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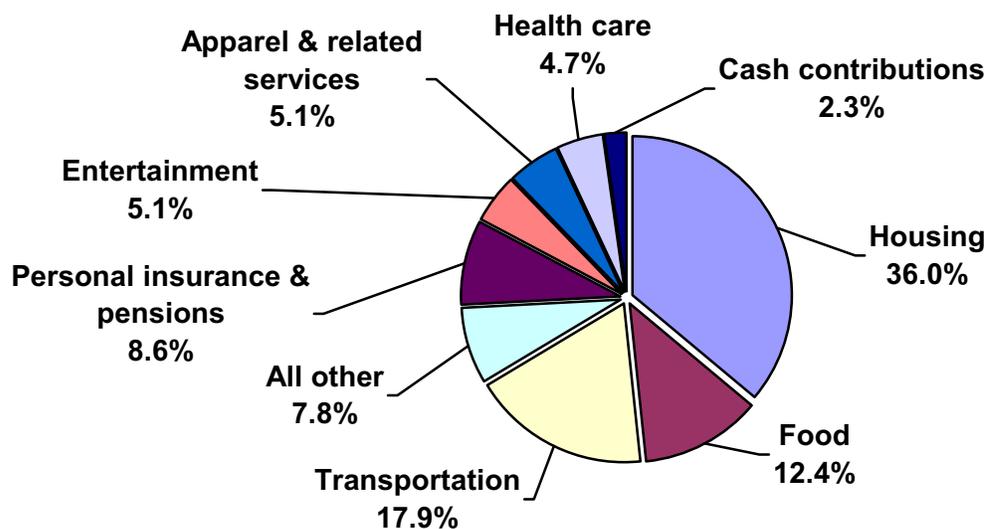
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CONSUMER SPENDING PATTERNS IN CHICAGO-GARY-KENOSHA, 2001-2002

Consumer units¹ in the Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin metropolitan area spent an average of \$47,861 per year in 2001-2002, a 10.2 percent increase from 1999-2000, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Jay A. Mousa noted that this figure was 19.3 percent higher than the \$40,102 expenditure level for a typical household in the United States. Not only did households in the Chicago area spend more than the U.S. average, they also allocated their dollars differently. Expenditures for food, transportation, and health care all accounted for smaller portions of the total budget in the Chicago area than they did nationwide. On the other hand, spending on housing and apparel and related services represented larger than average shares of the total budget in Chicago.

**Chicago Expenditure Shares
Consumer Expenditure Survey 2001-2002**



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

Two thirds (66.3 percent) of the typical Chicago household budget was spent on food, housing, and transportation—close to the 65.3 percent spent by the average U.S. household. (See table 1.) Among households in three other large metropolitan areas selected for comparison, Detroit and New York also had shares close to the national average while Los Angeles, with a 68.2 percent share, spent a larger than average portion of its budget on these three expenditure categories.

This report contains annual data averaged over a two-year period—2001 and 2002. The data are from the Consumer Expenditure Survey, which is collected on an ongoing basis by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The Consumer Expenditure Survey is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Survey data cannot be used to make cost of living comparisons between areas. Expenditures vary among areas not only because of economic factors such as the price of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, expenditure shares, or the percentage of a consumer unit's budget spent on a particular category, can be used to compare spending patterns across areas. The survey provides average expenditures for consumer units. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

Housing, the largest expenditure category for a Chicago area household, accounted for 36.0 percent of the total budget, exceeding the 32.8 percent national average. In comparison, expenditure shares for housing were also higher in New York (37.4 percent) and Los Angeles (37.1 percent), but close to the national norm in Detroit (33.0 percent). The majority of housing costs in Chicago went for shelter (61.9 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items. (See table A.) Utilities, fuels and public services accounted for 18.6 percent of total housing expenditures; nationally, it made up 20.7 percent. The rate of homeownership in Chicago, at 69 percent, exceeded the national average of 66 percent. Home ownership rates were higher than average in Detroit (74 percent), but considerably lower in Los Angeles (55 percent) and New York (56 percent).

Table A. Percent distribution of housing expenditures, U.S. and selected metropolitan areas, 2001-2002

Item	United States	Chicago	Detroit	Los Angeles	New York
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.7	61.9	59.7	66.3	65.4
Utilities, fuels & public services	20.7	18.6	19.8	14.6	16.1
Household operations	5.3	4.8	5.0	5.7	6.3
Housekeeping supplies	4.0	3.6	3.5	2.7	2.9
Household furnishings & equip.	11.3	11.1	12.1	10.6	9.3

At 17.9 percent, transportation was the second largest expenditure category in the Chicago area; this was below the national average of 19.2 percent. Shares in the other selected major metropolitan areas ranged from 19.9 percent in Detroit to 15.3 percent in New York. Of the \$8,571 annual expenditure for transportation in Chicago, 91.8 percent was spent buying and maintaining private vehicles. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Chicago

was 1.7, below the national number of 2.0. The remaining 8.2 percent of a Chicago household's transportation budget was spent on public transit which includes taxis, buses, trains, and planes; well above the 5.1 percent average nationwide. Of the four metropolitan areas under comparison, only New York averaged a lower number of vehicles per household (1.4) and spent a higher percentage of their transportation dollars (14.0 percent) on public transit. Los Angeles and Detroit were close to the national norm in both of these categories.

Chicago consumer units spent 12.4 percent of their budget on food, below the 13.3 percent national average. Of the other three selected major metropolitan areas, only New York's percentage (13.7) was greater than that for the U.S. Households in Chicago spent \$5,934 or 56.6 percent of their annual food budget on food prepared at home, joining the other three major metropolitan areas with shares lower than the 57.8 percent national average. (See table 2.) Conversely, Chicago households spent a larger than average share of their food budget, 43.4 percent, 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 8.6 percent of the typical Chicago household's budget, the smallest share among the four metropolitan areas. All of the selected major metropolitan areas were below the 9.5 percent national average.

Spending on apparel and related services accounted for 5.1 percent of total expenditures in Chicago, which was higher than the 4.4 percent national average. Of the four major metropolitan areas, households in Detroit and New York also had shares for clothing exceeding 5.0 percent.

Out-of-pocket health care expenses, which includes health insurance premiums, medical services, drugs (prescription and nonprescription) and medical care supplies, accounted for 4.7 percent of total household expenditures in Chicago. All of the four selected areas were below the national average of 5.7 percent.

Chicago area households spent 5.1 percent of their budgets on entertainment, close to the 5.0 percent share allocated nationally. In the other selected major metropolitan areas, shares were also close to the national average in Detroit (5.3 percent) and Los Angeles (4.8 percent).

Cash contributions accounted for 2.3 percent of a consumer unit's spending in Chicago, lower than the national average of 3.2 percent. Shares for households in the other areas ranged from 2.1 percent in New York to 3.6 percent in Detroit.

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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 2002 - national news release (annual)	2	2705
Data tables containing consumer expenditures -		
By quintiles of income before taxes (Table 1)	4	2710
By income before taxes (Table 2)	4	2715
By age of reference person (Table 3)	4	2720
By size of consumer unit (Table 4)	4	2725
By composition of consumer unit (Table 5)	4	2730
By number of earners (Table 6)	4	2735
By housing tenure, race, Hispanic origin and type of area - urban or rural (Table 7)	4	2740
By region of residence (Table 8)	4	2745
By occupation of reference person (Table 9)	4	2750
By education of reference person (Table 10)	4	2760

Technical Note

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

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

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview 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 consumer unit preferences or characteristics such as consumer unit size, age, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other

processing errors. The year-to-year changes are volatile and should be interpreted carefully. The sample survey for the nation is much larger than for individual metropolitan areas, meaning the resulting national estimates are more reliable than those for the metropolitan areas.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

The Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed in this release:

Chicago-Gary-Kenosha, Illinois-Indiana-Wisconsin CMSA which is comprised of Cook, DeKalb, DuPage, Grundy, Kankakee, Kane, Kendall, Lake, McHenry, and Will Counties, Illinois; Lake and Porter Counties, Indiana; and Kenosha County, Wisconsin;

Detroit-Ann Arbor-Flint, Michigan CMSA which is comprised of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties;

New York-Northern New Jersey-Long Island, New York-New Jersey-Connecticut CMSA which is comprised of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, and Westchester Counties, New York; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties, New Jersey; Fairfield County and parts of Litchfield, Middlesex, and New Haven Counties, Connecticut; and Pike County, Pennsylvania; and

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

The Consumer Expenditure Survey also provides data for the four regions of the country as defined by the U.S. Bureau of the Census - Northeast, South, Midwest, and West. Data for metropolitan areas presented in tables 1 and 2 of this release are part of the Midwest region which includes the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; the Northeast region which includes the states of Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, and Vermont; and the West region which includes the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Definitions

Consumer unit - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household and consumer unit are used interchangeably for convenience.

Complete income reporter - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Expenditures - 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. and selected metropolitan areas, Consumer Expenditure Survey, 2001-2002

Item	United States	Chicago	Detroit	Los Angeles	New York
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$48,484	\$61,853	\$54,200	\$55,543	\$62,998
Age of reference person	48.1	47.7	49.0	47.4	48.8
Average number in consumer unit:					
Persons	2.5	2.8	2.6	2.8	2.7
Children under 18	.7	.8	.7	.8	.7
Persons 65 and over	.3	.3	.3	.3	.3
Earners	1.4	1.5	1.3	1.5	1.4
Vehicles	2.0	1.7	2.1	1.9	1.4
Percent homeowner	66	69	74	55	56
Average annual expenditures	\$40,102	\$47,861	\$44,491	\$47,459	\$49,931
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.3	12.4	12.2	12.4	13.7
Alcoholic beverages	.9	1.1	.9	.9	.9
Housing	32.8	36.0	33.0	37.1	37.4
Apparel & services	4.4	5.1	5.3	4.2	5.7
Transportation	19.2	17.9	19.9	18.7	15.3
Health Care	5.7	4.7	4.8	4.3	4.6
Entertainment	5.0	5.1	5.3	4.8	4.5
Personal care products & services	1.3	1.2	1.5	1.3	1.3
Reading	.3	.3	.4	.3	.4
Education	1.7	2.0	1.6	1.7	2.1
Tobacco products & smoking supplies	.8	.7	.9	.4	.5
Miscellaneous	1.9	2.5	1.9	2.2	2.6
Cash contributions	3.2	2.3	3.6	2.6	2.1
Personal insurance & pensions	9.5	8.6	8.8	9.1	8.9

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

Table 2. Average annual expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2001-2002

Item	United States	Chicago	Detroit	Los Angeles	New York
Average annual expenditures	\$40,102	\$47,861	\$44,491	\$47,459	\$49,931
Food	5,348	5,934	5,422	5,883	6,859
Food at home	3,092	3,358	2,989	3,215	3,855
Food away from home	2,256	2,576	2,434	2,668	3,004
Alcoholic beverages	362	510	421	414	454
Housing	13,148	17,239	14,663	17,602	18,668
Shelter	7,716	10,668	8,748	11,675	12,203
Utilities, fuels & public services	2,725	3,206	2,904	2,576	3,004
Household operations	691	820	726	1,012	1,168
Housekeeping supplies	527	622	506	478	548
Household furnishings & equip.	1,488	1,922	1,779	1,861	1,745
Apparel & services	1,746	2,458	2,337	2,001	2,840
Transportation	7,697	8,571	8,870	8,861	7,658
Vehicle purchases (net outlay)	3,622	4,061	3,376	3,923	2,917
Gasoline & motor oil	1,257	1,327	1,380	1,475	1,051
Other vehicle expenses	2,423	2,476	3,649	2,955	2,618
Public transportation	394	707	465	508	1,071
Health care	2,267	2,255	2,155	2,031	2,277
Entertainment	2,017	2,463	2,356	2,301	2,232
Personal care products & services	505	585	651	608	629
Reading	140	151	170	158	177
Education	700	948	694	826	1,063
Tobacco products & smoking supplies	314	313	394	190	267
Miscellaneous	771	1,218	850	1,037	1,313
Cash contributions	1,268	1,116	1,613	1,223	1,055
Personal insurance & pensions	3,818	4,102	3,896	4,325	4,439
Life & other personal insurance	408	392	383	318	433
Pensions & Social Security	3,410	3,710	3,513	4,007	4,005