Enclosed are results from the integrated Consumer Expenditure Survey (CE) which you requested. The integrated data from the Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. The detailed data on these listings are unpublished estimates. Caution should be exercised when interpreting these data, especially when relating averages to individual circumstances. The following points should be taken into consideration.

The expenditures are averages for consumer units with specified characteristics, regardless of whether or not a particular unit incurred an expense for that specific item during the record keeping period. The average expenditure for an item is, in general, considerably lower than the expenditure by those consumer units that purchased it. The less frequently an item is purchased, the greater the difference between the average for all consumer units and the average for those purchasing the item. Even if all consumer units purchased a particular item, an individual consumer unit may have spent more or less than the average for that item. The data are averages for the total population—urban and rural. Income, family size, age of family members, and geographic location are among the factors which influence expenditures. Even within a group having similar characteristics, there may be significant variation because of individual needs, tastes, and preferences.

Average expenditures of the most detailed items may be unreliable because there are so few reports of expenditures for those items. A small number of unusually large purchases or a slight increase in the number of expenditures for infrequently reported items can cause a large change in its mean from one year to the next.

Expenditures reported here are direct out-of-pocket expenditures. Indirect expenditures, which may be significant, may be reflected elsewhere. For example, rental contracts often include utilities. Renters with such contracts would record no direct expense for utilities and, therefore, appear to have lower utility expenses. Other costs are frequently paid by employers or insurance companies. Consumer units with members whose employers pay for all or part of their health insurance or life insurance would have lower direct expense for these items than those who pay the entire amount themselves.

In addition, caution should be used in interpreting changes in expenditures over a short time span. Average amounts spent on different expenditure components may fluctuate from year to year due to changes in economic conditions. For example, a decrease in the supply of food products as a result of poor weather conditions, or a decrease in the oil supply arising from political events such as an oil embargo might result in sharp price increases and short-term changes in expenditure levels. A less volatile measure of expenditure patterns is the share of total expenditures allocated to major expenditure categories over a period of several years.

January 27, 1992