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An Analysis of BEA State Consumption Data

New Data for States

In 2014 the U.S. Bureau of Economic Analysis (BEA) released “prototype estimates” of personal consumption expenditures (PCE) for states and the District of Columbia for 1997-2012.¹ This landmark publication is the first time the BEA has published such figures. Consumption is displayed in detail for many years; including 16 spending categories for each state over the period 1997 to 2012.

Summary

This edition of the Economic Perspective analyzes these PCE data with particular reference to California for 2000 to 2012. Findings Include:

- Services spending far exceeds spending on goods, accounting for about 70 percent of California spending per capita in 2012.
- California tends to follow the nation as a whole in major categories of spending and in annual per capita changes.
- Californians spend about five percent more per capita than the national average on all goods and services.
- Compared to national averages, Californians spend more on housing and recreational goods, but purchase less gasoline and motor vehicles.

Per Capita PCE

This analysis views the data on a per capita basis for each state and year using U.S. Census population information. It also calculates national average per capita spending.

California PCE Growth Since 2000

Table 1 shows a breakout of 2012 California PCE and growth since 2000. The table shows total PCE, followed by major categories: durable goods, nondurable goods, and services. California PCE was \$37,175 per person in 2012, rising 46 percent from 2000. Over the same time period, U.S. PCE per capita rose at a nearly identical rate of 47 percent, to \$35,503. Per capita spending on California increased by 52 percent, while goods spending rose 35 percent.

Table 2 sorts Table 1 data by growth rate. Gasoline sales more than doubled, increasing 102 percent. Price increases, rather than the gallons sold, caused sales volume to rise. Health care services, food services, and accommodations also grew faster than average at rates of 85 percent and 59 percent, respectively.

Unlike the other categories, motor vehicles and parts sales declined from 2000 to 2012. The Great Recession dragged down sales by eight percent. Clothing and footwear grew less than average, at five percent, followed by Transportation Services (which includes services such as auto repair and airline tickets) at 13 percent.

¹ Source: www.bea.gov/newsreleases/regional/pce/2014/pdf/pce0814.pdf

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**Table 1
California Per Capita Spending**

	2012	Growth Since 2000
Personal consumption expenditures	\$37,175	46%
Goods	11,163	35%
Durable goods	3,937	17%
Motor vehicles and parts	1,051	-8%
Furnishings and durable household equipment	848	17%
Recreational goods and vehicles	1,362	26%
Other durable goods	676	64%
Nondurable goods	7,227	47%
Food and beverages purchased for off-premises consumption	2,660	42%
Clothing and footwear	1,201	13%
Gasoline and other energy goods	1,040	102%
Other nondurable goods	2,325	58%
Services	26,012	52%
Household consumption expenditures (for services)	25,058	51%
Housing and utilities	8,659	49%
Health care	5,491	85%
Transportation services	1,157	5%
Recreation services	1,321	55%
Food services and accommodations	2,489	59%
Financial services and insurance	2,737	29%
Other services	3,206	46%

**Table 2
California Per Capita Spending,
Ranked by Growth From 2000 to 2012**

	2012	Growth Since 2000
Gasoline and other energy goods	\$1,040	102%
Health care	5,491	85%
Other durable goods	676	64%
Food services and accommodations	2,489	59%
Other nondurable goods	2,325	58%
Recreation services	1,321	55%
Services	26,012	52%
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Transportation services	1,157	5%
Motor vehicles and parts	1,051	-8%

California and U.S. PCE Growth

From 2001 to 2012 California and the U.S. showed a similar growth pattern, rising before the recession, falling during the recession, and recovering after the recession. (See Chart 1.) California PCE growth generally rose more prior to the recession and fell further during the downturn. Since the slump ended, California PCE has grown as fast as the nation as a whole.

Spending by Major Category in 2012

Chart 2 shows 2012 California per capita spending broken out for durable and nondurable goods and services. As shown in the chart, services spending comprised the largest component, accounting for 70 percent of all 2012 California spending.

**Chart 1
California and U.S. Growth in Per Capita Personal Consumption Expenditures**

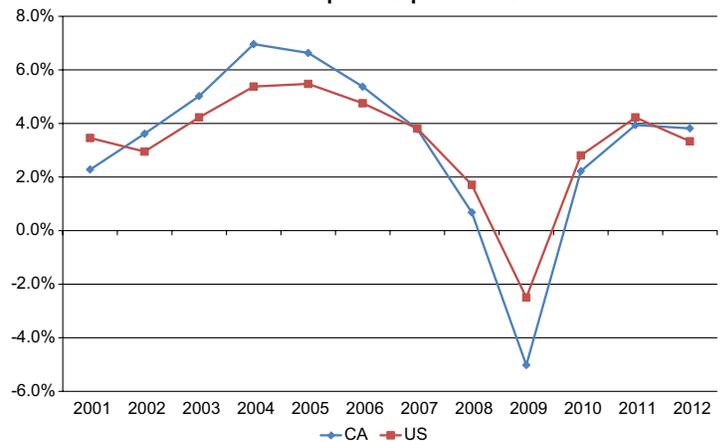


Chart 2
California Per Capita Spending in 2012

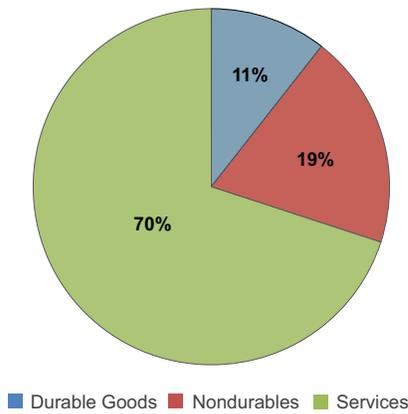
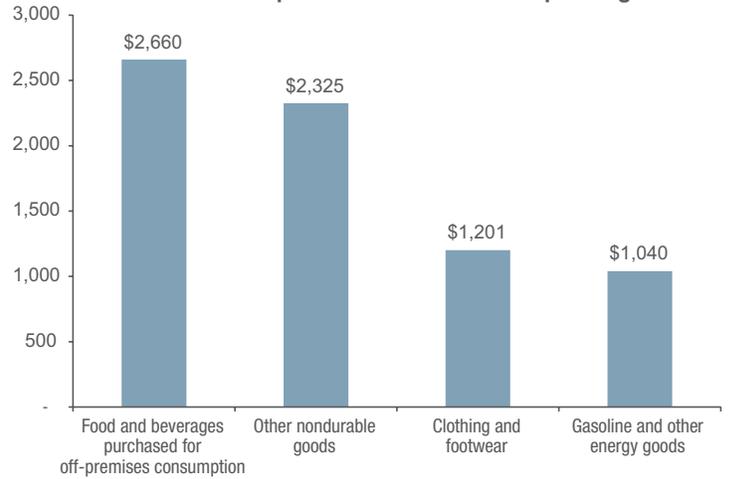


Chart 4
California Per Capita Nondurable Goods Spending in 2012



Spending by Detailed Category

California per capita spending in 2012 is shown for subcategories within these three groups in Charts 3, 4, and 5. Recreational goods and vehicles had the largest spending per capita for durable goods, \$1,362 (Chart 3). This category includes such items as televisions, computers, cell phones, and recreational vehicles.

The largest category of nondurable goods (Food and beverages purchased for off-premises consumption, with consumption of \$2,660 per person) is exempt from the sales and use tax. (See Chart 4.) Housing and utilities are by far the largest services category, with per capita spending of \$8,659 (Chart 5).

Chart 5
California Per Capita Services Spending in 2012

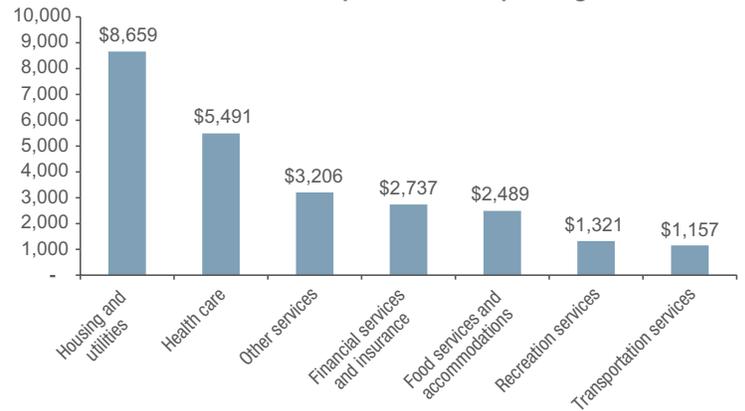
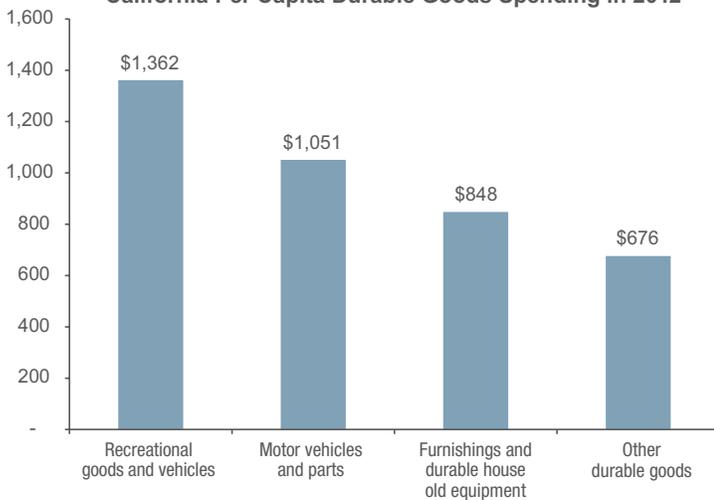


Chart 3
California Per Capita Durable Goods Spending in 2012



State Comparisons

These data are also useful for comparing California consumption patterns with state and national averages. Table 3 shows major categories, while Table 4 shows detailed categories. PCE in relation to the national average is shown in bold type in Table 3.

Table 3
California Per Capita Spending Indexed to U.S. Averages by Category, With California Ranking

	2012	State Ranking
Services	1.11	13
Personal consumption expenditures	1.05	18
Durable goods	1.03	24
Nondurable goods	0.89	51

Total California Spending Above Average

Table 3 indicates that the on average Californians spent five percent more than the national average on all goods and services. California ranked 18th highest in per capita PCE - spending more than average on services and durable goods, but less than average on nondurable goods.

Housing Spending Far Above Average

Table 4 shows great variation in various kinds of spending. Californians spent 35 percent more per capita than the national average on housing and utilities in 2012, the greatest differential of any other category. California is the sixth highest state in spending on housing and utilities, and also spends significantly more on recreational goods and vehicles, 28 percent above average.

Car and Gas Spending Below Average

At the other end of the spectrum, Californians spent only 79 percent of the national average on other nondurable goods and rank 50th of all states. (Other nondurable goods include items such as tobacco, pharmaceutical products, pets, and personal care products.) Californians also spent less than average on motor vehicles and parts (82 percent of the national average) and gasoline and other energy goods (78 percent of average).

Table 4
California Per Capita Spending
Indexed to U.S. Averages by Category,
With California Ranking, Detailed Sectors

	2012	State Ranking
Housing and utilities	1.35	6
Recreational goods and vehicles	1.28	7
Clothing and footwear	1.06	10
Transportation services	1.14	11
Food services and accommodations	1.11	11
Other durable goods	1.11	12
Household consumption expenditures (for services)	1.11	13
Financial services and insurance	1.05	16
Other services	1.04	21
Recreation services	1.00	23
Furnishings and durable household equipment	0.97	33
Health care	0.93	33
Food and beverages purchased for off-premises consumption	0.97	34
Gasoline and other energy goods	0.78	48
Motor vehicles and parts	0.82	49
Other nondurable goods	0.79	50

Contact Us

Please contact us if you would like to be added to our mailing list or have questions or comments.

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To contact your Board Member, see www.boe.ca.gov/members/board.htm

Online Resources

For more information about topics covered in this publication and previous issues, please visit any of the websites listed below.

California Department of Finance
www.dof.ca.gov

California Employment Development Department (EDD),
Labor Market Conditions in California
www.labormarketinfo.edd.ca.gov

Federal Reserve Bank of Philadelphia, Survey of
Professional Forecasters
www.phil.frb.org/research-and-data/real-time-center/survey-of-professional-forecasters/

National Association for Business Economics
www.nabe.com

U.S. Bureau of Economic Analysis
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