How Do Southerners Spend Their Money?

The three biggest items on which Southerners spend their money are, in order, housing, food, and transportation. This is true for the United States as a whole, but Southerners are paying bigger portions of their incomes on transportation and smaller portions on housing than the national average. The U.S. Department of Labor’s Bureau of Labor Statistics conducts a Consumer Expenditure Survey every year. The results for 1997 were recently released.

For this analysis, Housing includes what people spend for their dwellings (mortgage or rent), property taxes, and utilities and public services (gas, electricity, water, telephone, etc.), but not housekeeping supplies, household furnishings and equipment, or appliance and furniture repair, pest control, housekeeping services, or lawn care services. Southerners use about 23 percent of their total expenditures for housing; the national average is 25 percent.

We include in Transportation the purchase and maintenance of new and used cars, trucks, campers, motorcycles, etc., as well as the gasoline, diesel fuel, and motor oil needed to run those machines. Southerners allocate 13 percent of their total spending for those things, as opposed to 11 percent as a national average. Most of the difference is because Southerners buy lots of cars, trucks, and gasoline to run them. Public transportation is in a different category.

Although the average dollars spent for public transportation is higher nationally ($393 per year) than in the South ($243), those amounts represent about 1 percent of spending for both groups.

Nationally, Americans, including Southerners, allocate about 14 percent of their budget for food, not counting alcohol. These expenditures include food at home and in restaurants. How people decide to spend their food dollars, whether in fast food restaurants, traditional restaurants, supermarkets, health food stores, etc. tends to relate more to their age, family situation, and lifestyle than the part of the country they live in. A single person under age 25 anywhere in the country is likely to spend a bigger portion of his income in restaurants than a married couple with small children.

Interestingly, Southerners spend about the same amount of money on clothes ($1,507) as they do on entertainment ($1,561). Southerners spend 5 percent of their budgets for entertainment and another 5 for clothes, jewelry, and shoes. Entertainment expenses are things such as fees and admissions, televisions, radios, or sound equipment, and also money spent on pets, toys, and playground equipment.

Health care includes health insurance, medical services, drugs, and medical supplies. Southerners are spending a little bit more on health care, both in dollars ($1,902) and as a percent (6%) of total spending, than the national average ($1,841 and 5%).

Southerners give 3 percent of their budgets for cash contributions, and 9 percent for insurance and pensions. They spend 2 percent for personal care products, 1 percent for tobacco, 1 percent for alcohol, and 1 percent for education.

The Department of Labor’s expenditure data should be used with care. The amounts are averages. An individual household may spend more or less than the average, depending on its particular characteristics. In any geographic region, income, age of family members, and taste influence expenditures. Nevertheless, the Consumer Expenditure Survey gives us a fascinating view of how the South is similar to, and different from, the rest of the country.

Annette Jones Watters

For more information: Contact the Bureau of Labor Statistics Regional Office in Atlanta at (404) 331-3415 to ask for Report 927, Consumer Expenditures in 1997, or visit the Internet site at http://stats.bls.gov/csxhome.htm.
Alabama’s economic landscape divides itself into three groups: the metropolitan areas (MSAs), which overall are growing and prospering; selected nonmetropolitan counties, generally adjoining an MSA, which are also thriving; and the remaining counties, often more rural, which have fallen on hard times or have not yet laid a foundation for growth.

Economic status is generally measured by income and employment. The focus in this article is on income, which is calculated in various ways by several federal agencies. Per capita income, one of the most frequently used measures, is issued annually by the Bureau of Economic Analysis (BEA) and estimates the average income of every man, woman, and child in an area. Figures recently released for 1997 put Alabama’s per capita income at $20,672, 82 percent of the national average of $25,288. At $22,143, average per capita income in Alabama’s MSAs is 107 percent of the state average. In contrast, the average for Alabama’s nonmetropolitan counties is 87 percent of the state average. In 1997, slower than the U.S. rate of 4.6 percent in Alabama between 1996 and 1997, per capita income grew 4.2 percent. Differences in income among the MSAs highlight variations in the employment mix. While all jobs are important, high-wage jobs will contribute more to the economic well-being of area residents.

Anniston. Although per capita income reached $18,855 in 1997, up 4.2 percent from 1996, Anniston continued to rank last among the ten MSAs. The 1997 average annual wage of $22,822 also ranked tenth. Area employment was more concentrated in trade and government than the state average in 1997, with employment shares in services, FIRE, and TCPU well below average.

Birmingham. At $24,898, or 120 percent of the state average, per capita income in the Birmingham MSA ranked first in 1997. Area per capita income grew 4.2 percent in Alabama between 1996 and 1997, slower than the U.S. rate of 4.6 percent. Birmingham’s employment mix includes a high proportion of jobs in trade and a strong concentration in high-tech industries, contribute to Huntsville’s income strength.

Decatur. Per capita income in the Decatur MSA reached $21,202 in 1997, up just 3.6 percent from the previous year, but still ranking fourth among the MSAs. The area’s heavy employment weighting in manufacturing (29 percent in 1997) helped the MSA achieve a third-ranking average annual wage of $26,279. Construction employment was also strong.

Dothan. Per capita income in Dothan was $19,869 in 1997. At 96 percent of state per capita income, this figure ranked seventh, the same ranking as the Dothan area’s average wage per job of $24,604. Dothan’s employment mix includes a higher proportion of jobs in trade and a smaller share in services and FIRE than the state average, dampening area income.

Florence. A meager 2.6 percent increase in per capita income between 1996 and 1997 brought the Florence total to $19,800. This ranked eighth among the state’s ten MSAs. On the measure of average wage per job, Florence ranked ninth at $23,177. In 1997, Florence had the second highest share of employment in trade, the second lowest in services, and was having problems in its manufacturing sector, helping to account for relatively low wages.

Gadsden. Gadsden’s 1997 per capita income was $19,126, or 93 percent of the state average. Despite an increase of 4.3 percent between 1996 and 1997, the area ranked ninth. Average wages of $23,476 earned the area an eighth-place ranking. Although Gadsden had the second highest concentration among the MSAs in manufacturing in 1997 and a strong presence in services, other factors such as high trade employment and industry composition influence area income.

Huntsville. Growth in per capita income of 4.7 percent was the strongest in the state between 1996 and 1997. Per capita income of $23,459 was 113 percent of the state average, but ranked below that of the Birmingham MSA. However, on average wage per job, Huntsville ranked first at $31,765, over $2,500 above average wages in Birmingham. Above-average employment concentrations in manufacturing and services, both with a strong weighting in high-tech industries, contribute to Huntsville’s income strength.

Mobile. With per capita income of $20,119 in 1997, the Mobile MSA ranked sixth. Income growth between 1996 and 1997 of 4.1 percent was just below the state average. An average wage per job of $24,740 also ranked sixth. While the area’s weighting in services was the second highest of the metro areas in 1997, a relatively large trade sector and weak manufacturing share helped keep income below the state average.

Montgomery. While per capita income rose a modest 3.6 percent from 1996 to 1997, the Montgomery MSA average of $22,498 ranked third among the state’s metropolitan areas. The average annual
wage of $25,473 earned a fourth-place ranking. The relatively small size of the manufacturing sector combined with above-average services and trade to keep average annual wage below the third-ranking Decatur MSA.

Tuscaloosa. The Tuscaloosa MSA ranked fifth on both per capita income and average annual wage in 1997. At $20,514, per capita income amounted to 99 percent of the state average, up 4.2 percent from 1996. Average wages of $25,110 were affected by a 1997 employment mix that was short on manufacturing and services jobs and strong on government employment.

For more information about these and other Alabama economic indicators, please visit the CBER Internet site at http://cber.cba.ua.edu
How Do Southerners Spend their Money?

Average income before taxes in the South, 1997 = $35,691
Average annual household expenditures in the South, 1997 = $32,226
Expenditures as a percent of income before taxes: 90%

<table>
<thead>
<tr>
<th>Taxable Items (in Alabama)</th>
<th>South</th>
<th>Percent of Total</th>
<th>United States</th>
<th>Percent of Total</th>
<th>Nontaxable Items</th>
<th>South</th>
<th>Percent of Total</th>
<th>United States</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$ 4,426</td>
<td>14%</td>
<td>$ 4,801</td>
<td>14%</td>
<td>Housing</td>
<td>$ 7,533</td>
<td>23%</td>
<td>$ 8,757</td>
<td>25%</td>
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<td>Alcohol</td>
<td>229</td>
<td>1</td>
<td>309</td>
<td>1</td>
<td>Household operations</td>
<td>534</td>
<td>2</td>
<td>548</td>
<td>2</td>
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<td>Housekeeping supplies</td>
<td>427</td>
<td>1</td>
<td>455</td>
<td>1</td>
<td>Public transportation</td>
<td>243</td>
<td>1</td>
<td>393</td>
<td>1</td>
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<tr>
<td>Household furnishings &amp; equipment</td>
<td>1,383</td>
<td>4</td>
<td>1,512</td>
<td>4</td>
<td>Nontaxable vehicle expenses</td>
<td>2,062</td>
<td>6</td>
<td>2,230</td>
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<td>Apparel</td>
<td>1,507</td>
<td>5</td>
<td>1,608</td>
<td>5</td>
<td>Health care</td>
<td>1,902</td>
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<td>1,841</td>
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<td>Transportation</td>
<td>4,167</td>
<td>13</td>
<td>3,834</td>
<td>11</td>
<td>Entertainment</td>
<td>1,561</td>
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<td>1,813</td>
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<td>Personal care products</td>
<td>544</td>
<td>2</td>
<td>528</td>
<td>2</td>
<td>Education</td>
<td>449</td>
<td>1</td>
<td>571</td>
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<td>Reading</td>
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<td>0</td>
<td>164</td>
<td>0</td>
<td>Services for clothing</td>
<td>0</td>
<td>121</td>
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<td>Tobacco</td>
<td>268</td>
<td>1</td>
<td>264</td>
<td>1</td>
<td>Cash contributions</td>
<td>1,057</td>
<td>3</td>
<td>1,001</td>
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<td>Miscellaneous</td>
<td>806</td>
<td>3</td>
<td>847</td>
<td>2</td>
<td>Personal insurance &amp; pensions</td>
<td>2,883</td>
<td>9</td>
<td>3,223</td>
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<tr>
<td>Subtotal</td>
<td>$13,887</td>
<td>$14,322</td>
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<td></td>
<td></td>
<td>$18,337</td>
<td>$20,498</td>
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<tr>
<td>Percent of expenditures</td>
<td>43%</td>
<td>41%</td>
<td></td>
<td></td>
<td></td>
<td>57%</td>
<td>59%</td>
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</tbody>
</table>

Notes: Nontaxable vehicle expenses include insurance, finance charges, rentals, leasing, licenses, etc.
Household operations include such things as appliance and furniture repair, pest control, housekeeping services, or lawn care services.
Transportation includes purchase of and maintenance items for new and used cars, trucks, campers, motorcycles, etc., as well as gasoline, diesel fuel, and motor oil purchases.
Services for clothing are dry cleaning, sent out laundry, clothing storage and rental, shoe repair, and alterations.