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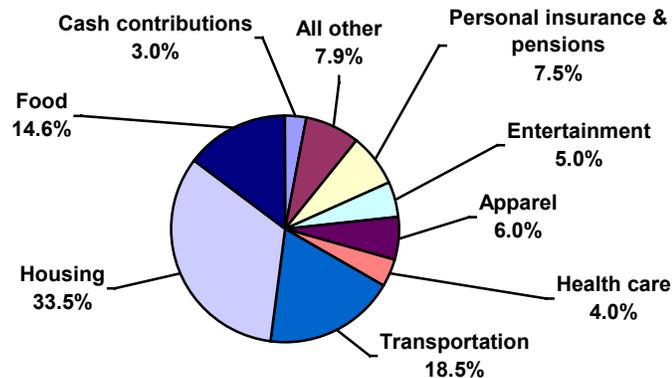
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CONSUMER SPENDING PATTERNS IN DETROIT-ANN ARBOR, 1999-2000

Households¹ in the Detroit-Ann Arbor metropolitan area spent an average of \$41,360 per year in 1999-2000, 9.9 percent more than the national average, according to the Bureau of Labor Statistics of the U.S. Department of Labor. Detroit area households spent 13.6 percent more for housing, the largest component of the budget, than did households nationwide. Expenditures in most other major categories were also above the national average, in particular food and apparel. Still, Detroit households spent less on health care and close to the U.S. average on transportation, cash contributions, and education.

The typical Detroit household spent a slightly larger share of its total budget for food, housing, and transportation (66.5 percent) than the average U.S. household (65.1 percent). (See table 1.) Among other selected metropolitan areas in the Midwest, the percentage of Detroit's budget spent on these three items was higher than in Chicago (64.9 percent) and Minneapolis-St. Paul (59.6 percent), but below

Detroit Expenditure Shares
Consumer Expenditure Survey 1999-2000



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

that spent in Cleveland (67.3 percent). (Expenditure levels for the four metropolitan areas are presented in table 2. Geographical boundaries of areas referenced in this release are contained in the Technical Note.)

This report contains annual data averaged over a two-year period, 1999 and 2000. The data are from the Consumer Expenditure Survey (CEX), 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 CEX 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.

On average, spending on housing accounted for 33.5 percent of total household expenditures in the Detroit area. Among the other three metropolitan areas, expenditure shares for housing were higher only in Chicago (35.3 percent). Households in Minneapolis-St. Paul spent 31.3 percent of their budget on housing while in Cleveland, housing expenditures averaged 32.4 percent, matching the national average during the 1999-2000 period. The majority of housing expenditures in Detroit (55.6 percent) went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items. Still, consumer units in Detroit spent a smaller percentage of their budget on shelter than did those in the three other metropolitan areas. Spending on utilities, fuels and services comprised 19.0 percent of the housing budget. This was above expenditure shares for this category in Chicago and Minneapolis-St. Paul, but below that in Cleveland. (See table A.) On average, utility costs accounted for 20.0 percent of all housing expenses in the U.S. The rate of home ownership in Detroit averaged 72 percent, not much different than in Cleveland (73 percent). Home ownership in Chicago (65 percent) and Minneapolis St. Paul (67 percent), on the other hand, matched or was close to the 65 percent national average.

Table A. Percent distribution of housing expenditures for the U.S. and selected areas, 1999-2000

Item	U.S. Average	Detroit	Chicago	Cleveland	Minneapolis-St. Paul
Total	100.0	100.0	100.0	100.0	100.0
Shelter	58.0	55.6	61.3	56.9	59.4
Utilities, fuels & services	20.0	19.0	18.2	20.6	15.4
Household operations	5.5	5.0	5.0	3.7	6.7
Housekeeping supplies	4.0	4.7	3.5	4.5	4.3
Household furnishings	12.5	15.6	12.0	14.3	14.2

Transportation was the second largest expenditure category in the Detroit area, accounting for 18.5 percent of a household's budget. Households in Chicago and Minneapolis-St. Paul spent a smaller proportion on transportation, 17.1 and 16.6 percent, respectively, and those in Cleveland spent a larger share, 21.3 percent. With the exception of Cleveland, expenditure shares in the Midwest areas were less than the national average of 19.2 percent. Transportation costs totaled \$7,635 in Detroit, of which 94.7 percent was spent buying, operating, and maintaining private vehicles—close to the 94.3 percent nationwide share. The remaining 5.3 percent was spent on public transportation. At 5.4 percent, Cleveland households spent a similar percentage of their transportation budget on public transit. In the Twin Cities and Chicago, public transportation represented 8.9 and 9.9 percent of a household's transportation expenditures, respectively. (See table 2 for detailed expenditure information). The average number of vehicles per household in Detroit was 2.0, the same as in Cleveland. Vehicle ownership was lower in Chicago at 1.7 and higher in the Twin Cities at 2.5. Nationally, the number of vehicles per household averaged 1.9.

Detroit households spent 14.6 percent of their budget on food, the highest among the selected Midwest areas and above the 13.5 percent spent nationally. Detroit consumer units spent 54.6 percent of their food budget on food prepared at home—below the national average of 58.3 percent. The remaining 45.4 percent of the Detroit household food budget was spent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs.

Payments for personal insurance and pensions accounted for 7.5 percent of the typical Detroit household budget, similar to the 7.7 percent share in Chicago. The portion of expenditures spent on this category was a bit higher in Cleveland (8.2 percent), but still below the 9.0 percent nationwide share. Payments for personal insurance and pensions accounted for 14.6 percent of a Minneapolis-St. Paul household budget, the largest share among the four metropolitan areas. Social Security and pension contributions accounted for 88 percent of a Detroit household's expenses in this category.

Spending on apparel and services accounted for 6.0 percent of total expenditures in Detroit—the highest among the selected Midwest metropolitan areas. Among the other areas, the expenditure shares spent on apparel were closer to or matched the 4.8 percent nationwide average.

Out-of-pocket health care expenses, which includes health insurance premiums, medical services, drugs (prescription and nonprescription) and medical supplies, accounted for 4.0 percent of total household expenditures in Detroit, the lowest among the four metropolitan areas. Among the three other areas, expenditure shares for health care averaged 4.7 percent in both Minneapolis-St. Paul and Chicago and 4.6 percent in Cleveland. All four areas were below the 5.3 percent share spent by households nationwide on health care.

Detroit area consumer units spent 5.0 percent of their budgets on entertainment. This was in-line with the nationwide average (5.1 percent) and with the share spent by households in Cleveland (4.8 percent) and Chicago (4.7 percent).

Of the four areas, households in Minneapolis-St. Paul spent the largest share on entertainment, 5.9 percent.

Cash contributions accounted for 3.0 percent of all expenditures in Detroit, similar to the 3.2 percent spent by households nationally. Expenditure shares in the other three selected areas ranged from 2.5 percent in Cleveland to 5.6 percent in Chicago.

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Additional Data Available

Data tables are available for the four Census regions and for the national average. These tables may be obtained from the Bureau's automated Fax-on-Demand service. See below. Additional tables are offered under the heading "*Tables*" on the BLS Internet site www.bls.gov/cex.

BLS Fax-on-Demand - Chicago (312) 353-1880	Number of pages	Document no.
Consumer Expenditures in 2000 - national news release (annual)	2	2705
Data tables containing consumer expenditures -		
By quintiles of income before taxes (Table 1)	3	2710
By income before taxes (Table 2)	3	2715
By age of reference person (Table 3)	3	2720
By size of consumer unit (Table 4)	3	2725
By composition of consumer unit (Table 5)	3	2730
By number of earners (Table 6)	3	2735
By housing tenure, race, Hispanic origin and type of area - urban or rural (Table 7)	3	2740
By region of residence (Table 8)	3	2745
By occupation of reference person (Table 9)	3	2750
By education of reference person (Table 10)	3	2760

TECHNICAL NOTE

The current Consumer Expenditure Survey (CEX) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a Diary or recordkeeping survey, and an Interview survey. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased, smaller items. The Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the Census collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis,

with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully. 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:

Detroit-Ann Arbor-Flint, Michigan, includes the counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.

Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin, includes the counties of Cook, Dekalb, DuPage, Grundy, Kankakee, Kane, Kendall, Lake, McHenry, and Will in Illinois; Lake and Porter in Indiana; and Kenosha in Wisconsin.

Cleveland-Akron, Ohio, includes the counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit.

Minneapolis-St. Paul, Minnesota-Wisconsin, includes the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright in Minnesota; and Pierce and St. Croix in Wisconsin.

Definitions

Consumer unit - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household 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. Consumer unit characteristics and percent distribution of expenditures, U.S. average and selected metropolitan areas, Consumer Expenditure Survey, 1999-2000

Item	United States Average	Detroit	Chicago	Cleveland	Minneapolis-St. Paul
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$44,299	\$49,041	\$51,332	\$48,578	\$60,574
Age of reference person	48.0	48.3	48.0	50.8	46.5
Average number in consumer unit:					
Persons	2.5	2.7	2.7	2.4	2.4
Children under 18	.7	.9	.8	.6	.6
Persons 65 and over	.3	.3	.3	.3	.2
Earners	1.4	1.3	1.4	1.3	1.5
Vehicles	1.9	2.0	1.7	2.0	2.5
Percent homeowner	65	72	65	73	67
Average annual expenditures					
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.5	14.6	12.6	13.6	11.6
Alcoholic beverages	.9	1.0	1.0	.8	1.3
Housing	32.4	33.5	35.3	32.4	31.3
Apparel & services	4.8	6.0	4.8	4.7	4.5
Transportation	19.2	18.5	17.1	21.3	16.6
Health Care	5.3	4.0	4.7	4.6	4.7
Entertainment	5.1	5.0	4.7	4.8	5.9
Personal care products & services	1.5	1.5	1.5	1.5	1.3
Reading	.4	.4	.4	.4	.5
Education	1.7	1.5	2.4	1.4	1.3
Tobacco products & smoking supplies	.8	1.1	.7	.9	.8
Miscellaneous	2.2	2.4	1.7	3.1	2.4
Cash contributions	3.2	3.0	5.6	2.5	3.0
Personal insurance & pensions	9.0	7.5	7.7	8.2	14.6

1/ Components of income and taxes are derived from "complete income reporters" only; see definitions.

Table 2. Average annual expenditures, U.S. average and selected metropolitan areas, Consumer Expenditure Survey, 1999-2000

Item	United States Average	Detroit	Chicago	Cleveland	Minneapolis-St. Paul
Average annual expenditures	\$37,622	\$41,360	\$43,437	\$38,834	\$49,893
Food	5,094	6,040	5,452	5,274	5,794
Food at home	2,968	3,295	2,936	3,107	3,133
Food away from home	2,126	2,745	2,516	2,167	2,661
Alcoholic beverages	345	428	422	315	663
Housing	12,188	13,845	15,322	12,567	15,637
Shelter	7,065	7,704	9,396	7,156	9,285
Utilities, fuels & services	2,433	2,637	2,796	2,584	2,414
Household operations	675	697	762	463	1,041
Housekeeping supplies	490	651	535	570	670
Household furnishings	1,524	2,157	1,833	1,795	2,226
Apparel & services	1,816	2,498	2,095	1,815	2,266
Transportation	7,215	7,635	7,418	8,277	8,303
Vehicle purchases (net outlay)	3,362	2,871	3,374	4,253	3,312
Gasoline & motor oil	1,173	1,268	1,120	1,073	1,348
Other vehicle expenses	2,268	3,093	2,193	2,506	2,906
Public transportation	412	403	731	445	736
Health care	2,012	1,638	2,033	1,770	2,334
Entertainment	1,902	2,071	2,054	1,861	2,959
Personal care products & services	552	638	644	584	656
Reading	153	173	157	172	267
Education	633	602	1,022	535	634
Tobacco products & smoking supplies	309	463	289	332	384
Miscellaneous	821	972	757	1,203	1,185
Cash contributions	1,187	1,236	2,414	953	1,509
Personal insurance & pensions	3,393	3,122	3,358	3,176	7,302
Life & other personal insurance	397	376	354	357	491
Pensions & Social Security	2,997	2,746	3,003	2,818	6,811