How Grouping CUs by Outlays Can Enhance Our Understanding of Economic Wellbeing

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and Number Research
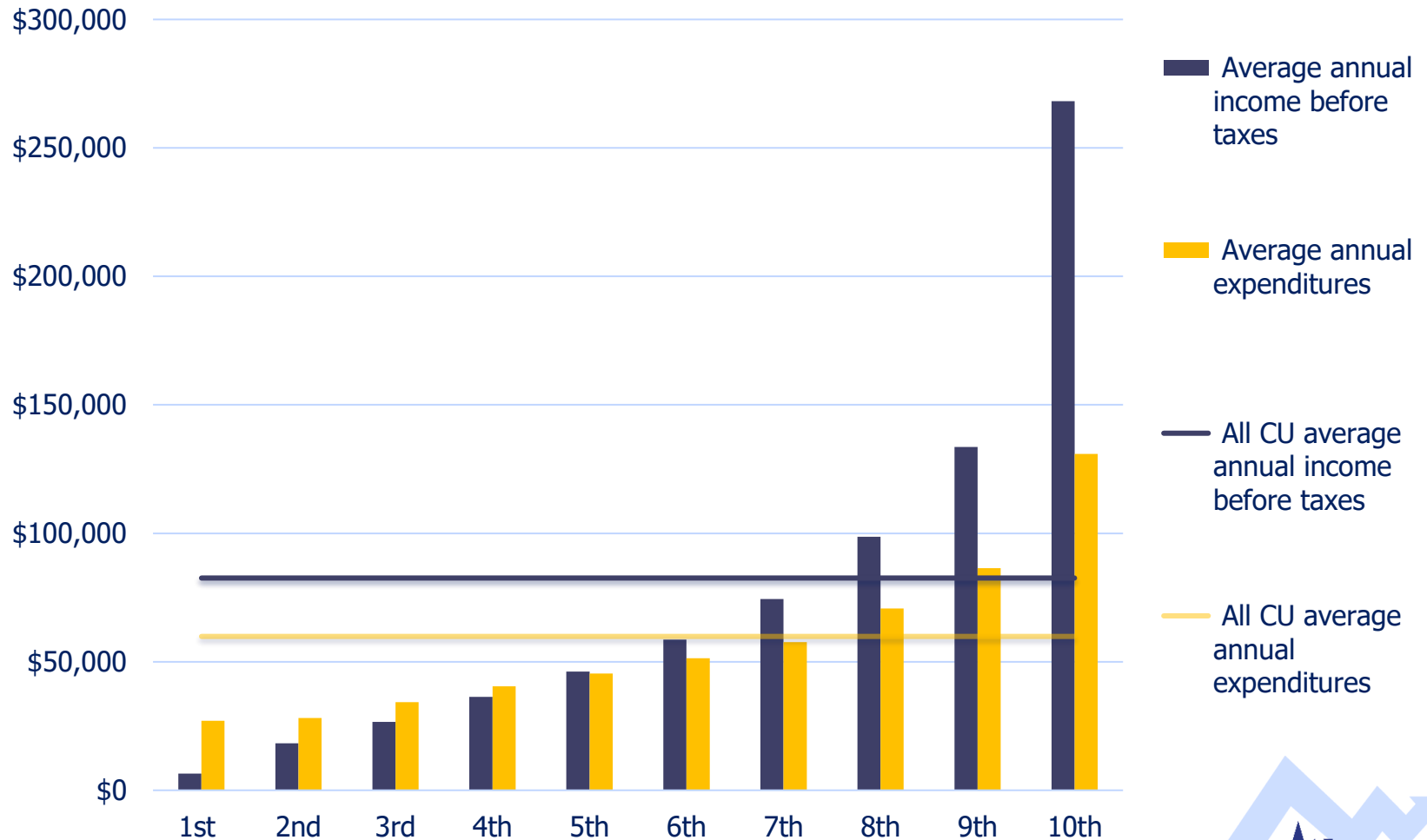
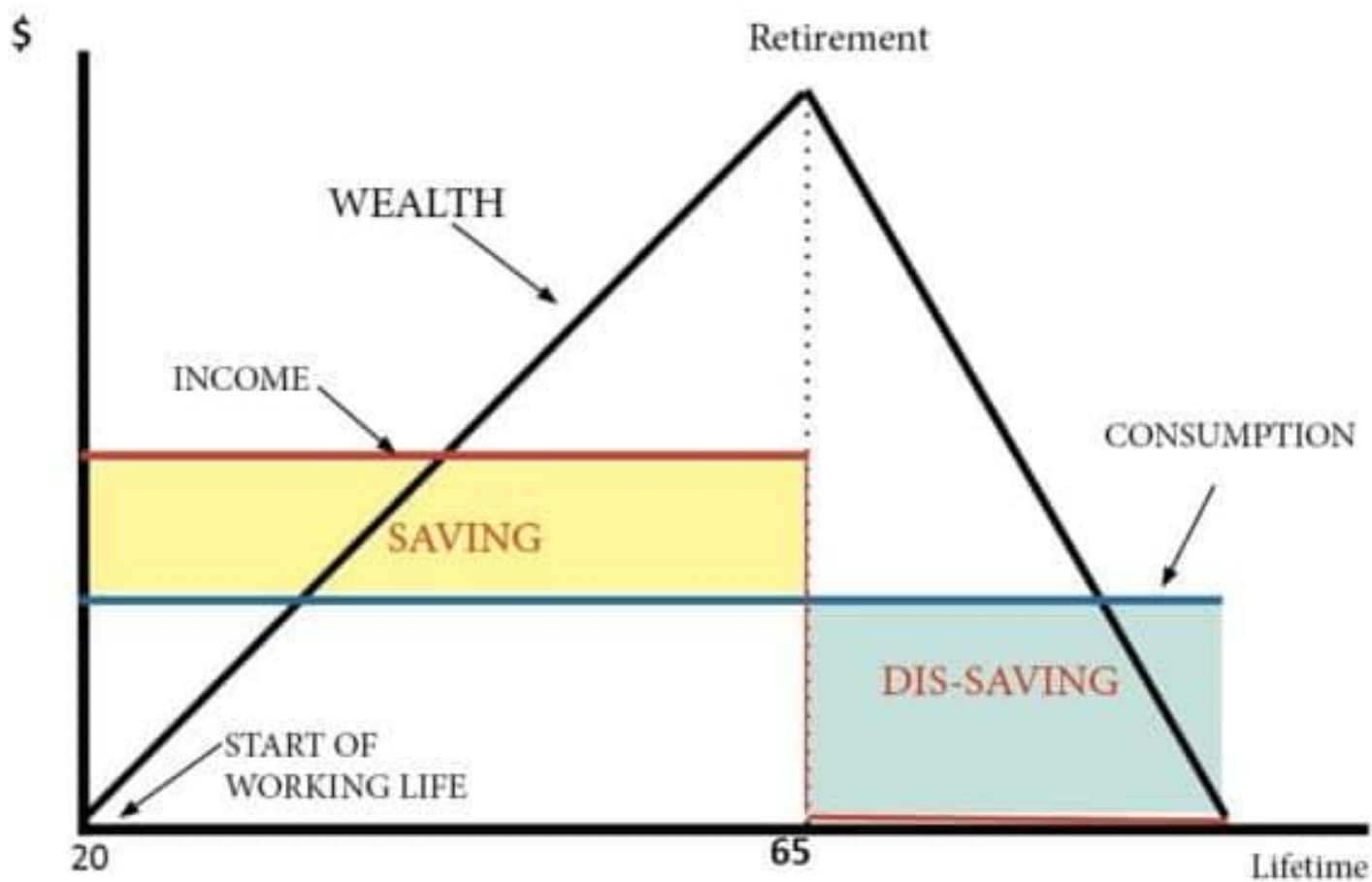**Aaron Cobet**
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Expenditure Surveys

Consumer Expenditure Surveys Microdata Users' Workshop

July 18th – 20th, 2023

Income before taxes and annual expenditures by income deciles, U.S. dollars, 2019

Legend:
- Average annual income before taxes
- Average annual expenditures
- All CU average annual income before taxes
- All CU average annual expenditures

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Life Cycle Hypothesis

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How to account for assets?

- Direct approach:
  Wealth estimates

- Indirect approach:
  Outlay estimates

Definitions of Expenditures and Outlays

ZTOTAL =
FOOD + ALCBEV +
HOUSNG +
APPAR +
TRANPT +
HEALTH +
ENTRMT +
PERSCA + READ + EDUC +
TOBACC + **MISCEL** +
CASHCO + PERINS

ETOTAL =
FOOD + ALCBEV +
EHOUSNG +
APPAR +
ETRANPT +
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+ TOBACC + **EMISCEL** +
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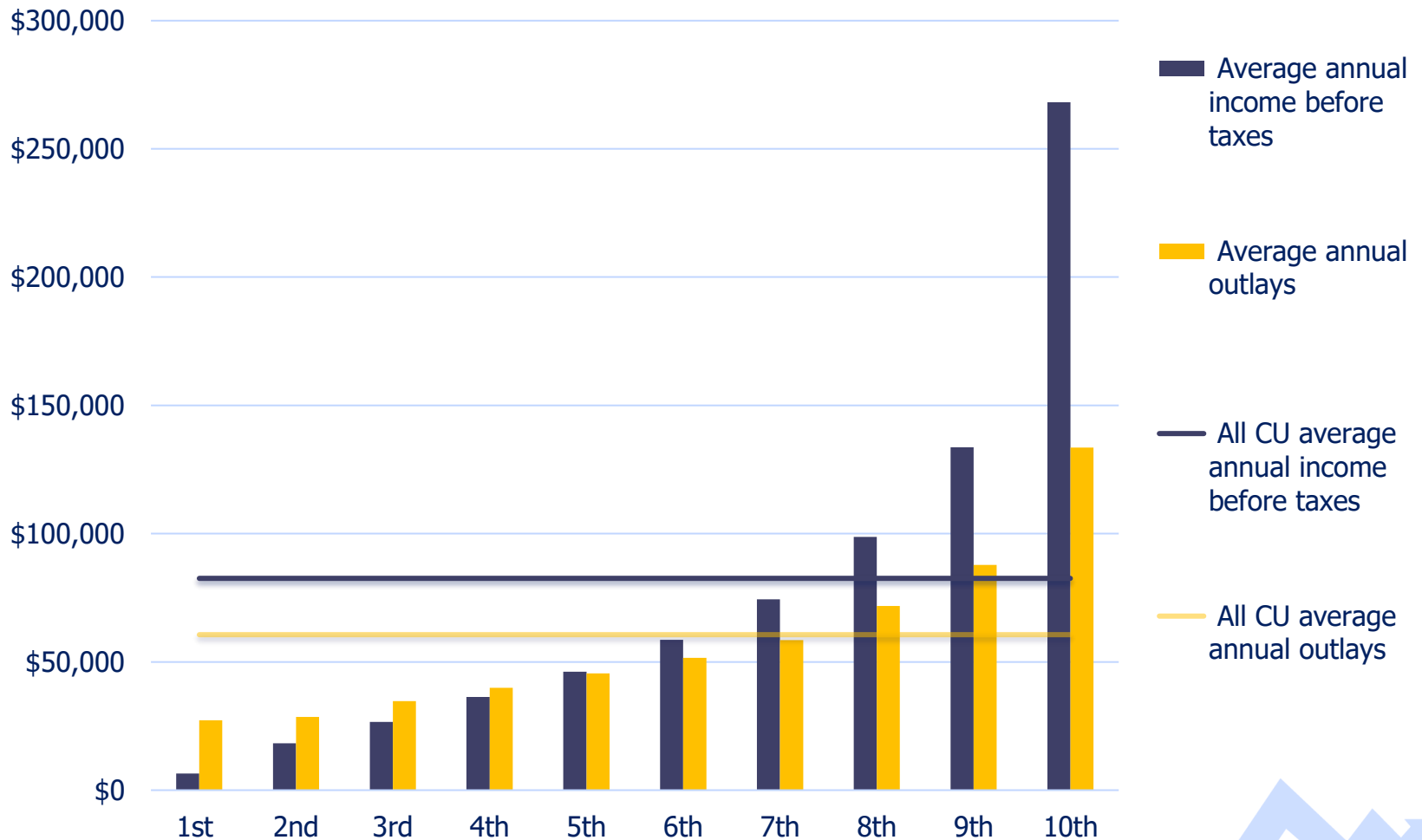
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Expenditures versus Outlays

Concept	Total Expenditures	Total Outlays
Housing	Mortgage interest payments	Mortgage interest payments Reductions in mortgage principle
Transportation	Net outlay or purchase price	Net outlay for not financed Downpayment for financed Finance charges Principal paid on loans
Entertainment	Net outlay or purchase price	Net outlay for not financed Downpayment for financed Finance charges Principal paid on loans
Miscellaneous	Mortgage interest payments	Mortgage interest payments Reductions in mortgage principle

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How to create outlay groups?

- Code: Public integrated income table SAS code with 2 changes:
  - Interview survey only
  - Outlay groups instead of income groups

- Variable selection:
  - Groups: ETOTALCQ & ETOTALPQ
  - Aggregates: UCCs

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Income before taxes and annual *outlays* by *income* deciles, U.S. dollars, 2019

Legend:
- Average annual income before taxes
- Average annual outlays
- All CU average annual income before taxes
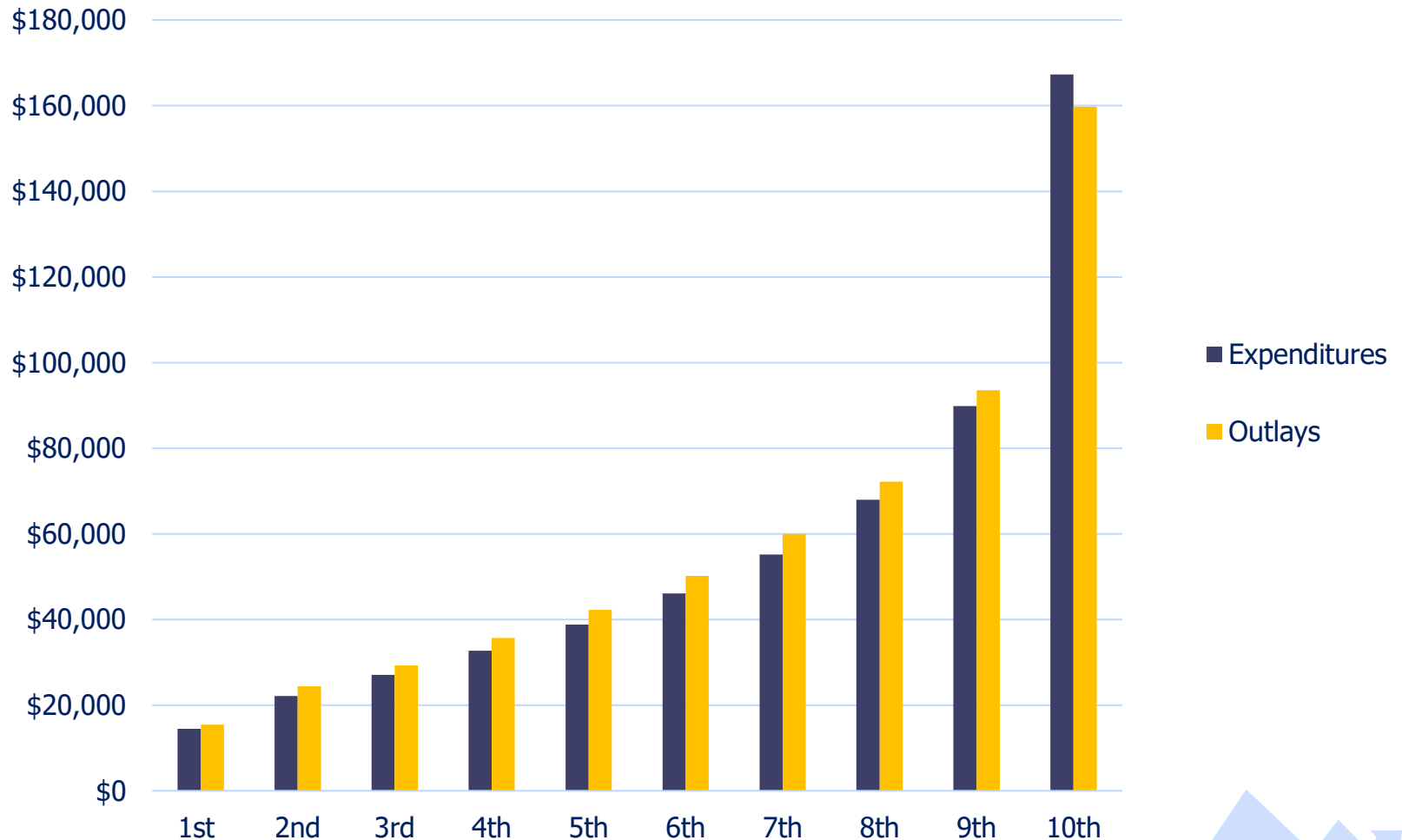- All CU average annual outlays

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Expenditures and Outlays
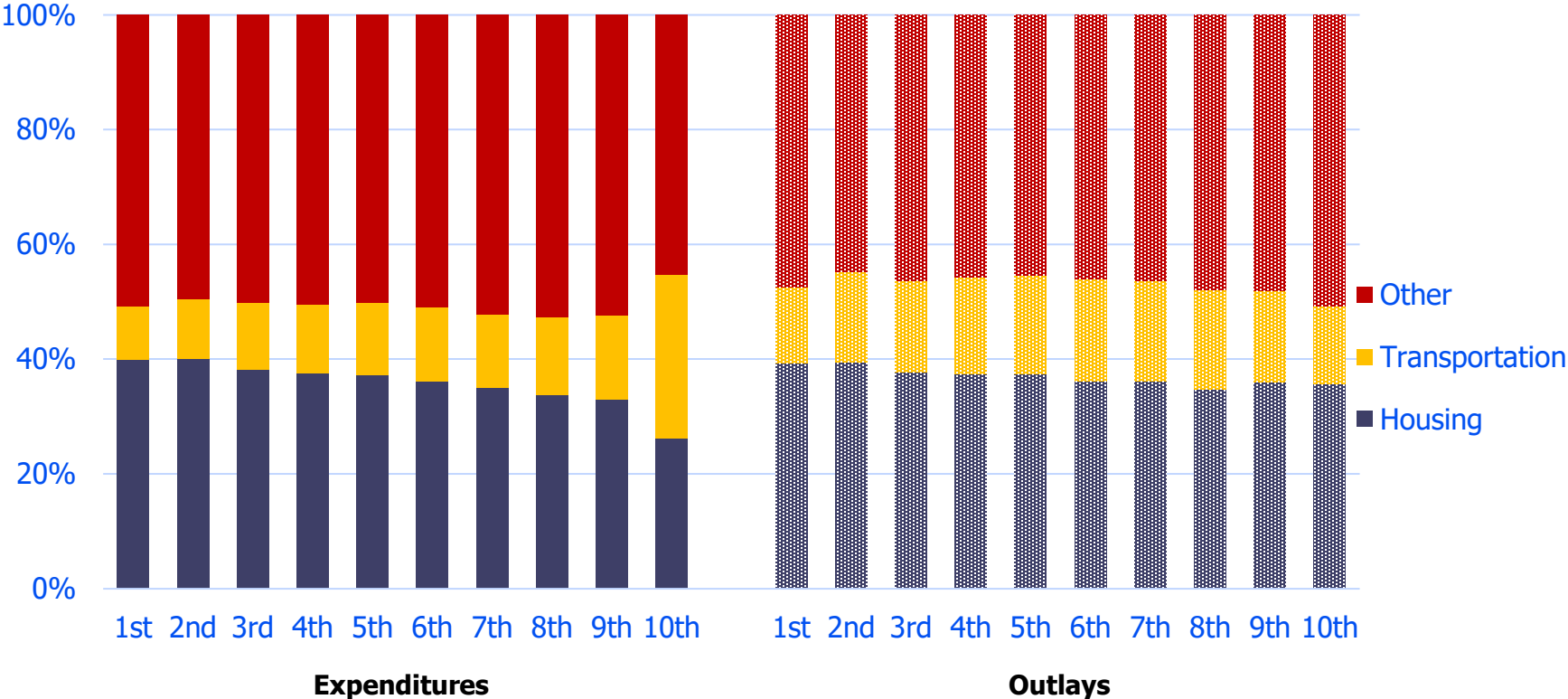## by *income* deciles, U.S. dollars, 2019
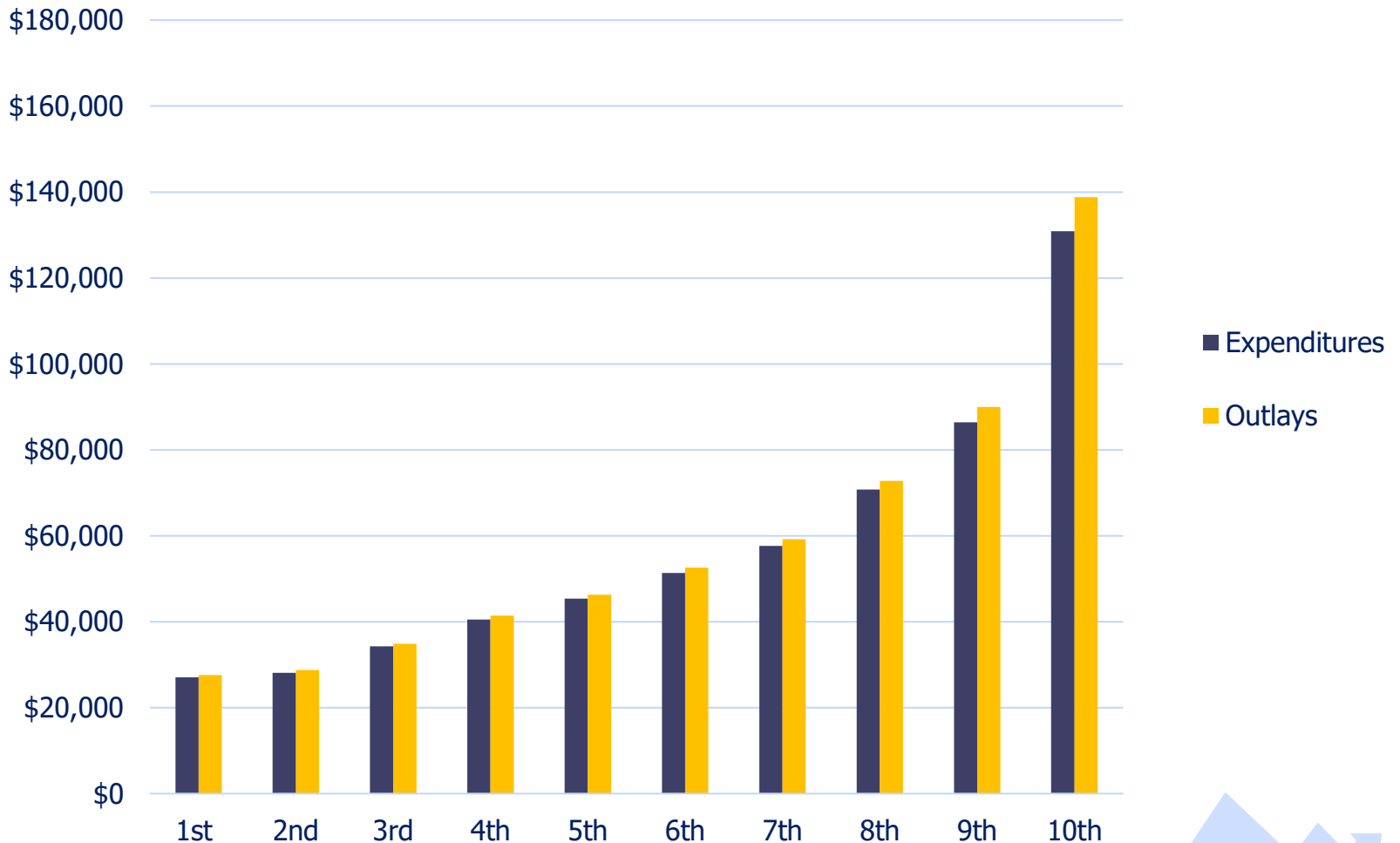
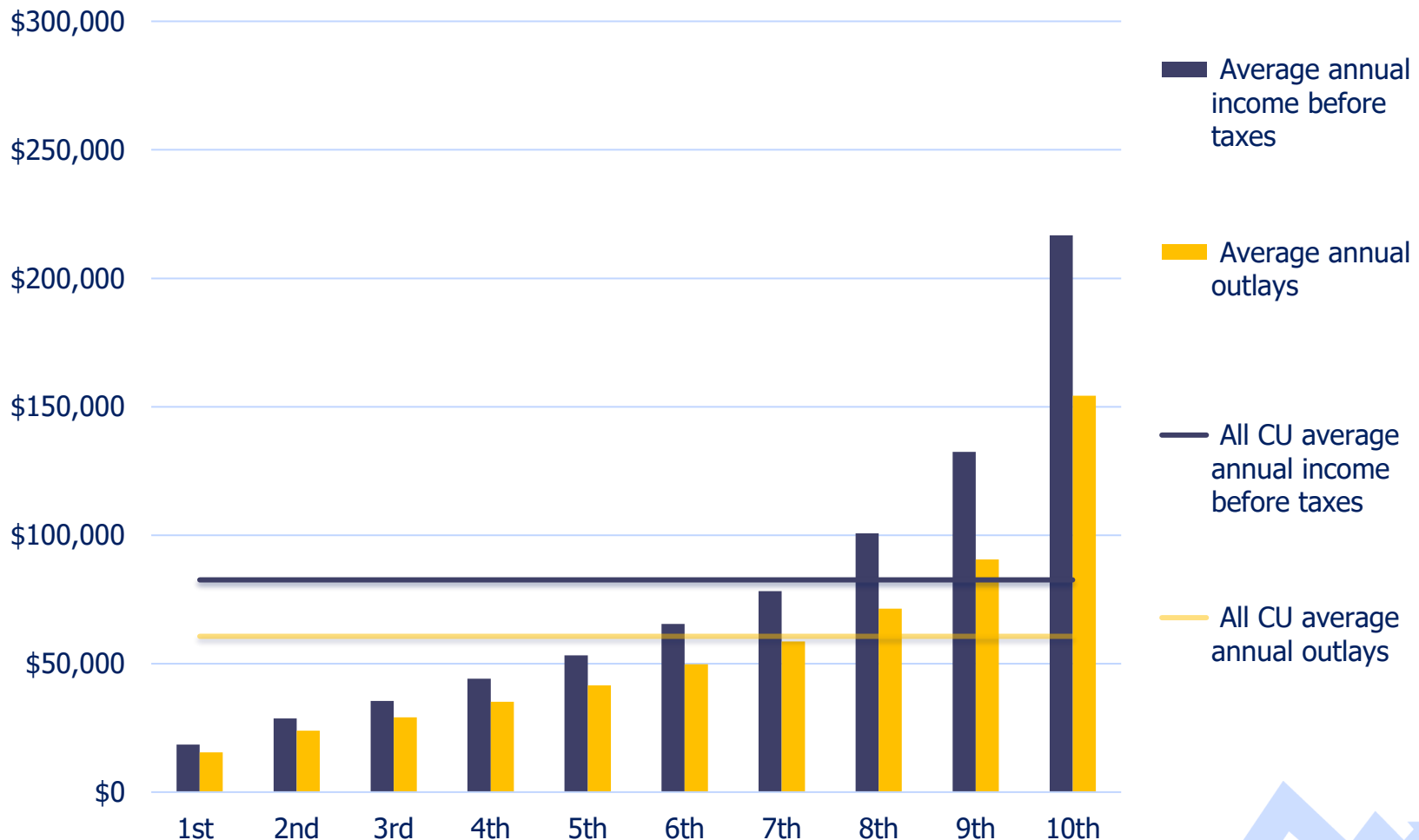# Expenditures and Outlays by *expenditure/outlay* deciles, U.S. dollars, 2019
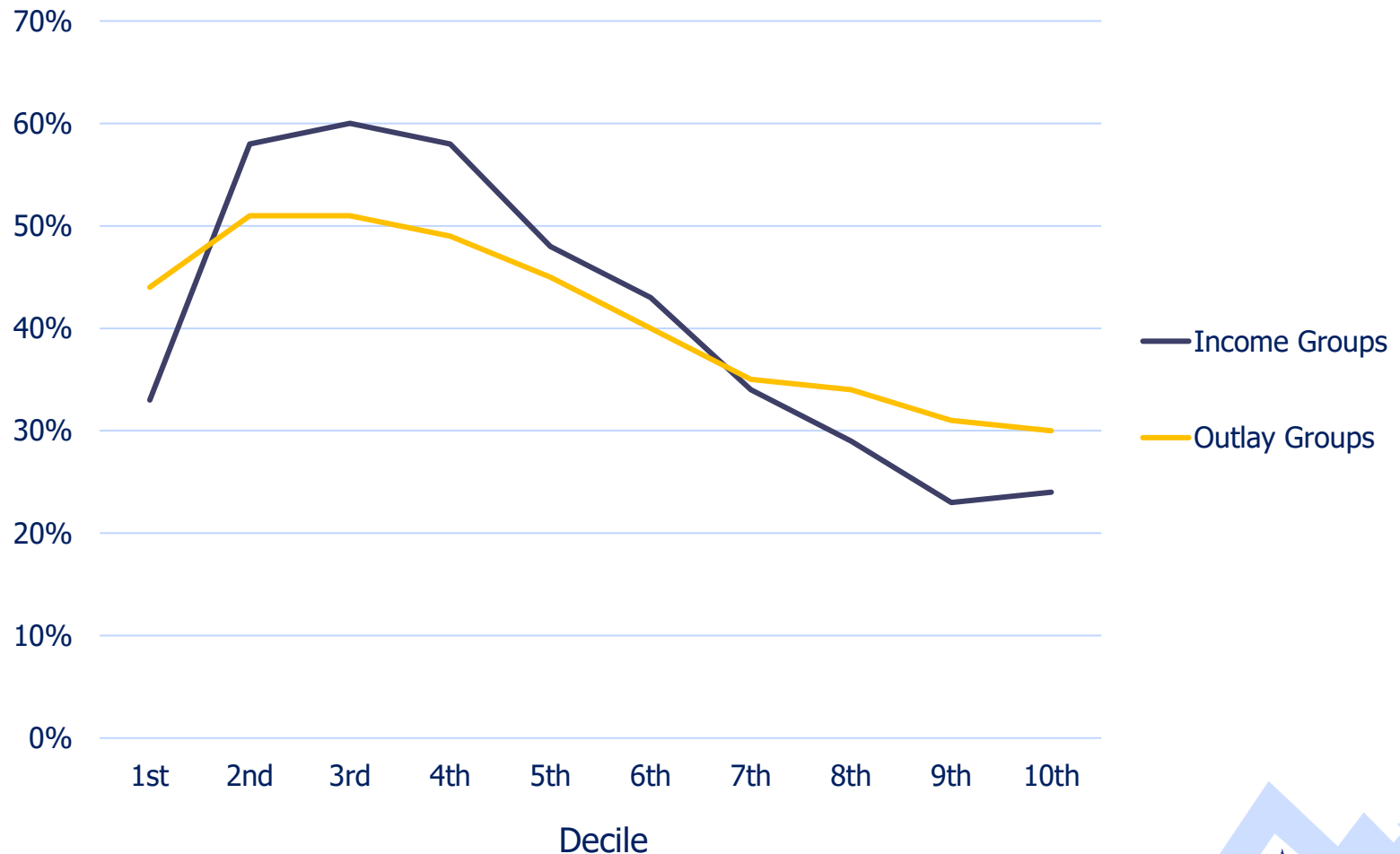
Spending Categories
By Expenditure and Outlay Groups

Expenditures

Outlays

Legend: Other, Transportation, Housing

Income before taxes and annual *outlays* by *outlay* deciles, mean, U.S. dollars, 2019

Legend:
- Average annual income before taxes
- Average annual outlays
- All CU average annual income before taxes
- All CU average annual outlays

Percentage of CU Members 65 and over

Percentage of Housing Tenure

Owners
— Income Groups
— Outlay Groups

Renters
-- Income Groups
-- Outlay Groups

Decile
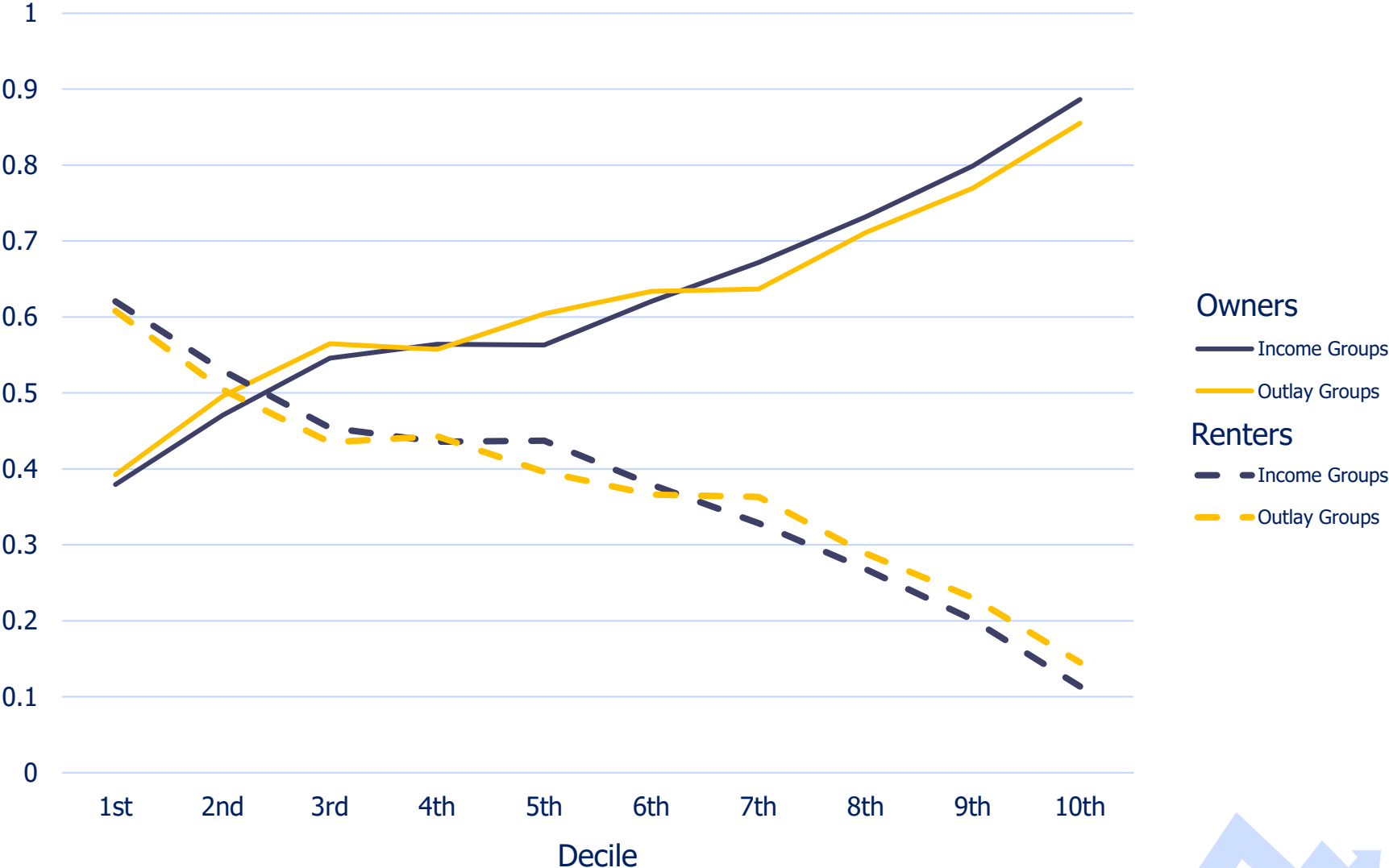
Conclusion

- **Take Aways**

  - ▶ When grouped by outlays, income exceeds outlays across the distribution

  - ▶ Life Cycle should be considered when defining resources and spending for welfare analysis

- **Future Steps**

  - ▶ Conduct a more detailed analysis comparing income and outlay groups

  - ▶ Provide data users with an outlay STUB file

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