

## New and Improved: Saving One to Spend the Other—Graduate Student Research Using the Consumer Expenditure Survey

### Introduction

This session was organized to provide outstanding graduate students an opportunity to present their work in preparation for their thesis, dissertation, or other major work. This session allowed students to receive comments and encouragement from outstanding representatives of all aspects of consumer interests, as well as informing the audience of current research on important issues in family and consumer sciences. The papers also demonstrated to the ACCI community several uses of a major data source familiar to many members of disciplines within the family of consumer scientists.

In the session, current graduate students presented their work. Their “sponsors,” who represented several outstanding schools involved in consumer research, introduced the students to the audience. The discussant was an expert in the use of Consumer Expenditure Survey data, and until recently, was a graduate student himself. There was also a brief period of questions and comments from the audience.

**Geoffrey D. Paulin, Bureau of Labor Statistics<sup>1</sup>**

### Presentations

“Using Consumer Expenditure Survey Data to Conduct Demand System Analysis for Households Segmented by Family Structure and Income,” by Sung-Yong Kim. Using the BLS Consumer Expenditure Survey (CES) data sets, we estimate a complete household demand system with households distinguished by family structure and income classes. The significance of family structure and income to price and income elasticities of household demand for food and nonfood goods and services is examined.

Sung-Yong Kim’s sponsor and co-author was Dr. Rudolfo M. Nayga, Department of Agricultural Economics, Texas A&M University.

“Recent Trend in Food Consumption Pattern of U.S. Households,” by Yuki Tokoyama. One of the remarkable changes in the U.S. household food consumption pattern over the last few decades is the consumer’s demand shift from food at home to food away from home (FAFH) and prepared food. Previous literature using cross-sectional data analyzed this trend based on Becker’s household production theory and obtained the positive results for the theory. That is, the shift is caused mainly by the rise in the opportunity cost of women’s labor supply. However, since beginning of 1990’s, the trend is not observed as clearly as before.

The purpose of this paper is to analyze the factors, which determines the level of the aggregate expenditure for FAFH and prepared food over time. The demands for FAFH, prepared foods and food at home is specified as Almost Ideal Demand System (AIDS) and then estimated using the aggregated time-series data created from Consumer Expenditure Survey 1982-1995.

The estimation results suggest that the female labor participation rate and the average household size have the same effect on the average expenditure level as well as they affect the demand at the individual household level. Also prices and household income, which are not included in cross-section analysis, have the significant effect on the aggregate demand. At the beginning of 1990’s, relative price for FAFH and prepared food increased and the household income decreased. These two opposite effects are the main factors, which caused the demand for FAFH and prepared food to remain at the same level.

Yuki Tokoyama is a Ph.D. candidate. Her sponsor is Dr. Wen S. Chern, Department of Agricultural, Environmental and Development Economics, The Ohio State University.

“Comparing Leisure Expenditure Patterns of Retired and Near-retired Households,” by Eunjeong Huh. Although Americans’ leisure time and spending on leisure have steadily increased, there have been limited studies on leisure expenditures. Of these studies, few have examined household level leisure expenditures. As the Baby Boomers age and early retirement increases leisure time, the study of the leisure expenditure patterns of retired and near-retired households becomes important. The purpose of this study was to compare the active and passive leisure expenditure patterns of retired and near-retired households. The double-hurdle model was used to see if measurable differences existed in the participation and expenditure decisions.

The empirical model used in this study is based on Becker’s theory of household time allocation and the

household production function. It can be summarized as

$$C_j = \beta_0 + \beta_1 Y_i + \beta_2 D_i + \beta_3 Q_i + u_i \quad (j = \text{type of leisure expenditure and } i = 1 \text{ to } n) \quad (1)$$

where  $C_j$  is leisure goods expenditure;  $Y_i$  is household income;  $D_i$  is a dummy variable indicating employed or retired household head;  $Q_i$  is other household characteristics; and  $u_i$  is an error term. The empirical model was estimated using data from the 1995 Consumer Expenditure Survey. To be included in the sample, a household must be a complete income reporter whose head was aged 50 or over. Retirement status was self-reported by the head. The dependent variables were expenditures for active and passive leisure. Independent variables included: age, education, work status, and race of household head, total expenditures (income proxy), home ownership, residential location, type of income, and quarter and interview month.

In general, both the probability and level of expenditures for both types of leisure expenditures were positively associated with higher levels of total expenditures. Relatively few other personal or household characteristics appeared to influence the decisions of whether to spend and how much to spend on either type of leisure. Interestingly, retired status was negatively associated with the probability of spending on active leisure, but among those with active leisure expenditures, the retired spent more than the non-retired did. The retired were more likely than the non-retired to spend on passive leisure, but retirement status was not a significant influence on passive leisure spending among those who had such expenditures. These findings suggest that those who market leisure goods and services should recognize that all retired do not behave alike in the leisure market. Indeed, there may be an underserved market niche for the retired who engage in active leisure. Higher education levels appear to encourage both the probability and the level of spending for both types of leisure.

Eunjeong Huh is a Ph.D. candidate. She is also sponsored by Dr. Deanna L. Sharpe, Consumer and Family Economics Department, University of Missouri. Dr. Sharpe presented the work, as Ms. Huh was unable to attend the conference.

“Outsourcing Household Tasks in 1973, 1983 and 1993 Among Single-Mothers And Married-Mothers Households,” by Sharifah A. Haron. Outsourcing the daily household tasks refers to having someone else (in the market) do our chores—e.g., cook our meals, wash our dishes and raise our kids for us. Such lifestyle can be examined by analyzing the household expenditure behavior on purchased services – i.e. expenditure on food away from home, childcare and other domestic services. This type of lifestyle is particularly relevant among families who have to manage time pressure such as single-mother household who single-handedly manage and earn for their families and families with employed mothers.

As more and more mothers are joining the labor force, this study examines the general progress of transferring the responsibility of doing household task into the market place using the Consumer Expenditure Survey for 1973, 1983 and 1993. In addition, this study also compares the behavioral differences with respect to purchased services among single-mothers and married-mothers households due to the different time demand and financial resources. In the examination of trend for purchased services across time, shares analysis is used to check if families are spending more or less in each particular service categories in different years. In addition, income elasticity of demand for purchased services across time is compared.

Studies have indicated that purchased services provide ‘relief’ especially among employed wives and single-mother’s household. However, while this study is limited to learning the pattern of purchased service expenditures, there are interesting considerations for future research in the impact of outsourcing the household task. Among them, the loss of family time for socialization and interaction provided by the seemingly mundane household tasks; loss of opportunity for children to learn household skills; and child neglect.

Sharifah A. Haron is a Ph.D. candidate. She is sponsored by Dr. Deanna L. Sharpe, Consumer and Family Economics Department, University of Missouri.

“Ethnic Differences in Travel Spending,” by Jieun Lee. The primary objectives of this study are: to examine expenditure patterns across different race/ethnicity groups for five sub-categories (i.e., food, lodging, transportation, sightseeing and entertainment, and other expenses), and four trip types (i.e., recreation, relative or friend visit, day trip, or others); to identify factors associated with the decision to travel and the level of travel-related expenditures; and to provide implications for researchers interested in the travel industry.

Jieun Lee is a Ph.D. candidate. Her sponsor is Dr. Gong-Soog Hong, Department of Consumer Sciences and Retailing, Purdue University.

#### Endnotes

<sup>1</sup> Division of Consumer Expenditure Surveys