

# News

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## KANSAS CITY CONSUMER EXPENDITURES, 2000-2001

Consumer units<sup>1</sup> in the Kansas City, Missouri-Kansas, Metropolitan Statistical Area (MSA) spent an average \$40,520 per year in 2000-2001, according to the latest results from the Bureau of Labor Statistics' Consumer Expenditure Survey. According to Regional Commissioner Bob Gaddie, housing and transportation accounted for approximately half of consumer spending in the area. The typical Kansas City household was made up of 2.5 persons, including 1.4 wage earners, and had 2.1 vehicles. (See table 1.)

Over the two-year period, the average Kansas City household spent 31.7 percent of its budget on housing, making this the largest single expenditure component. Housing expenditures accounted for a slightly higher share of total expenditures for consumer units in Kansas City than for Midwest<sup>2</sup> households in general, but were lower than the typical U.S. share. Kansas City households spent a smaller proportion of their budgets on transportation -- 18.4 percent -- than was characteristic for the Midwest region or the United States, where budget shares in this category were 19.7 percent and 19.4 percent respectively. The difference was primarily due to lower proportional spending on vehicle purchases and public transportation in Kansas City. Expenditure shares for both education and apparel, 1.1 percent and 3.7 percent respectively, also were smaller for Kansas City consumers than for the overall Midwest region or the United States. In contrast, spending on personal insurance and pensions comprised a significantly higher proportion of overall spending by Kansas City households, 11.2 percent, as opposed to 9.3 percent for the Midwest and 9.2 percent for the United States. At 14.4 percent, food expenditures also were a higher share of expenditures in Kansas City.

Expenditure shares for other major categories included 5.6 percent spent on health care, 5.3 percent on entertainment, and 3.5 percent spent on cash contributions by Kansas City consumers. These spending patterns were largely similar to those in the Midwest region and the rest of the United States. (See chart 1.)

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<sup>1</sup> See glossary at the end of this report for a definition of consumer unit. The term consumer unit is used interchangeably with household for convenience.

<sup>2</sup> Geographical boundaries of the region and area referenced in this release are contained in the technical note.

Chart 1. Percent distribution of average annual expenditures, United States, Midwest region, and Kansas City MSA, 2000-2001

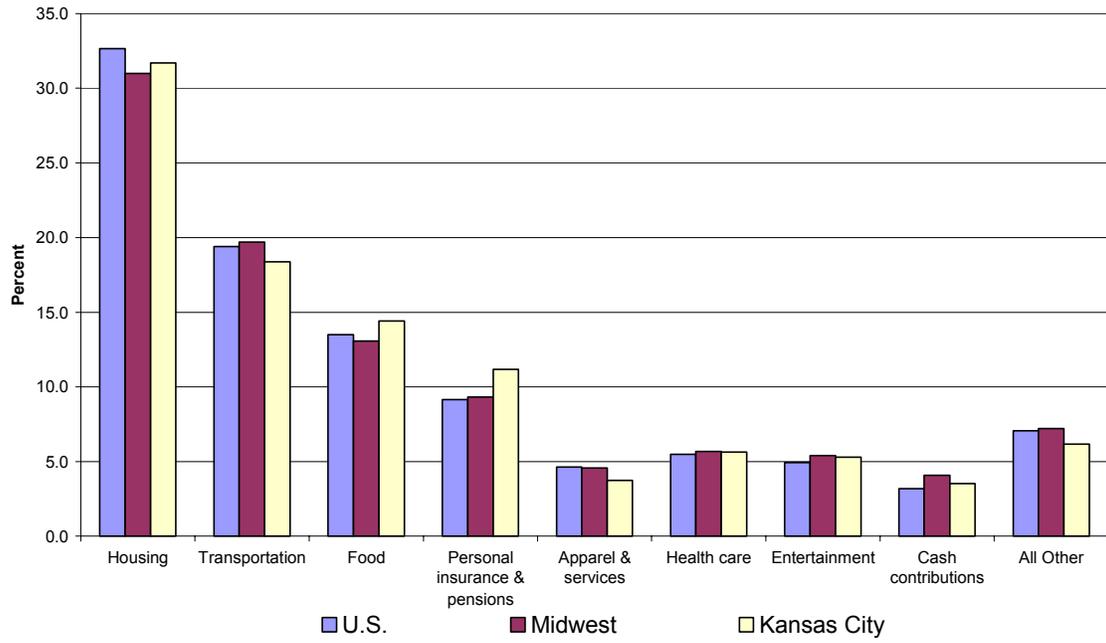


Table 1. Average annual expenditures and characteristics for the U.S., Midwest Region, and Kansas City MSA, Consumer Expenditure Survey, 2000-2001

Item	U.S.	Share of Total Expenditures	Midwest	Share of Total Expenditures	Kansas City	Share of Total Expenditures
Number of consumer units (in thousands)	109,853		25,780		773	
Consumer unit characteristics:						
Income before taxes a/	\$46,139		\$46,093		\$56,958	
Age of reference person	48.1		48.6		49.1	
Average number in consumer unit:						
Persons	2.5		2.5		2.5	
Children under 18	0.7		0.6		0.7	
Persons 65 and over	0.3		0.3		0.3	
Earners	1.4		1.4		1.4	
Vehicles	1.9		2.1		2.1	
Percent Homeowner	66		70		75	
Average annual expenditures	\$38,796	100.0%	\$39,410	100.0%	\$40,520	100.0%
Food	5,240	13.5%	5,153	13.1%	5,835	14.4%
Food at home	3,053	7.9%	2,913	7.4%	3,460	8.5%
Cereals and bakery products	453	1.2%	439	1.1%	533	1.3%
Meats, poultry, fish, and eggs	812	2.1%	720	1.8%	873	2.2%
Dairy products	328	0.8%	329	0.8%	391	1.0%
Fruits and vegetables	521	1.3%	470	1.2%	574	1.4%
Other food at home	939	2.4%	954	2.4%	1,089	2.7%
Food away from home	2,186	5.6%	2,240	5.7%	2,375	5.9%
Alcoholic beverages	360	0.9%	367	0.9%	312	0.8%
Housing	12,666	32.6%	12,210	31.0%	12,840	31.7%
Shelter	7,359	19.0%	6,845	17.4%	7,209	17.8%
Owned dwellings	4,791	12.3%	4,786	12.1%	5,248	13.0%
Rented dwellings	2,084	5.4%	1,540	3.9%	1,552	3.8%
Other lodging	483	1.2%	519	1.3%	409	1.0%
Utilities, fuels, and public services	2,628	6.8%	2,668	6.8%	3,184	7.9%
Household operations	680	1.8%	642	1.6%	554	1.4%
Housekeeping supplies	496	1.3%	503	1.3%	535	1.3%
Household furnishings and equipment	1,503	3.9%	1,551	3.9%	1,356	3.3%
Apparel and services	1,799	4.6%	1,805	4.6%	1,518	3.7%
Transportation	7,526	19.4%	7,761	19.7%	7,445	18.4%
Vehicle purchases (net outlay)	3,499	9.0%	3,627	9.2%	3,055	7.5%
Gasoline and motor oil	1,285	3.3%	1,360	3.5%	1,587	3.9%
Other vehicle expenses	2,329	6.0%	2,396	6.1%	2,527	6.2%
Public transportation	413	1.1%	378	1.0%	276	0.7%
Health care	2,124	5.5%	2,232	5.7%	2,283	5.6%
Entertainment	1,909	4.9%	2,130	5.4%	2,150	5.3%
Personal care products and services	524	1.4%	513	1.3%	519	1.3%
Reading	144	0.4%	163	0.4%	155	0.4%
Education	640	1.6%	678	1.7%	464	1.1%
Tobacco products and smoking supplies	313	0.8%	367	0.9%	325	0.8%
Miscellaneous	763	2.0%	750	1.9%	722	1.8%
Cash contributions	1,237	3.2%	1,609	4.1%	1,427	3.5%
Personal insurance and pensions	3,552	9.2%	3,672	9.3%	4,526	11.2%
Life and other personal insurance	405	1.0%	452	1.1%	442	1.1%
Pensions and Social Security	3,147	8.1%	3,220	8.2%	4,084	10.1%

a Components of income and taxes are derived from "complete income reporters" only; see glossary.

## TECHNICAL NOTES

The Consumer Expenditure Survey (CEX) is an ongoing survey that provides data that are used in a variety of research by government, business, labor, and academic analysts. The data also provide the basis for selecting and weighting the components of the market basket of goods and services measured in the Consumer Price Index (CPI). It 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 1996-97.

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. For example, the Consumer Price Index for All Urban Consumers in Kansas City has risen 4.0 percent between July-December 1999 and July-December 2000.

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.

Beginning in 2001, the Interview Survey includes information collected from respondents using income ranges or brackets in addition to discrete income amounts, as provided in the past. Respondents who are unable or unwilling to provide a specific dollar amount may be able or willing to estimate a range for their incomes. The bracketed data should provide more reliable income estimates because they increase the percentage of households providing income data. This also affects expenditure components derived from income data. For example, the increase in personal insurance and pensions was largely due to increases in deductions for Social Security, which are computed from reported salary amounts.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone number: 1-800-877-8339.

## GLOSSARY

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

**Complete income reporters** - The distinction between complete and incomplete income reporters is based, in general, on whether the respondent provided values for major sources of income, such as wages and salaries, self-employment income, and Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources. In the current survey, across-the-board zero income reporting was designated as invalid, and the consumer unit was categorized as an incomplete reporter. In all tables, income data are for complete income reporters only.

**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.

**Metropolitan Statistical Areas (MSAs)** - 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 metropolitan statistical areas 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 following are the definitions of the metropolitan areas used in this release: Kansas City, Missouri-Kansas includes Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties, MO; and Johnson, Leavenworth, Miami, and Wyandotte Counties, KS.

**Regions** - Consumer units are classified by region according to the address at which the family was residing during the time of their participation in the survey. The Midwest region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.