ammunition and sports vehicles, currently in the “other” durable goods category; and (3) recreational vehicles, currently in the motor vehicles and parts category. Compared with the \$923.9 billion value of durable goods in the current structure, the larger \$959.8 billion value of durable goods in the new structure reflects reclassifications, for example, of luggage from nondurable goods and eye examinations from services, where they are now included with eyeglasses and contact lenses in “other” durable goods.

### Nondurable goods

The new structure for nondurable goods has four major aggregates that except for food are generally along

**Chart 1. Current and New PCE by Major Type of Product, 2002**



**Table 4. Current and New Structures for Personal Consumption Expenditures (PCE) by Major Type of Product, 2002**

Current structure	Billions of dollars	Share of current-dollar PCE (percent)	New structure	Billions of dollars	Share of current-dollar PCE (percent)
<b>PCE</b> .....	7,350.7	100.0	<b>PCE</b> .....	7,350.7	100.0
Durable goods.....	923.9	12.6	Durable goods.....	959.8	13.1
Motor vehicles and parts.....	429.3	5.8	Motor vehicles and parts.....	413.6	5.6
Furniture and household equipment.....	323.1	4.4	Furnishings and durable household equipment.....	205.8	2.8
Other.....	171.6	2.3	Recreational goods and vehicles.....	228.2	3.1
Nondurable goods.....	2,079.6	28.3	Other durable goods.....	112.3	1.5
Food.....	1,001.9	13.6	Nondurable Goods.....	1,663.2	22.6
Clothing and shoes.....	303.5	4.1	Food and beverages purchased for off-premise consumption.....	589.1	8.0
Gasoline, fuel oil, and other energy goods.....	178.8	2.4	Clothing and footwear.....	293.6	4.0
Gasoline and oil.....	164.5	2.2	Gasoline and other energy goods.....	178.7	2.4
Fuel oil and coal.....	14.2	0.2	Other nondurable goods.....	601.8	8.2
Other.....	595.5	8.1	Services.....	4,727.8	64.3
Services.....	4,347.2	59.1	Household consumption expenditures.....	4,565.1	62.1
Housing.....	1,123.1	15.3	Housing and utilities.....	1,277.3	17.4
Household operation.....	407.7	5.5	Health care.....	1,099.0	15.0
Electricity and gas.....	152.5	2.1	Transportation services.....	241.4	3.3
Other household operation.....	255.2	3.5	Recreational services.....	282.3	3.8
Transportation.....	288.4	3.9	Food services and accommodation.....	442.7	6.0
Medical care.....	1,206.2	16.4	Financial services and insurance.....	573.7	7.8
Recreation.....	299.1	4.1	Other services.....	648.7	8.8
Other.....	1,022.7	13.9	Final consumption expenditures of nonprofit institutions serving households.....	162.7	2.2

the lines of the current structure. Under the current structure, food primarily consists of two items (1) food and alcoholic beverages purchased for off-premise consumption and (2) purchased meals and beverages. Under the new structure, purchased meals and beverages (\$379.5 billion in 2002) will be in services, specifically in the new aggregate food services and accommodation. Under the new structure, food now consists only of food and beverages purchased for off-premise consumption.

### Services

In the new product structure, services consists of household consumption expenditures and final consumption expenditures of nonprofit institutions serving households, which is the same as in the functional structure.

### Core PCE and market-based PCE Prices

The new classification redefines PCE excluding food and energy. This redefinition will affect what is often referred to as the “core” PCE price index. Currently, all food, including food purchased for off-premise consumption and purchased meals and beverages, is excluded in deriving core PCE. In the new structure, “food services” will be included in core PCE.

The redefined price index will be more consistent with the most frequently cited purpose of a core price index: to strip away volatile components to reveal “underlying” inflation. Food services prices are not volatile. The importance of purchased meals in total food has greatly increased in importance over time, so that it now significantly affects the overall food price index. These expenditures accounted for 22 percent of total food expenditures in 1959 and 38 percent in 2007, while the share of fresh food, whose prices are volatile, decreased from 35 percent to 18 percent. As a result, overall food price volatility has significantly decreased. The remainder of food, processed food products, whose prices are also not volatile, stayed around 43 percent of the total, so that even the redefined food will be less volatile than when fresh food prices were much more significant.

The market-based PCE price index will also be redefined under the new classification. The market-based index measures prices for goods and services purchased by, or on behalf of, households, and it uses component consumer price indexes and producer price indexes. Under the current structure, the market-based PCE price index excludes the expenses of NPISHs and imputed expenditures except for owner-occupied space rent.

Under the new PCE classification, the market-

based PCE price index will change because of the inclusion of the sales of primary services to households by NPISHs. Sales, such as those from nonprofit hospitals and higher education, will use associated price indexes for deflation. NPISH sales account for about 7 percent of PCE. The new market-based share of total PCE will increase from 87 percent to 89 percent, using 1997 values, reflecting the inclusion of NPISH sales that will be partly offset by the exclusion of insurance components currently in the PCE market-based index.

Table 5 shows PCE by primary product type, PCE excluding food and energy, and market-based PCE in current dollars, chained dollars, and price indexes for 2002–2006 under the current and new classification systems.

## SNA and the New PCE Classification

### COICOP

The new PCE functional classification preserves the general structure of COICOP, but differs from it in a number of ways, as shown in table 6 (page 15). Differences between the classifications reflect differences in scope, the relative size of the expenditure categories, and U.S. conditions. See the box “SNA Classifications.” Some key differences are discussed below.

The COICOP structure includes government purchases for the benefit of individuals, purchases of illegal commodities, and home maintenance and repair expenditures, all of which are out of scope of PCE and are therefore not included in the new PCE functional classification.<sup>9</sup> The exclusion of illegal activities means that the COICOP category alcoholic beverages, tobacco, and narcotics could only include alcoholic beverages and tobacco for the PCE functional classification. Together, these expenditures have constituted only about 2 percent of PCE in recent years, about the same as the new education category, which has the lowest share of PCE in the new functional structure. Given the low share and the very weak association of alcoholic beverages and tobacco based on demand criteria, the new structure includes alcoholic beverages in food and beverages purchased for off-premise consumption and tobacco in other goods and services.

In the NIPAs, home maintenance and repair

9. In COICOP, “individual consumption expenditures of general government” include expenditures, such as for health care and education, that benefit individuals, while “collective” government consumption expenditures, such as for national defense, benefit the country as a whole. The SNA shows individual consumption expenditures of general government and of NPISHs as part of a supplementary or alternative measure of consumption known as “household actual final consumption.” In the NIPAs, there is no distinction between “individual” and “collective” government consumption expenditures, and all government purchases are included in government consumption expenditures and gross investment.

expenditures are considered intermediate expenses of homeowners, who are treated as business owners. As a result, the COICOP category maintenance and repair of the dwelling has no counterpart in the new PCE functional structure.

Some expenditures in the United States that are of sufficient size to warrant raising their status in the new PCE functional structure, compared with their status in COICOP, are gambling; pets, pet products, and services; financial services and insurance; photographic goods and services; and Internet access services.

Differences sometimes arise when the purposes of expenditures in the United States differ from the purposes stated in COICOP or when expenditures for some COICOP categories are very small or nonexistent in the United States. For example, COICOP classifies bicycles in transportation, but in the new PCE functional structure, bicycles are included in durable sports equipment in recreation because in the United States, bicycles are primarily used for recreation rather than for transportation. Animal-drawn vehicles, which are part of the COICOP structure, are very rare in the United States and thus are not included in the new PCE functional classification.

The classification structure for NPISHs generally follows the COPNI functional structure and

definitions, but it also reflects U.S. institutional arrangements of nonprofit organizations as detailed by the North American Industry Classification System (NAICS) of industries that are predominantly nonprofit. For example, COICOP classifies “education not definable by level,” which has no counterpart in the United States, in education.

### Product classifications

The use of the SNA product classification of semidurable goods was not adopted because its use would require changes back to the beginning of the NIPAs in the presentation of GDP by type of product (NIPA tables 1.2 series). These tables present GDP by durable goods, nondurable goods, services, and structures. Changing the type of product tables to the SNA classifications would require changing the product classifications of exports and imports and the change in private inventories in addition to PCE.

SNA product categories are consistent with the Central Product Classification system in the SNA.<sup>10</sup> However, the component categories for the new PCE structures are based, when possible, on

10. OECD, “COICOP-CPC and CPC-COICOP Correspondence Tables” (Paris: OECD, January 2001).

**Table 5. Current and New Personal Consumption Expenditures (PCE) by Major Type of Product, 2002–2006**

	Billions of current dollars														
	2002			2003			2004			2005			2006		
	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference
Personal consumption expenditures	7,350.7	7,350.7	0.0	7,703.6	7,703.6	0.0	8,195.9	8,195.9	0.0	8,707.8	8,707.8	0.0	9,224.5	9,224.5	0.0
Durable goods .....	923.9	959.8	35.9	942.7	979.8	37.1	983.9	1,023.1	39.2	1,023.9	1,065.4	41.5	1,048.9	1,093.3	44.4
Nondurable goods .....	2,079.6	1,663.2	-416.4	2,190.2	1,752.3	-437.9	2,343.7	1,878.3	-465.4	2,516.2	2,022.3	-493.9	2,688.0	2,157.9	-530.1
Services .....	4,347.2	4,727.8	380.6	4,570.8	4,971.5	400.7	4,868.3	5,294.4	426.1	5,167.8	5,620.1	452.3	5,487.6	5,973.3	485.7
Addenda:															
PCE excluding food and energy ...	6,017.6	6,430.4	412.8	6,280.8	6,714.9	434.1	6,657.7	7,119.1	461.4	7,023.4	7,513.1	489.7	7,415.3	7,940.8	525.5
Market-based PCE .....	6,297.4	6,495.5	198.1	6,599.6	6,807.6	208.0	6,986.5	7,209.2	222.7	7,412.9	7,663.0	250.1	7,828.8	8,112.5	283.7
	Billions of chained (2000) dollars														
	2002			2003			2004			2005			2006		
	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference
Personal consumption expenditures	7,099.3	7,099.7	0.4	7,295.3	7,293.9	-1.4	7,561.4	7,559.4	-2.0	7,803.6	7,801.6	-2.0	8,044.1	8,039.8	-4.3
Durable goods .....	964.8	1,003.6	38.8	1,020.6	1,060.9	40.3	1,084.8	1,128.4	43.6	1,137.4	1,184.8	47.4	1,180.5	1,230.6	50.1
Nondurable goods .....	2,037.1	1,640.1	-397.0	2,103.0	1,692.5	-410.5	2,177.6	1,752.1	-425.5	2,255.4	1,814.4	-441.0	2,337.7	1,876.6	-461.1
Services .....	4,100.4	4,459.2	358.8	4,178.8	4,547.9	369.1	4,311.0	4,691.6	380.6	4,427.3	4,820.1	392.8	4,545.5	4,953.4	407.9
Addenda:															
PCE excluding food and energy ...	5,802.6	6,192.5	389.9	5,971.7	6,371.7	400.0	6,202.5	6,615.1	412.6	6,404.1	6,830.1	426.0	6,613.1	7,053.9	440.8
Market-based PCE .....	6,109.1	6,296.2	187.1	6,285.6	6,469.5	183.9	6,506.0	6,688.7	182.7	6,720.2	6,912.9	192.7	6,917.8	7,121.2	203.4
	Chain-type price indexes (2000 = 100)														
	2002			2003			2004			2005			2006		
	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference
Personal consumption expenditure	103.542	103.536	-0.006	105.597	105.618	0.021	108.392	108.419	0.027	111.588	111.616	0.028	114.675	114.735	0.060
Durable goods .....	95.766	95.634	-0.132	92.366	92.353	-0.013	90.696	90.671	-0.025	90.018	89.921	-0.097	88.857	88.844	-0.013
Nondurable goods .....	102.089	101.407	-0.682	104.145	103.531	-0.614	107.626	107.206	-0.420	111.561	111.461	-0.100	114.989	114.990	0.001
Services .....	106.018	106.023	0.005	109.379	109.316	-0.063	112.929	112.848	-0.081	116.726	116.598	-0.128	120.725	120.589	-0.136
Addenda:															
PCE excluding food and energy ...	103.705	103.841	0.136	105.175	105.385	0.210	107.338	107.620	0.282	109.670	110.000	0.330	112.130	112.574	0.444
Market-based PCE .....	103.082	103.166	0.084	104.995	105.227	0.232	107.386	107.782	0.396	110.307	110.850	0.543	113.168	113.921	0.753

correspondence with the contents of the consumer price indexes (CPIs) used for deflation. The correspondence was achieved by matching item-level detail for PCE categories from the estimates in 1997 input-output accounts to entry-level items for CPI components. The resulting correspondences between expenditure categories and deflation are as nearly exact as possible.

### **Other classifications**

Although the new PCE functional structure is a modified COICOP structure, separately accounting for household consumption expenditures brings new PCE classifications closer to the classifications used for the CPI and the related structure for the consumer expenditure survey; however, significant differences in scope and definitions between the new PCE and the CPI remain. The scope of PCE, which includes expenditures by or on behalf of individuals, is significantly broader than that in the CPI, whose weights reflect out-of-pocket expenditures; such differences are particularly significant in medical care. Some imputations in PCE, such as those for financial services without payment, have no counterpart in the CPI. Certain types of expenditures, such as brokerage charges and investment advice and management, also have no CPI counterparts.

Several of the changes in the PCE structure bring closer correspondence with services industries in NAICS. Food services and accommodation in PCE parallels the NAICS industry accommodation and food services. Financial services and insurance in PCE parallels the NAICS sector finance and insurance. The classification of NPISH final consumption expenditures—particularly religious organizations, grantmaking and giving services, social advocacy, and civic and social organizations—closely parallels NAICS industries.

### **Historical restatement of PCE**

The historical restatement of PCE uses the detail avail-

able in the benchmark input-output (I-O) accounts for 1967–97. In these accounts, commodity and item-level detail of the PCE category estimates are available. All PCE categories consist of one or more commodities, which in turn consist of one or more items. For instance, bedroom furniture is included in the commodity wood household furniture, which in turn is included in the PCE commodity category furniture.

The PCE restatement allocates item-level detail from the benchmark I-O accounts to the new PCE categories for benchmark years, and it interpolates and extrapolates the allocation ratios derived from these estimates for benchmark years between and from benchmark years. Before 1967, allocation ratios derived for 1967 are used and account for differences in category detail, particularly before 1959. In some cases, particularly in services, detailed annual estimates are made below the time-series level, and these estimates are used when possible to estimate the newly defined categories.

Restated estimates will be prepared for the entire NIPA time series: annual estimates for 1929 forward, quarterly estimates for 1947 forward, and monthly estimates for 1959 forward. The lack of sufficient quarterly detail for PCE services before 1959 necessitates quarterly estimates of total services only for 1947 to 1958. The restated estimates will be released with the NIPA benchmark estimates in July 2009. Because the scope of PCE is not changed by the reclassification, total current-dollar PCE in the benchmark estimates before 1998 will be changed only if there are statistical restatements for any of the PCE categories. Total current-dollar PCE for 1998 forward will be changed from currently published values because of the incorporation of the 2002 I-O benchmark estimates and new and revised source data for more recent years. Modest changes in quantity and price indexes and chained-dollar estimates are expected throughout the time series because of improved deflation from more precise matching of PCE components and price indexes.



### SNA Classifications

In the 1993 System of National Accounts (SNA), the Classification of Individual Consumption by Purpose (COICOP) classifies “individual consumption” by function or purpose for three sectors: households, general government, and nonprofit institutions serving households (NPISHs). Household consumption expenditures comprise actual and imputed expenditures by resident households on consumption goods and services, including purchases from NPISHs; the expenses net of sales to households of NPISHs; and final consumption expenditures of government which are for individual rather than collective consumption.

The COICOP has major functional categories and primary subaggregates for each of the major categories. The Classification of the Purposes of Nonprofit Institutions Serving Households (COPNI) has only major functional categories.

In October 1998, the Organisation for Economic Cooperation and Development (OECD) published a COICOP that consists of 12 categories for individual consumption expenditures of households, a category for the individual consumption expenditures of NPISHs, and a category for the individual consumption expenditures of general government.<sup>1</sup> This classification was subsequently approved by the United Nations Statistical Commission in March 1999 and was published in 2000.<sup>2</sup> The 1993 SNA COICOP and COPNI structures were updated and published by the United Nations in 2004.<sup>3</sup>

The COICOP structure is as follows:

- Individual consumption expenditure of households
  - Food and nonalcoholic beverages
  - Alcoholic beverages, tobacco, and narcotics
  - Clothing and footwear
  - Housing, water, electricity, gas, and other fuels
  - Furnishings, household equipment and routine household maintenance
  - Health
  - Transport
  - Communication
  - Recreation and culture
  - Education
  - Restaurants and hotels
  - Miscellaneous goods and services
- Individual consumption expenditure of nonprofit institutions serving households

Individual consumption expenditure of general government

These SNA-based functional classifications have been adopted by Canada, Australia, New Zealand, and European OECD countries. The functional classifications have been adapted to national requirements as needed.

COICOP is a demand-based structure: the household consumption expenditure categories and their ordering in COICOP are designed to broadly reflect differences in the responsiveness of expenditures to changes in household income. The types of expenditures with low responsiveness where percent changes in expenditures are generally less than percent changes in income are at the top of the categories; the expenditures that generally increase at a higher rate than changes in income are ranked lower. Measures of responsiveness are known as “income elasticity of demand.” Thus, food and nonalcoholic beverages, which reflect purchases for home use and which have a low income elasticity, are at the top of the hierarchy, and restaurant meals, which have a relatively high income elasticity, are much lower in the hierarchy, in a category with hotels. The inclusion of hotels in this category rather than with housing also reflects these differences. Empirical analysis of U.S. consumption and income data over time indicate that the rankings in the COICOP structure generally hold.

The COPNI structure is as follows:

- Housing
- Health
- Recreation and culture
- Education
- Social protection
- Other services

All the categories except social protection align with the categories for individual consumption of households. Social protection is a subcategory in the COICOP category of “miscellaneous goods and services.”

The SNA does not have a type-of-product structure, but it does categorize purchases by households as durable goods, semidurable goods, nondurable goods, and services. The SNA defines consumer durable goods as those goods that can be used repeatedly or continuously over a year or more. A semidurable good is one that can be used for longer than a year, but whose lifetime is often significantly shorter than that of a durable good and whose purchase price is substantially less. A nondurable good is one that is used up entirely in less than a year, assuming an average rate of physical use. Services are characterized by direct contact between the consumer and the service provider. They include hotels, bars, and restaurants; recreation, amusements, and cultural services; domestic services; and other personal services.

1. OECD, *Functional Classifications of the 1993 SNA: COICOP, COPNI, COFOG* (Paris: OECD, 1998).

2. United Nations, Department of Economic and Social Affairs, Statistics Division, *Classification of Expenditure According to Purpose*, Statistical papers series M, no. 84 (New York: United Nations, 2000)

3. United Nations, Department of Economic and Social Affairs, Statistics Division, “Updates and Amendments to the System of National Accounts, 1993,” Studies in methods series F/2, rev 4., addendum 1 (New York: United Nations, 2004).

**Table 6. Classification of Individual Consumption by Purpose and the New Personal Consumption Expenditures (PCE) by Function**

Classification of individual consumption by purpose	New PCE classification by function
<b>Individual consumption expenditure</b>	<b>Personal consumption expenditures</b>
<b>Individual consumption expenditure of households</b>	<b>Household consumption expenditures</b>
Food and nonalcoholic beverages	Food and beverages purchased for off-premise consumption
Food	Food and non-alcoholic beverages purchased for off-premise consumption
Nonalcoholic beverages	Alcoholic beverages purchased for off-premise consumption
	Food produced and consumed on farms
Alcoholic beverages, tobacco and narcotics	
Alcoholic beverages	
Tobacco	
Narcotics	
Clothing and footwear	Clothing and footwear
Clothing	Clothing
Footwear	Footwear
Housing, water, electricity, gas and other fuels	Housing and utilities
Actual rentals for housing	Housing
Imputed rentals for housing	Rental of tenant-occupied nonfarm housing
Maintenance and repair of the dwelling	Imputed rental of owner-occupied nonfarm housing
Water supply and miscellaneous services relating to the dwelling	Rental value of farm dwellings
Electricity, gas and other fuels	Group housing
	Household utilities
	Water supply and sanitation
	Electricity, gas and other fuels
Furnishings, household equipment and routine household maintenance	Furnishings, household equipment and routine household maintenance
Furniture and furnishings, carpets and other floor coverings	Furniture, furnishings and floor coverings
Household textiles	Household textiles
Household appliances	Household appliances
Glassware, tableware and household utensils	Glassware, tableware and household utensils
Tools and equipment for house and garden	Tools and equipment for house and garden
Goods and services for routine household maintenance	Other household goods and services
Health	Health
Medical products, appliances and equipment	Medical products, appliances and equipment
Out-patient services	Out-patient services
Hospital services	Hospital and nursing homes services
Transport	Transportation
Purchase of vehicles	Motor vehicles
Operation of personal transport equipment	Motor vehicle operation
Transport services	Public transportation
Communication	Communication
Postal services	Postal and delivery services
Telephone and telefax equipment	Telephone and facsimile equipment
Telephone and telefax services	Telecommunication services
	Internet access
Recreation and culture	Recreation
Audio-visual, photographic and information processing equipment	Video and audio equipment, computers and related services
Other major durables for recreation and culture	Sports and recreational goods and related services
Other recreational items and equipment, gardens and pets	Membership clubs, sports centers, parks, theaters, and museums
Recreational and cultural services	Magazines, newspapers, books, and stationery
Newspapers, books, and stationery	Gambling
Package holidays	Pets, pet products and services
	Photographic goods and services
	Package tours
Education	Education
Pre-primary and primary education	Educational books
Secondary education	Higher education
Post-secondary non-tertiary education	Nursery, elementary and secondary schools
Tertiary education	Commercial and vocational schools
Education not definable by level	
Restaurants and hotels	Food services and accommodations
Catering services	Food services
Accommodation services	Accommodations
Miscellaneous goods and services	Financial services and insurance
Personal care	Financial services
Prostitution	Insurance
Personal effects, not elsewhere classified	Other goods and services
Social protection	Personal care
Insurance	Personal items
Financial services, not elsewhere classified	Social services and religious activities
Other services, not elsewhere classified	Professional and other services
	Tobacco
	Net foreign travel and expenditures abroad by U.S. residents
	Foreign travel by U.S. residents
	Less: Expenditures in the United States by nonresidents
	Expenditures abroad by U.S. residents (net)
<b>Individual consumption expenditure of nonprofit institutions serving households</b>	<b>Final consumption expenditures of nonprofit institutions serving households</b>
Housing	Health
Health	Recreation
Recreation and culture	Education and research
Education	Social services
Social protection	Religious organizations
Other services	Grantmaking and giving services
	Social advocacy
	Civic and social organizations
	Professional, labor, political and legal organizations
<b>Individual consumption expenditure of general government</b>	
Housing	
Health	
Recreation and culture	
Education	
Social protection	

Table 7. New Structure for Personal Consumption Expenditure by Type of Product

	Billions of dollars					Billions of chained (2000) dollars					Chain-type price indexes (2000 = 100)				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
<b>Personal consumption expenditures.....</b>	<b>7,350.7</b>	<b>7,703.6</b>	<b>8,195.9</b>	<b>8,707.8</b>	<b>9,224.5</b>	<b>7,099.7</b>	<b>7,293.9</b>	<b>7,559.4</b>	<b>7,801.6</b>	<b>8,039.8</b>	<b>103.536</b>	<b>105.618</b>	<b>108.419</b>	<b>111.616</b>	<b>114.735</b>
<b>Total goods .....</b>	<b>2,623.0</b>	<b>2,732.1</b>	<b>2,901.4</b>	<b>3,087.7</b>	<b>3,251.2</b>	<b>2,642.4</b>	<b>2,750.8</b>	<b>2,875.1</b>	<b>2,991.8</b>	<b>3,098.8</b>	<b>99.265</b>	<b>99.321</b>	<b>100.917</b>	<b>103.207</b>	<b>104.918</b>
<b>Durable goods .....</b>	<b>959.8</b>	<b>979.8</b>	<b>1,023.1</b>	<b>1,065.4</b>	<b>1,093.3</b>	<b>1,003.6</b>	<b>1,060.9</b>	<b>1,128.4</b>	<b>1,184.8</b>	<b>1,230.6</b>	<b>95.634</b>	<b>92.353</b>	<b>90.671</b>	<b>89.921</b>	<b>88.844</b>
Motor vehicles and parts.....	413.6	414.8	418.6	425.9	415.1	413.6	425.3	432.8	432.7	419.4	100.009	97.534	96.726	98.417	98.982
New motor vehicles.....	249.7	258.0	259.3	256.8	241.2	255.2	267.4	271.1	267.0	252.3	97.832	96.474	95.682	96.184	95.598
Net purchases of used motor vehicles.....	117.0	108.2	108.4	114.8	117.9	113.7	112.2	114.0	115.7	117.0	102.885	96.477	95.093	99.217	100.725
Motor vehicle parts and accessories.....	46.9	48.6	50.8	54.3	56.1	45.0	46.2	48.1	50.2	49.9	104.257	105.149	105.632	108.134	112.477
Furnishings and durable household equipment.....	205.8	211.2	225.4	239.2	255.7	213.7	225.9	244.3	259.1	278.9	96.308	93.502	92.287	92.310	91.689
Furniture, furnishings and floor coverings.....	122.3	125.3	134.1	142.4	152.4	127.3	134.0	145.5	156.0	168.8	96.107	93.525	92.210	91.267	90.307
Household appliances.....	32.2	33.0	34.9	37.0	38.8	32.7	34.6	37.9	39.0	39.9	98.447	95.428	92.150	94.868	97.320
Glassware, tableware and household utensils.....	32.6	33.4	35.1	36.9	40.1	34.7	37.0	39.0	41.2	46.3	93.902	90.142	90.024	89.537	86.478
Tools and equipment for house and garden.....	18.6	19.6	21.3	22.8	24.4	19.0	20.3	21.9	22.8	24.2	98.293	96.104	97.120	99.922	101.028
Recreational goods and vehicles.....	228.2	238.0	256.8	273.0	287.1	264.4	295.1	334.5	375.9	419.7	86.282	80.656	76.750	72.607	68.402
Video, audio, photographic and information processing equipment and media.....	124.1	127.5	137.5	146.8	156.4	161.6	186.6	220.5	261.1	311.4	76.811	68.301	62.383	56.208	50.210
Sporting equipment, supplies, guns and ammunition.....	38.8	40.6	43.5	46.5	50.3	40.7	43.0	46.6	50.4	55.1	95.313	94.530	93.382	92.328	91.168
Sports and recreational vehicles.....	37.1	40.8	45.1	48.0	47.6	36.9	40.8	44.9	47.0	45.5	100.750	99.832	100.435	102.095	104.686
Recreational books.....	23.7	24.7	25.8	26.7	27.7	22.7	23.9	24.9	25.9	27.0	104.173	103.560	103.562	103.153	102.493
Musical instruments.....	4.5	4.5	4.8	5.0	5.1	4.4	4.5	4.9	5.0	5.2	100.859	99.927	98.705	98.568	98.449
Other durable goods.....	112.3	115.7	122.3	127.4	135.4	113.3	118.4	124.9	131.5	136.5	99.074	97.735	97.915	96.896	99.157
Jewelry and watches.....	51.2	52.8	56.2	58.4	62.2	52.7	56.3	59.5	62.7	65.2	97.254	93.921	94.490	93.106	95.384
Therapeutic appliances and equipment.....	30.0	30.8	32.4	33.8	36.0	29.3	29.9	30.9	31.7	32.9	102.536	102.835	104.657	106.623	109.314
Educational books.....	13.4	14.0	14.6	15.1	15.7	11.8	11.7	11.6	11.6	11.3	113.408	119.818	125.390	130.599	138.872
Luggage and similar personal items.....	12.9	13.3	14.0	14.8	15.7	14.0	14.5	16.1	18.5	19.3	92.270	92.079	87.012	79.805	81.346
Telephone and facsimile equipment.....	4.7	4.9	5.1	5.4	5.8	5.8	6.7	7.8	8.9	10.7	81.736	72.885	65.390	60.154	54.715
<b>Nondurable goods .....</b>	<b>1,663.2</b>	<b>1,752.3</b>	<b>1,878.3</b>	<b>2,022.3</b>	<b>2,157.9</b>	<b>1,640.1</b>	<b>1,692.5</b>	<b>1,752.1</b>	<b>1,814.4</b>	<b>1,876.6</b>	<b>101.407</b>	<b>103.531</b>	<b>107.206</b>	<b>111.461</b>	<b>114.990</b>
Food and beverages purchased for off-premise consumption.....	589.1	611.9	651.6	694.1	733.7	564.2	575.5	594.4	622.3	647.2	104.407	106.327	109.621	111.545	113.363
Food and nonalcoholic beverages purchased for off-premise consumption.....	512.8	532.3	564.4	599.3	631.5	490.9	500.4	514.3	536.1	555.5	104.451	106.385	109.754	111.788	113.678
Alcoholic beverages (purchased for off-premise consumption).....	75.8	79.1	86.7	94.2	101.7	72.8	74.6	79.8	85.7	91.4	104.188	105.950	108.672	109.893	111.300
Food produced and consumed on farms.....	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	94.696	107.165	123.770	127.507	122.618
Clothing and footwear.....	293.6	300.7	314.3	330.5	345.3	307.3	322.9	338.8	359.4	377.4	95.540	93.134	92.761	91.949	91.511
Garments.....	237.2	243.2	255.0	267.8	279.2	249.9	263.4	277.4	296.1	311.0	94.934	92.325	91.906	90.441	89.794
Other clothing materials and shoes.....	56.4	57.5	59.3	62.7	66.1	57.4	59.5	61.5	63.6	66.6	98.194	96.677	96.517	98.693	99.236
Gasoline and other energy goods.....	178.7	209.5	249.6	301.7	340.0	198.1	199.0	201.4	198.9	198.2	90.184	105.252	123.921	151.682	171.514
Motor vehicle fuels, lubricants, and fluids.....	164.5	192.7	231.5	280.7	318.6	181.9	183.2	186.7	186.1	186.9	90.434	105.214	123.990	150.840	170.500
Fuel oil and other fuels.....	14.1	16.8	18.1	21.0	21.4	16.2	15.9	14.7	12.9	11.5	87.340	105.701	123.062	163.149	185.433
Other nondurable goods.....	601.8	630.2	662.8	696.0	738.9	570.7	595.6	618.8	638.9	663.5	105.457	105.819	107.115	108.934	111.362
Pharmaceutical and other medical products.....	205.2	225.5	242.8	256.2	276.5	187.5	200.3	209.7	214.8	222.8	109.413	112.546	115.804	119.293	124.090
Recreational items.....	92.7	94.5	98.4	103.3	109.6	95.7	100.7	105.5	113.8	121.7	96.830	93.865	93.251	90.716	90.047
Household supplies.....	95.2	98.8	104.3	110.1	116.0	93.7	100.5	107.1	112.4	117.2	101.563	98.277	97.369	98.018	98.972
Personal care products.....	59.4	61.2	63.7	66.8	69.8	59.0	61.2	63.7	66.6	69.0	100.758	99.883	100.060	100.329	101.221
Tobacco.....	89.2	88.0	87.5	89.7	92.4	76.3	74.1	72.3	70.5	70.2	116.837	118.762	121.031	127.309	131.636
Magazines, newspapers, and stationery.....	56.2	57.5	61.0	64.8	69.3	54.8	55.8	58.9	61.5	64.7	102.481	102.957	103.595	105.443	107.002
Expenditures abroad by U.S. residents (net).....	4.0	4.8	5.0	5.0	5.3	3.7	3.6	3.3	3.1	3.0	108.178	134.461	152.934	163.451	175.815
<b>Services.....</b>	<b>4,727.8</b>	<b>4,971.5</b>	<b>5,294.4</b>	<b>5,620.1</b>	<b>5,973.3</b>	<b>4,459.2</b>	<b>4,547.9</b>	<b>4,691.6</b>	<b>4,820.1</b>	<b>4,953.4</b>	<b>106.023</b>	<b>109.316</b>	<b>112.848</b>	<b>116.598</b>	<b>120.589</b>
<b>Household consumption expenditures .....</b>	<b>4,565.1</b>	<b>4,802.2</b>	<b>5,114.6</b>	<b>5,438.3</b>	<b>5,781.4</b>	<b>4,308.1</b>	<b>4,387.5</b>	<b>4,522.0</b>	<b>4,652.8</b>	<b>4,781.6</b>	<b>105.966</b>	<b>109.451</b>	<b>112.848</b>	<b>116.598</b>	<b>120.589</b>
Housing and utilities.....	1,277.3	1,330.3	1,400.1	1,492.4	1,583.9	1,186.3	1,197.1	1,227.2	1,262.5	1,284.7	107.668	111.122	114.094	118.209	123.286
Housing.....	1,069.6	1,105.0	1,164.0	1,230.2	1,307.5	989.7	997.2	1,026.4	1,058.1	1,086.2	108.080	110.813	113.408	116.264	120.374
Household utilities.....	207.7	225.2	236.2	262.2	276.4	196.8	200.1	201.1	204.8	200.0	105.524	112.580	117.453	128.024	138.203
Health care.....	1,099.0	1,175.2	1,249.3	1,334.9	1,421.4	1,037.1	1,069.0	1,095.4	1,134.6	1,172.9	105.965	109.941	114.054	117.652	121.181
Out-patient services.....	525.0	562.1	602.8	643.2	684.0	502.1	527.0	558.8	573.5	599.2	104.556	106.675	109.451	112.147	114.156
Hospital and nursing home services.....	574.0	613.1	646.5	691.7	737.4	535.0	542.4	545.7	562.5	575.8	107.290	113.038	118.470	122.976	128.061
Transportation services.....	241.4	246.4	252.7	264.5	278.1	234.9	234.5	241.7	244.7	242.7	102.783	105.058	106.342	109.442	113.645
Motor vehicle services.....	191.2	192.3	195.5	204.9	215.3	180.2	178.0	178.5	181.7	184.4	106.130	108.025	109.508	112.768	116.765
Public transportation.....	50.2	54.1	57.2	59.6	62.8	54.8	56.8	59.7	60.5	60.8	91.681	95.171	95.836	98.427	103.215
Recreational services.....	282.3	299.1	323.2	338.6	360.3	265.8	273.2	287.5	293.0	301.5	106.218	109.476	112.400	115.568	119.516
Membership clubs, sports centers, parks, theaters and museums.....	103.4	106.6	112.3	115.8	121.7	97.2	96.6	99.4	100.0	101.4	106.411	110.330	112.940	115.814	119.995
Audio-video, photographic and information equipment processing services.....	74.5	78.7	85.5	89.2	94.9	69.8	71.7	76.1	77.7	80.2	106.820	109.688	112.421	114.676	118.384
Gambling.....	78.0	85.5	94.8	100.8	108.5	74.7	80.0	86.4	88.9	92.7	104.452	106.835	109.690	113.391	117.050
Other recreational services.....	26.4	28.3	30.7	32.9	35.3	24.2	25.0	25.9	26.6	27.5	109.005	113.525	118.418	123.575	128.286
Food services and accommodations.....	442.7	466.3	498.2	530.5	570.0	420.0	433.2	448.1	462.3	480.7	105.406	107.619	111.174	114.755	118.576
Food services.....	389.2	409.5	435.4	462.0	496.1	367.6	378.5	396.0	402.0	418.4	105.887	108.194	111.469	114.940	

Table 8. New Structure for Personal Consumption Expenditures by Function

[Billions of dollars]

	2002	2003	2004	2005	2006
<b>Personal consumption expenditures</b> .....	<b>7,350.7</b>	<b>7,703.6</b>	<b>8,195.9</b>	<b>8,707.8</b>	<b>9,224.5</b>
<b>Household consumption expenditures</b> .....	<b>7,188.0</b>	<b>7,534.3</b>	<b>8,016.3</b>	<b>8,526.0</b>	<b>9,032.6</b>
<b>Food and beverages purchased for off-premise consumption</b> .....	<b>589.1</b>	<b>611.9</b>	<b>651.6</b>	<b>694.1</b>	<b>733.7</b>
Food and nonalcoholic beverages purchased for off-premise consumption .....	512.8	532.3	564.4	599.3	631.5
Alcoholic beverages purchased for off-premise consumption .....	75.8	79.1	86.7	94.2	101.7
Food produced and consumed on farms .....	0.5	0.5	0.5	0.5	0.5
<b>Clothing and footwear</b> .....	<b>310.4</b>	<b>317.0</b>	<b>331.1</b>	<b>347.9</b>	<b>363.8</b>
Clothing .....	260.5	266.2	278.7	292.4	305.1
Garments .....	237.2	243.2	255.0	267.8	279.2
Clothing materials .....	6.5	6.7	7.1	7.3	7.6
Cleaning, repair, and rental of clothing .....	16.4	15.9	16.4	17.0	18.0
Standard clothing issued to military personnel .....	0.4	0.5	0.3	0.4	0.4
Footwear .....	49.9	50.7	52.4	55.5	58.6
<b>Housing and utilities</b> .....	<b>1,291.5</b>	<b>1,347.1</b>	<b>1,418.2</b>	<b>1,513.4</b>	<b>1,605.3</b>
Housing .....	1,069.6	1,105.0	1,164.0	1,230.2	1,307.5
Household utilities .....	221.8	242.0	254.3	283.2	297.8
Water supply and sanitation .....	55.1	57.8	60.6	63.3	66.4
Electricity, gas and other fuels .....	166.7	184.2	193.7	219.9	231.4
<b>Furnishings, household equipment and routine household maintenance</b> .....	<b>347.6</b>	<b>359.4</b>	<b>382.9</b>	<b>405.8</b>	<b>430.4</b>
Furniture, furnishings and floor coverings .....	116.8	119.5	127.8	135.7	145.4
Household textiles .....	36.3	37.4	39.5	41.5	43.6
Household appliances .....	36.2	37.1	39.2	41.5	43.4
Glassware, tableware and household utensils .....	32.6	33.4	35.1	36.9	40.1
Tools and equipment for house and garden .....	18.6	19.6	21.3	22.8	24.4
Other household goods and services .....	107.1	112.4	120.1	127.4	133.5
<b>Health</b> .....	<b>1,334.2</b>	<b>1,431.5</b>	<b>1,524.9</b>	<b>1,624.9</b>	<b>1,733.9</b>
Medical products, appliances and equipment .....	235.2	256.2	275.2	290.1	312.5
Pharmaceutical products .....	203.8	224.0	241.3	254.6	274.8
Therapeutic appliances and equipment .....	30.0	30.8	32.4	33.8	36.0
Other medical products .....	1.4	1.4	1.5	1.6	1.7
Out-patient services .....	525.0	562.1	602.8	643.2	684.0
Physician services .....	275.1	297.2	318.3	340.1	360.8
Dental services .....	72.2	74.6	80.2	85.2	90.3
Paramedical services .....	177.7	190.4	204.4	217.9	232.9
Hospital and nursing homes services .....	574.0	613.1	646.5	691.7	737.4
Hospitals .....	478.3	512.8	542.7	581.5	619.8
Nursing homes .....	95.6	100.3	103.8	110.2	117.5
<b>Transportation</b> .....	<b>819.6</b>	<b>853.9</b>	<b>902.8</b>	<b>971.0</b>	<b>1,011.8</b>
Motor vehicles .....	366.7	366.2	367.8	371.6	359.0
New motor vehicles .....	249.7	258.0	259.3	256.8	241.2
Net purchases of used motor vehicles .....	117.0	108.2	108.4	114.8	117.9
Motor vehicle operation .....	402.7	433.7	477.8	539.9	590.0
Motor vehicle parts and accessories .....	46.9	48.6	50.8	54.3	56.1
Motor vehicle fuels, lubricants, and fluids .....	164.5	192.7	231.5	280.7	318.6
Motor vehicle maintenance and repair .....	136.4	141.8	146.8	152.6	158.8
Other motor vehicle services .....	54.8	50.5	48.7	52.3	56.5
Public transportation .....	50.2	54.1	57.2	59.6	62.8
Ground transportation .....	19.9	20.8	21.8	22.9	24.6
Air transportation .....	28.3	31.2	33.3	34.4	35.6
Water transportation .....	2.0	2.0	2.1	2.3	2.5
<b>Communication</b> .....	<b>160.0</b>	<b>163.2</b>	<b>168.4</b>	<b>172.0</b>	<b>178.3</b>
Postal and delivery services .....	12.0	11.6	11.8	12.0	12.5
Telephone and facsimile equipment .....	4.7	4.9	5.1	5.4	5.8
Telecommunication services .....	130.2	131.2	134.5	136.0	139.3
Internet access .....	13.1	15.6	16.9	18.6	20.7
<b>Recreation</b> .....	<b>659.3</b>	<b>689.0</b>	<b>739.4</b>	<b>779.6</b>	<b>826.2</b>
Video and audio equipment, computers and related services .....	181.2	188.6	205.8	219.3	235.4
Sports and recreational goods and related services .....	145.5	151.9	161.9	171.2	178.7
Membership clubs, sports centers, parks, theaters, and museums .....	103.4	106.6	112.3	115.8	121.7
Magazines, newspapers, books, and stationery .....	79.8	82.2	86.8	91.5	97.0
Gambling .....	78.0	85.5	94.8	100.8	108.5
Pets, pet products and services .....	44.1	46.3	49.6	52.7	56.3
Photographic goods and services .....	20.9	21.1	20.8	20.4	19.8
Package tours .....	6.3	7.0	7.4	7.9	8.9
<b>Education</b> .....	<b>156.4</b>	<b>166.7</b>	<b>175.4</b>	<b>186.6</b>	<b>197.9</b>
Educational books .....	13.4	14.0	14.6	15.1	15.7
Higher education .....	85.4	92.5	98.1	105.0	111.8
Nursery, elementary, and secondary schools .....	28.3	29.8	31.3	32.8	34.4
Commercial and vocational schools .....	29.4	30.4	31.4	33.6	36.1
<b>Food services and accommodations</b> .....	<b>442.7</b>	<b>466.3</b>	<b>498.2</b>	<b>530.5</b>	<b>570.0</b>
Food services .....	389.2	409.5	435.4	462.0	496.1
Accommodations .....	53.5	56.8	62.8	68.5	73.9
<b>Financial services and insurance</b> .....	<b>573.7</b>	<b>596.5</b>	<b>663.7</b>	<b>713.7</b>	<b>755.6</b>
Financial services .....	369.8	371.6	407.7	435.0	462.6
Insurance .....	203.9	224.9	256.0	278.7	292.9
<b>Other goods and services</b> .....	<b>508.9</b>	<b>532.4</b>	<b>559.3</b>	<b>586.3</b>	<b>621.6</b>
Personal care .....	129.7	136.4	146.9	155.1	165.7
Personal items .....	64.1	66.1	70.2	73.1	77.8
Social services and religious activities .....	103.0	109.5	116.4	123.0	131.7
Professional and other services .....	122.9	132.3	138.3	145.3	154.0
Tobacco .....	89.2	88.0	87.5	89.7	92.4
<b>Net foreign travel and expenditures abroad by U.S. residents</b> .....	<b>-5.1</b>	<b>-0.5</b>	<b>0.8</b>	<b>0.1</b>	<b>4.1</b>
Foreign travel by U.S. residents .....	78.2	80.5	92.5	100.0	108.7
Less: Expenditures in the United States by nonresidents .....	87.4	85.8	96.8	104.9	109.9
Expenditures abroad by U.S. residents (net) .....	4.0	4.8	5.0	5.0	5.3
<b>Final consumption expenditures of nonprofit institutions serving households</b> .....	<b>162.7</b>	<b>169.4</b>	<b>179.6</b>	<b>181.8</b>	<b>191.9</b>