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Statistical Brief

PENNSYLVANIA STATE UNIVERSITY

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How Consumers Spend Their Money

We're not spending our money the same way we were several decades ago. This Brief uses data collected between 1917 and 1990 by the Consumer Expenditure Surveys to examine how spending patterns have changed over the years. The surveys are conducted by the Bureau of the Census and sponsored by the Bureau of Labor Statistics.

In this Brief, we use two spending measures: *current consumption spending* is the average annual spending of the Nation's consumers, minus cash contributions (like donations to charity) and personal insurance and pension expenditures; *total spending*, on the other hand, includes these items.

For the purpose of comparability over time, we use only the current spending measure in the historical comparisons (the first section); data on total spending weren't published until the last decade. Additionally, the historical comparisons include spending by urban wage and clerical workers only; current data include spending by all consumers.

Consumer spending has changed.

We're spending our money much differently than we were in 1917:

- The share spent on food and alcohol has declined. Between 1917 and 1989, current consumption spending on these items fell by more than half: from 41 percent to 19 percent.
- More of us own at least one motor vehicle. While spending on vehicles made up a mere 1 percent of current consumption spending in 1917, it comprised about 23 percent by 1989. Motor vehicle spending includes the cost of gasoline and maintenance, as well as the vehicle's actual purchase cost.

- Housing costs consume more of our budget. The share spent on shelter climbed from 14 to 20 percent between 1917 and 1989.

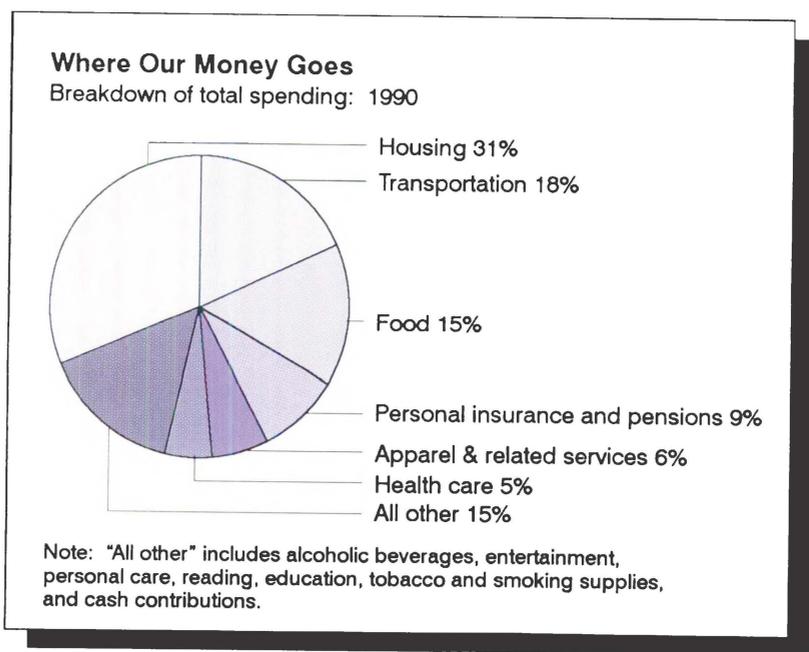
Age and income level influence how we spend.

In 1990, food, housing, and health care accounted for 66 percent of total spending by households headed by persons 75 years old or more. In contrast, these items comprised 48 percent of spending by households headed by persons under age 25. Younger adults were more likely to spend on entertainment, transportation, and apparel and associated services, like dry cleaning, than older adults. Households headed by persons under age 25 spent 32 percent of their budget on these items,



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Consumer Spending Varies by Metro Area

Item	High metro area*	Percent of total spending	Low metro area*	Percent of total spending
Housing	San Diego	35.8%	Cleveland	27.8%
Food	Buffalo	19.3%	Atlanta	12.0%
Apparel and associated services	Cleveland	7.4%	Miami	4.3%
Health care	Kansas City	6.5%	San Francisco	3.2%
Entertainment	San Diego	7.1%	Buffalo	3.9%

* In terms of proportion of total spending among 26 selected major metro areas, see *Consumer Expenditure Survey, 1988-89* (BLS Bulletin 2383) for a complete listing of metro areas covered. Data is for 1988-89.

compared to the 20 percent spent by those aged 75 and over.

The amount we earn also influences our spending patterns. Consumers earning under \$20,000 spent more on food, housing, and health care than those who earned \$20,000 or more (59 percent compared with 48 percent). Those making over \$50,000 had a higher percentage of disposable income and thus more to spend on entertainment and apparel and associated services than those with lower incomes (12 compared with 10 percent).

There are regional differences.

Consumers in the Northeast spent more of their budget on housing (33 percent) and food (16 percent), while spending a smaller share on transportation (16 percent) than those in some other regions. Consumers in the South, on the other hand, spent more on transportation (20 percent) and health care (6 percent) but less on housing (30 percent).

More information:

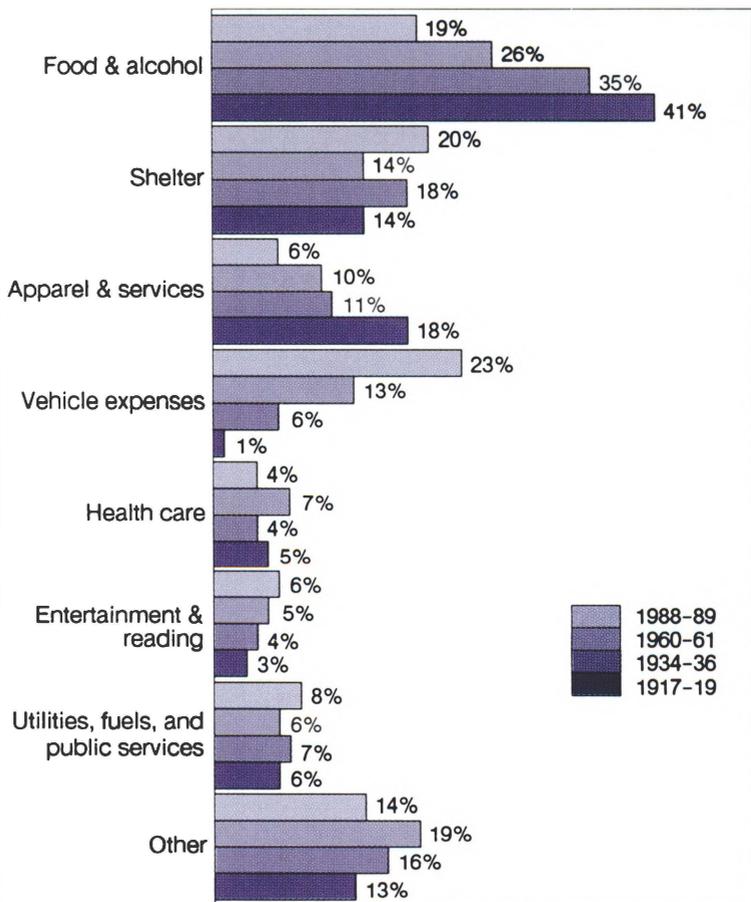
Consumer Expenditure Survey, 1988-89, Bureau of Labor Statistics Bulletin 2383, August 1991. Available from the U.S. Government Printing Office. Stock No. 029-001-03082-7, \$11. Also, BLS News Release USDL 91-607. Call BLS (202-272-5060) for copies.

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Bureau of Labor Statistics
202-272-5060

We're Spending More of Our Budget on Motor Vehicles, Less on Food and Drink

Breakdown of current consumption spending: 1917-89



Note: "Other" includes household operations (like babysitting, house-keeping, and care for the elderly), household furnishings and equipment, public transportation, personal care products and services, education, and sundries.

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This Brief is one of a series that presents information of current policy interest. It may include data from businesses, households, or other sources. All statistics are subject to sampling variability, as

well as survey design flaws, respondent classification and reporting errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources.