

## Consumer Expenditure Survey

The CE evolved from consumer expenditure surveys of U.S. households that BLS has conducted at about 10-year intervals since 1888. A major objective of BLS in conducting the first consumer expenditure surveys was to collect information necessary to construct the old Cost of Living Indices, the predecessor of the current Consumer Price Indices. Rapidly changing economic conditions in the 1970s proved the decennial surveys inadequate. In response, BLS initiated a continuing survey of consumer expenditures in late 1979 and expanded the objectives to include a continuous flow of information on the buying habits of Americans, not only for use in revisions to the CPI but also for use in research by government, business, labor, and academia.

The CE features two components, each with its own questionnaire and sample: (1) a quarterly interview panel survey in which each of approximately 11,000 households is surveyed every 3 months over a 1-year period, and (2) a weekly diary survey of approximately 7,800 households that keep an expenditure record for two consecutive 1-week periods. The diary survey presents data by consumer unit rather than household. Unless specified otherwise, this report calculates per capita expenditures for each consumer unit and treats that unit as a household. This may result in discrepancies between expenditures reported here by ERS and those reported by BLS (see the Definitions section on page 5 for a detailed explanation of the differences).

The interview panel survey obtains data on large and infrequent expenditures, such as real estate property, automobiles, and major appliances, and regularly occurring expenditures, such as rent, utilities, and insurance premiums. Personal expenditures, including those for food on trips, are also included. Typically, respondents can recall these expenditures over a 3-month period.

The diary survey obtains data on small, frequently purchased items that are normally difficult to recall, including food and beverages, tobacco, house-keeping supplies, nonprescription drugs, personal care products and services, fuels, and utilities. The survey excludes expenditures incurred while respondents are away from home for one night or longer.

Several features of the surveys BLS conducted between 1980 and 2004 differ from those of surveys conducted for 1960-61 and 1972-73. First, only the urban population is continuously represented in the CE. Rural sampling units were dropped from the sample during 1981-83 due to budget limitations but were reinstated in 1984. To maintain comparability with previously published surveys, this report uses only the urban sampling data for most tables. Tables 12 and 23, however, contain expenditures of both urban and rural households for 2003-04. Second, prior to the year 2000, the CE sample size was approximately 80 percent of the size of subsequent surveys, so the estimates were subject to greater sampling error. Third, the collection of information on expenditures by college students has changed. Since 1980, students living in college or university housing have been sampled directly, while in the 1972-73 CE, this group's expenditures were reported by their parents or guardians. Fourth, recent surveys define the "head" of a consumer

unit as the first member of the household mentioned by a respondent as an owner (or renter) of the premises at the time of the initial interview. Recent surveys refer to heads of consumer units as “householders” or “reference persons.” In previous surveys, husbands were automatically considered to be the heads of consumer units in which both a husband and a wife were present.

Fifth, starting with the publication of the 2004 data, the Consumer Expenditure Surveys include income data that have been produced using multiple imputations. The purpose of this procedure is to accommodate nonresponses (i.e., the respondent does not know or refuses to provide income data for the consumer unit or a member therein) in such a way that statistical inferences can be validly drawn from the data. The process preserves the mean of each source of income and also yields variance estimates that take into account the uncertainty built into the data from the fact that some observations are imputed rather than reported.

This report is based on USDA, Economic Research Service (ERS) tabulations of data collected in the diary component of the BLS surveys for 2003 and 2004 as reported on CD-ROM data disks available from BLS and other information published by ERS (see the References section on page 16).