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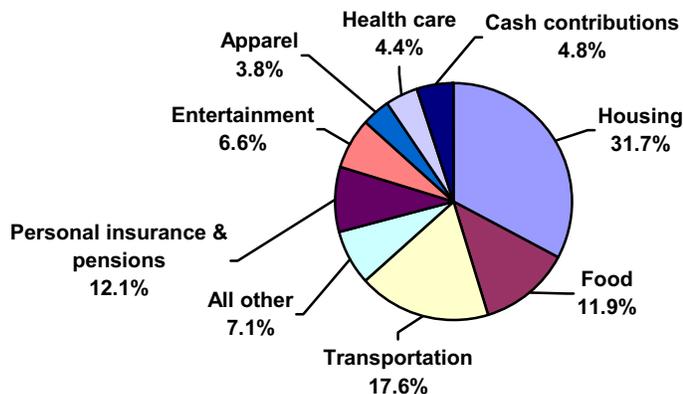
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CONSUMER SPENDING PATTERNS IN MINNEAPOLIS-ST. PAUL, 2001-02

Consumer units¹ in the Minneapolis-St. Paul, Minnesota metropolitan area spent an average of \$52,581 per year in 2001-02, a 5.4 percent increase from 1999-2000, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Jay Mousa noted that this figure was 31.1 percent higher than the \$40,102 expenditure level for a typical household in the United States. Not only did households in the Twin Cities spend more than the U.S. average, they also allocated their dollars differently. Expenditures for housing, transportation, food, and health care all accounted for smaller portions of the total budget in Minneapolis-St. Paul than they did nationwide. On the other hand, spending on entertainment, and personal insurance and pensions, represented larger than average shares of the total budget in the Twin Cities.

**Minneapolis-St. Paul Expenditure Shares
Consumer Expenditure Survey 2001-02**



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

The percentage of the total budget spent by a typical Minneapolis-St. Paul household for food, housing, and transportation was 61.2 percent--below the 65.3 percent spent by the average U.S. household. (See table 1.) In comparison to households in three other selected metropolitan areas in the Midwest region—Chicago, Detroit, and Milwaukee—those in the Twin Cities spent a smaller percentage of their budget on these three major components. Of the four areas, however, only Chicago exceeded the national distribution with a 66.3 percent share.

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 item, 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 Minneapolis-St. Paul household, accounted for 31.7 percent of total expenditures. This was the lowest share among the four midwestern areas and less than the 32.8 percent share spent nationally. The majority of housing costs in Minneapolis-St. Paul (60.8 percent) went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items. Utilities, fuels and public services accounted for 15.9 percent of total housing expenditures; nationally, it made up 20.7 percent. The rate of homeownership in Minneapolis-St. Paul, at 68 percent, was above the national average of 66 percent.

Table A. Percent distribution of housing expenditures for the U.S. and selected areas, 2001-02

Item	United States	Minneapolis-St. Paul	Chicago	Detroit	Milwaukee
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.7	60.8	61.9	59.7	61.1
Utilities, fuels & public services	20.7	15.9	18.6	19.8	17.6
Household operations	5.3	5.0	4.8	5.0	4.7
Housekeeping supplies	4.0	4.0	3.6	3.5	3.9
Household furnishings	11.3	14.3	11.1	12.1	12.7

At 17.6 percent, transportation was the second largest expenditure category in the Minneapolis-St. Paul area; this was below the national average of 19.2 percent. Shares in the other areas in the Midwest ranged from 19.9 percent in Detroit to 16.8 percent in Milwaukee. Chicago's expenditure share, at 17.9 percent, was about the same

as Minneapolis-St. Paul's. Of the \$9,266 annual expenditure on transportation in Minneapolis-St. Paul, 92.9 percent was spent buying and maintaining private vehicles. (See table 2 for detailed expenditure levels.) The average number of vehicles per household in Minneapolis-St. Paul was 2.6. This was considerably higher than the national average of 2.0 vehicles and greater than in the other three midwestern cities. The remaining 7.1 percent of a Minneapolis-St. Paul household's transportation budget was spent on public transit which includes taxis, buses, trains, and planes.

Minneapolis-St. Paul consumer units spent 11.9 percent of their budget on food, below the nationwide average of 13.3 percent. Of the other three metropolitan areas in the Midwest, only Milwaukee's percentage (13.1 percent) was close to that for the U.S., with the others falling below the national share. Of the \$6,270 annual food expenditure, households in the Twin Cities spent 55.3 percent on food prepared at home, joining the other three areas with shares lower than the 57.8 percent national average. Conversely, Minneapolis-St. Paul households spent a larger share of their food budget, 44.6 percent, on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs than did the average U.S. household at 42.2 percent.

Payments for personal insurance and pensions accounted for 12.1 percent of the typical Minneapolis-St. Paul household's budget, the highest share among the four Midwest areas. This was also above the 9.5-percent share spent nationally.

Spending on apparel and related services accounted for 3.8 percent of total expenditures in Minneapolis-St. Paul; the national average was 4.4 percent. Of the four midwestern areas, households in Detroit and Chicago 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 4.4 percent of a Minneapolis-St. Paul household's budget. None of the four selected Midwest areas exceeded the national average of 5.7 percent, though Milwaukee was fairly close at 5.4 percent.

Minneapolis-St. Paul area households spent 6.6 percent of their budget on entertainment, above the 5.0 percent share allocated nationally. On the other hand, entertainment's share of the budget was close to the nationwide average for households in Detroit, Chicago, and Milwaukee.

Cash contributions accounted for 4.8 percent of a consumer unit's spending in Minneapolis-St. Paul. Shares for households in Detroit and Milwaukee were closer to the 3.2 percent U.S. average, and Chicago trailed at 2.3 percent.

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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)	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 (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:

Minneapolis-St. Paul, Minnesota-Wisconsin MSA which is comprised of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties, Minnesota; and Pierce and St. Croix Counties, Wisconsin;

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; and

Milwaukee-Racine, Wisconsin CMSA which is comprised of Milwaukee, Ozaukee, Racine, Washington, and Waukesha Counties.

The Consumer Expenditure Survey also provides data for the four regions of the country as defined by the U.S. Census Bureau—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.

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. and selected metropolitan areas in the Midwest region, Consumer Expenditure Survey, 2001-2002

Item	United States	Minneapolis-St. Paul	Chicago	Detroit	Milwaukee
Consumer unit characteristics:					
Income before taxes <u>1</u> /	\$48,484	\$64,159	\$61,853	\$54,200	\$47,715
Age of reference person	48.1	46.5	47.7	49.0	50.2
Average number in consumer unit:					
Persons	2.5	2.3	2.8	2.6	2.5
Children under 18	.7	.6	.8	.7	.7
Persons 65 and over	.3	.2	.3	.3	.3
Earners	1.4	1.5	1.5	1.3	1.4
Vehicles	2.0	2.6	1.7	2.1	1.9
Percent homeowner	66	68	69	74	59
Average annual expenditures	\$40,102	\$52,581	\$47,861	\$44,491	\$40,341
Total (percent):	100.0	100.0	100.0	100.0	100.0
Food	13.3	11.9	12.4	12.2	13.1
Alcoholic beverages	.9	1.1	1.1	.9	1.4
Housing	32.8	31.7	36.0	33.0	34.6
Apparel & services	4.4	3.8	5.1	5.3	4.6
Transportation	19.2	17.6	17.9	19.9	16.8
Health Care	5.7	4.4	4.7	4.8	5.4
Entertainment	5.0	6.6	5.1	5.3	5.2
Personal care products & services	1.3	1.1	1.2	1.5	1.2
Reading	.3	.4	.3	.4	.4
Education	1.7	1.5	2.0	1.6	1.6
Tobacco products & smoking supplies	.8	.6	.7	.9	1.0
Miscellaneous	1.9	2.3	2.5	1.9	1.6
Cash contributions	3.2	4.8	2.3	3.6	3.7
Personal insurance & pensions	9.5	12.1	8.6	8.8	9.4

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 in the Midwest region, Consumer Expenditure Survey, 2001-2002

Item	United States	Minneapolis-St. Paul	Chicago	Detroit	Milwaukee
Average annual expenditures	\$40,102	\$52,581	\$47,861	\$44,491	\$40,341
Food	5,348	6,270	5,934	5,422	5,280
Food at home	3,092	3,470	3,358	2,989	2,898
Food away from home	2,256	2,799	2,576	2,434	2,382
Alcoholic beverages	362	575	510	421	565
Housing	13,148	16,668	17,239	14,663	13,968
Shelter	7,716	10,141	10,668	8,748	8,530
Utilities, fuels & services	2,725	2,648	3,206	2,904	2,462
Household operations	691	827	820	726	660
Housekeeping supplies	527	675	622	506	545
Household furnishings	1,488	2,377	1,922	1,779	1,772
Apparel & services	1,746	2,017	2,458	2,337	1,861
Transportation	7,697	9,266	8,571	8,870	6,796
Vehicle purchases (net outlay)	3,622	4,104	4,061	3,376	3,007
Gasoline & motor oil	1,257	1,425	1,327	1,380	1,207
Other vehicle expenses	2,423	3,082	2,476	3,649	2,274
Public transportation	394	654	707	465	308
Health care	2,267	2,297	2,255	2,155	2,175
Entertainment	2,017	3,457	2,463	2,356	2,084
Personal care products & services	505	568	585	651	491
Reading	140	233	151	170	176
Education	700	793	948	694	643
Tobacco products & smoking supplies	314	303	313	394	385
Miscellaneous	771	1,230	1,218	850	627
Cash contributions	1,268	2,533	1,116	1,613	1,499
Personal insurance & pensions	3,818	6,371	4,102	3,896	3,790
Life & other personal insurance	408	699	392	383	364
Pensions & Social Security	3,410	5,672	3,710	3,513	3,426