



Running on Fumes

*Rising Gas Prices Add to the Strain on
Families' Already Squeezed Budgets*

Amanda Logan and Christian E. Weller
June 2008

RUNNING ON FUMES

**Rising Gas Prices Add to the Strain on
Families' Already Squeezed Budgets**

Amanda Logan and Christian E. Weller

Center for American Progress

June 2008

Introduction

This summer is the summer of pain. Families across America are struggling with higher prices for gas and food along with record unemployment rates, flat wages, and the deepening housing crisis. In April 2008, gasoline prices easily shattered an inflation-adjusted record that had stood since March 1981, and they have only continued to soar since then, hitting new record highs almost weekly. Ever-higher food prices, which rose 22.7 percent from March 2001 to April 2008, are taking another bite out of families' wallets.

The aggregate figures show that this is not an isolated case:

- **Gasoline spending currently rivals record highs from the early 1980s.** In the first quarter of 2008, families spent, on average, 4.0 percent of their after-tax income on gasoline, the highest level since the fourth quarter of 1983.
- **Higher gasoline expenditures are especially painful to people in rural areas.** Families living in rural areas have an average commute to work that is four miles greater than urban families. Also, in 2006, rural households spent 6.8 percent of their average annual expenditures on gasoline and motor oil, while urban households spent 4.4 percent.
- **Increased gasoline expenditures disproportionately affect lower-income families.** The second lowest income quintile devoted 5.4 percent of their average annual expenditures to gasoline and motor oil in 2006, while the highest income quintile devoted just 3.7 percent.
- **Minorities are particularly affected by soaring prices at the pump.** In 2006, Hispanic households devoted 5.4 percent of their average annual expenditures to gasoline and motor oil purchases, while black households devoted 5.0 percent, and white households devoted 4.5 percent.

Families are faced with the challenge of trying to make adjustments to their budgets as prices rise and incomes fall. But personal savings are already close to zero, and families have borrowed record amounts to make ends meet in recent years. That leaves little room to shift around expenses and no savings to dip into as times are getting tough. It also makes borrowing more money difficult, since many families already have large bills to pay to their creditors.

Families will therefore have to cut back on other spending as gasoline and food prices soar. Families can make some small adjustments to their gasoline consumption. Trips to the grocery store, bank, and doctor's office can be consolidated into one, vacations can be changed or eliminated, and fewer meals can be eaten out. Yet the bulk of gasoline and food consumption will remain in place since people still have to drive to work and maintain their basic sustenance. This leaves cuts in other areas, particularly even fewer savings and delayed purchases of new cars.

American family budgets are truly running on fumes this summer, and families

will find it harder to finance basic activities, even the 4th of July family barbeque. By our estimates, the total cost of a barbeque for 20 family members driving 30 miles round trip has soared by 8.7 percent since last year, and 46.8 percent since 2000, to \$262.34 this year. This figure is up from \$241.40 last year, and \$178.75 in 2000, before the last recession hit. Just as long summer road trips may have become a thing of the past for many families, the family barbeque might become the next once-affordable family activity to fall victim to the pressures squeezing lower- and middle-income Americans.

The End of the Affordable American Family Barbeque?

Family barbeques are a time-honored summer tradition, and one that families needing to forgo a pricier option, such as a vacation or reunion, may be looking to this year as a fun outlet to spend time with one another. Yet even the barbeque might take a surprisingly larger chunk of change this year.

A family could have spent well below \$200 in today's dollars in 2000 on the gas to get to and the food for a simple 20-person July 4th family get-together with hamburgers, hotdogs, sodas, several side dishes, and deserts. But this total cost has soared by close to 50 percent between 2000 and 2008.

If we assume that the kind of food served at the barbeque (see table below) has stayed the same over the years, that two people always drive together to the barbeque, and that the average round trip to the cookout is 30 miles, for instance, the total cost of this year's casual event comes to \$262.34, up from \$178.75 (in 2007 dollars) in 2000—a whopping increase of 46.8 percent above overall price inflation. In the last year alone, the cost of such a family event would have risen by between 7.5 percent and 9.7 percent, depending on the average round trip that family members have to undertake to get to the cookout (see table below).¹

TOTAL BARBEQUE COST (IN 2007 DOLLARS) AND GROWTH RATE OF TOTAL BARBEQUE COST, BY YEAR AND ROUND-TRIP DISTANCE

ROUND TRIP	MAY 2008	JUNE 2007	JUNE 2000	GROWTH RATE JUNE 2007 TO MAY 2008	GROWTH RATE JUNE 2000 TO MAY 2008
20 Miles	\$244.89	\$227.76	\$172.56	7.5%	41.9%
30 Miles	\$262.34	\$241.40	\$178.75	8.7%	46.8%
40 Miles	\$279.78	\$255.03	\$184.94	9.7%	51.3%

Notes: Authors' calculations based on U.S. Department of Labor, Bureau of Labor Statistics. 2008. "Consumer Price Index." Washington, DC: DOL; Energy Information Agency. 2006. "Monthly Retail Gasoline and Diesel Prices." Washington, DC: Department of Energy; U.S. Department of Transportation, Federal Highway Administration. 2007. "Highway Statistics 2006, Table VM-1: Annual Vehicle Distance Traveled in Miles and Related Data—2006 by Highway Category and Vehicle Type." Washington, DC: DOT; and U.S. Department of Transportation, Federal Highway Administration. 2002. "Highway Statistics 2001, Table VM-1: Annual Vehicle Distance Traveled in Miles and Related Data—2001 by Highway Category and Vehicle Type." Washington, DC: DOT.

It costs more to get to the barbeque, but it also costs more once everyone is there. Soaring gasoline prices are guilty for a large part of the growing family barbeque price tag, but recent increases in food prices are also to blame.

COST OF FOOD FOR FAMILY BARBEQUE (IN 2007 DOLLARS), BY YEAR

ITEM	MAY 2008	JUNE 2007	JUNE 2000	GROWTH RATE, JUNE 2007 TO MAY 2008	GROWTH RATE, JUNE 2000 TO MAY 2008
6 lbs of hamburger	\$24.65	\$24.11	\$16.29	2.3%	51.3%
3 packages of hotdogs (8 per package)	\$11.14	\$11.15	\$9.11	-0.1%	22.2%
3 packages of hamburger buns (8 per package)	\$4.26	\$3.86	\$3.15	10.4%	35.4%
3 packages of hotdog buns (8 per package)	\$4.26	\$3.86	\$3.15	10.4%	35.4%
2 lbs of macaroni	\$2.33	\$1.99	\$1.62	17.2%	43.4%
4 packages of cookies	\$15.35	\$14.27	\$11.98	7.6%	28.1%
1 36 oz bottle of ketchup	\$2.36	\$2.24	\$1.74	5.6%	35.4%
1 20 oz bottle of mustard	\$1.61	\$1.52	\$1.19	5.6%	35.4%
2 10 oz jars of relish	\$2.57	\$2.43	\$1.89	5.6%	35.4%
3 15 oz jars of mayonnaise	\$6.44	\$6.10	\$4.75	5.6%	35.4%
3 16 oz bottles of Italian dressing	\$9.06	\$8.90	\$8.27	1.8%	9.6%
2 15 oz cans of kidney beans	\$1.29	\$1.18	\$0.98	9.0%	31.6%
2 15 oz cans of garbanzo beans	\$1.29	\$1.18	\$0.98	9.0%	31.6%
1 lb of green beans	\$2.02	\$1.97	\$1.51	2.2%	33.6%
2 heads of lettuce	\$4.03	\$3.95	\$3.02	2.2%	33.6%
1 3 lb bag of onions	\$3.03	\$2.96	\$2.27	2.2%	33.6%
1 bunch of celery	\$2.02	\$1.97	\$1.51	2.2%	33.6%
20 ears of corn	\$13.98	\$13.68	\$10.46	2.2%	33.6%
1 green pepper	\$0.90	\$0.88	\$0.67	2.2%	33.6%
2 5 lb bags of red potatoes	\$8.36	\$8.13	\$5.60	2.9%	49.4%
5 tomatoes	\$7.78	\$7.52	\$5.61	3.4%	38.7%
2 watermelons	\$16.61	\$15.72	\$12.01	5.6%	38.3%
4 dozen eggs	\$9.61	\$8.78	\$6.25	9.4%	53.9%
2 sticks of butter	\$2.05	\$2.00	\$1.60	2.7%	28.1%
3 12 oz packages of cheese	\$10.49	\$9.27	\$8.14	13.2%	28.9%
7.5 quarts of ice cream	\$26.14	\$24.90	\$22.34	5.0%	17.0%
2 24 packs of soda	\$16.38	\$15.94	\$14.07	2.7%	16.4%
Total	\$210.81	\$201.22	\$160.79	4.8%	31.1%

Notes: Authors' calculations based on U.S. Department of Labor, Bureau of Labor Statistics. 2008. "Consumer Price Index." Washington, DC: DOL; and Giant Food grocery items' prices accessed on June 13, 2008, < <http://www.giantfood.com/>>.

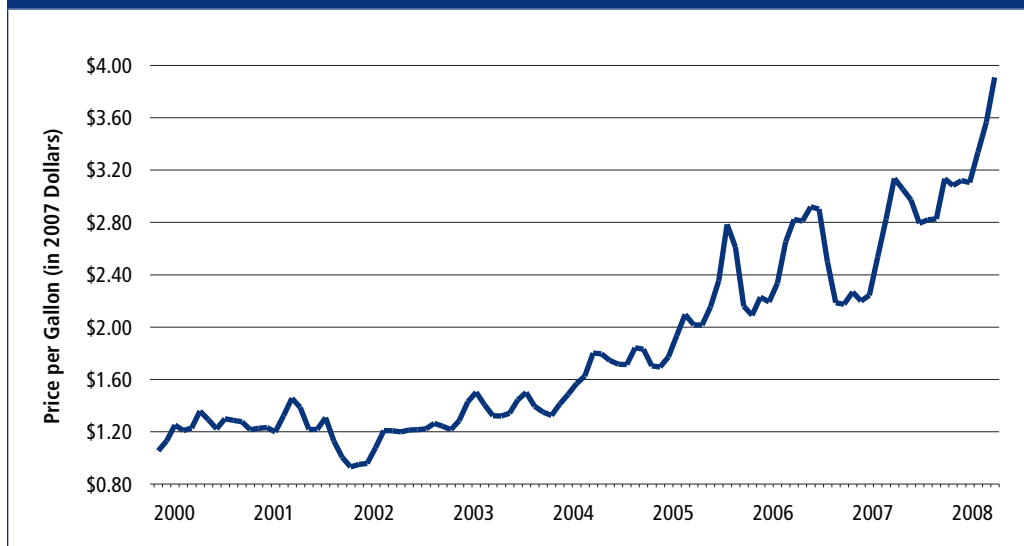
While the price of uncooked ground beef only grew at a rate of 2.3 percent between June 2007 and May 2008, it grew by 51.3 percent between June 2000 and May 2008. The price of the hamburger and hotdog buns that are an essential part of any day at the grill grew at a rate of 10.4 percent between June 2007 and May 2008, and by 35.4 percent between June 2000 and May 2008. Want to throw a slice of cheese on your burger? Between June 2007 and May 2008 the price of cheese has increased at a rate of 13.2 percent, and by 28.9 percent since June 2000.

Like a zesty pasta salad to go with your hamburger? The price of pasta grew at a rate of 17.2 percent between June 2007 and May 2008, and has ascended at a rate of 43.4 percent since June 2000. The eggs that you might toss into your potato salad or use to make deviled eggs have shot up as well, growing at an average annualized rate of 21.5 percent between June 2007 and May 2008, and by the astonishing rate of 70.8 percent since June 2000.²

Record-Setting Gasoline Prices Squeeze Budgets More than at Any Point in a Quarter Century

The primary driver for higher costs this summer are ever-higher gasoline costs, which follow higher oil prices, that in turn contribute to rapidly rising food prices. According to the Energy Information Agency, the national average price for regular unleaded gasoline stood at \$3.766 per gallon in May 2008, the most recent complete month for which data are available (see graph below).³ The national average price for regular gasoline grew at a rate of 27.9 percent between June 2007 and May 2008 and by 188.1 percent from June 2000 to May 2008.

MONTHLY NATIONAL AVERAGE PRICE OF REGULAR UNLEADED GASOLINE, JANUARY 2000 TO MAY 2008



Gasoline prices may very well continue to rise from these lofty heights. Guy Caruso, administrator of the Energy Information Administration, testified at a June congressional hearing that gasoline prices will likely peak at an average \$4.15 in August and then hover around \$4.00 per gallon through 2009.⁴

Americans are already expecting higher prices. A CNN/Opinion Research Corp. poll conducted in May 2008 found, for example, that 94 percent of respondents expected gasoline prices to reach \$4.00 per gallon at some point this year and 78 percent think

that gasoline could reach \$5.00 a gallon before the end of the year.⁵ These anticipated increases in gasoline prices are not surprising given that oil prices have also risen sharply. Over the past year alone, from June 2007 to May 2008, the price of a barrel of oil for delivery in the subsequent month rose by 80.2 percent.⁶

In the first quarter of 2008, the last period for which data are available, consumers were already spending 4.0 percent of their after-tax income on gasoline and fuel, up from 3.2 percent in the first quarter of 2007, and 2.6 in the first quarter of 2000. The result was that gasoline expenditures relative to after-tax income reached their highest level since the fourth quarter of 1983.⁷

And this increase was not isolated to the past year. From March 2001, when the last business cycle ended, to the first

quarter of 2008, consumer spending on gasoline, oil, and fuels rose from 2.7 percent of disposable income to 4.0 percent. This increase in total consumer spending for gasoline, oil, and fuel was four times larger than the increase in spending on housing, 110.6 percent of the increase in spending on credit service, and 62.7 percent of the increase in spending for medical care during the same time.

The sharp increase in gasoline spending, in absolute terms, due to higher prices, has added as much strain on consumer spending as other, much larger spending items, such as health care and housing. Over the course of one year, from the first quarter of 2007 to the first quarter of 2008, spending on gasoline, oil, and fuels rose by \$90.9 billion. Not a single other large spending category rose by an amount this large during that period.

Some Americans Are Hit Harder than Others by Rising Gas Prices

With all of this added pressure, what can families do to relieve the stress on their budgets? Driving less is not always an option as the vast majority of Americans drive to work. According to the Census Bureau, 79.3 percent of workers drive themselves to work, and another 9.1 percent carpool.⁸ Other trips—to the grocery store, to the doctor, to school—are hard to avoid, or change significantly at short notice. Simply getting oneself to work every day and to necessary stores and appointments each week can quickly take a much larger portion of families' budgets than before, especially for families living in rural areas.

According to the American Housing Survey in 2005, the most recent year for which data are available, workers living in rural areas have a longer median distance to travel to work than those living in urban areas. Rural Americans, which includes those living in suburbs, travel 14 miles on average each way, while those living in more urban areas travel only 10 miles each way.⁹ Using the U.S. Department of Transportation's 2006 data on the national average fuel efficiency of a passenger car—the most recent year for which data are available—and the Energy Information Agency's national average price of regular gasoline in May 2008, these commutes translate into a total monthly cost of \$67.25 for workers living in urban areas and \$94.15 for those living in rural areas.¹⁰

These differences are also reflected in data on the amount of money that rural and urban Americans spend on gas. According to the Consumer Expenditure survey in 2006, the last year for which data are available, gasoline and motor oil expenditures amounted to 6.8 percent of rural households' average annual expenditures, compared to 4.4 percent of urban households' expenditures.¹¹ Importantly, both types of households have seen these shares rise since 2000, when rural households devoted 4.7 percent of their average annual expenditures to gasoline and motor oil expenditures and urban households devoted just 3.2 percent.¹²

Workers living in the South also paid more to get to work in May than their counterparts in other parts of the country. Their median distance to work (not differentiated by rural or urban) totaled 12 miles and translated into a monthly cost of \$80.70 compared to the 10 miles and \$67.25 incurred by workers living in the Northeast, Midwest, and western United States.¹³

In 2006, the last year for which data are available, households in the South spent a larger share of their average annual expenditures on gasoline and motor oil purchases than households in other regions. They devoted 5.3 percent, compared to 4.8 percent for households in the Midwest, 4.1 percent for those in the West, and just

3.9 percent for households in the Northeast.¹⁴ All regions, however, have seen these shares increase since 2000, when households in the South spent 3.7 percent of their annual expenditures on gasoline and motor oil expenditures, those in the Midwest and West devoted 3.4 percent, and households in the Northeast spend 2.8 percent.¹⁵

Gasoline expenditures vary also by other demographic characteristics, with some families spending a lot more than their counterparts. This is especially true for low- and moderate-income families who spend disproportionate shares of their income on gasoline and fuel. In 2006, the last year for which data are available, families in the second lowest income quintile devoted 5.4 percent of their income before taxes to gasoline and motor oil expenditures, compared to the 3.7 percent of pre-tax income that families in the highest income quintile spent.¹⁶ These shares are rising. In 2000,

before the last recession, families in the second lowest income quintile devoted only 3.6 percent of their pre-tax income to gasoline and motor oil expenditures, while those in the highest quintile spent just 2.7 percent of their pre-tax income on such expenditures.¹⁷

Minority families also spend disproportionate shares of their income on gasoline and fuel. In 2006, the last year for which data are available, Hispanics and Latinos were the hardest hit, devoting 5.4 percent of their income before taxes to gasoline and motor oil expenditures, while African Americans devoted 5.0 percent, and whites and all other races devoted 4.5 percent.¹⁸ Again, all families have seen the share of their average annual expenditures spent on gasoline and motor oil increase in recent years. In 2000, Hispanic families devoted 3.8 percent of their expenditures to gasoline and motor oil, while both blacks and whites devoted 3.4 percent.¹⁹

SHARES OF AVERAGE ANNUAL EXPENDITURES SPENT ON GASOLINE AND MOTOR OIL, BY AREA, REGION, RACE, AND QUINTILES OF INCOME BEFORE TAXES

QUINTILES OF INCOME BEFORE TAXES	2006	2000
Lowest 20%	4.9%	3.5%
Second 20%	5.4%	3.6%
Third 20%	5.3%	3.7%
Fourth 20%	5.1%	3.5%
Highest 20%	3.7%	2.7%
REGION		
Northeast	3.9%	2.8%
Midwest	4.8%	3.4%
South	5.3%	3.7%
West	4.1%	3.4%
AREA		
Urban	4.4%	3.2%
Rural	6.8%	4.7%
RACE AND ETHNICITY		
White and Other	4.5%	3.4%
Black	5.0%	3.4%
Hispanic	5.4%	3.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, 2000 and 2006.

Families Have Few Options to Cope with Increasingly Squeezed Budgets

So how do consumers deal with these rising expenses? During the most recent upturn in gasoline prices and gasoline spending, consumers saved less. From the first quarter of 2007 to the first quarter of 2008, the decline in saving alone covered 53.1 percent of the increase in gasoline spending. The rest came from less spending on cars and furniture. Yet at the same time, households borrowed more than was necessary to cover the increase in gasoline price increases. This allowed consumers to not only spend more on gasoline, but also afford the rising costs of health care, for instance.

This is not a new phenomenon. From 1947 to 2008, 12 percent of all quarters saw extraordinarily large gasoline expenditure increases.²⁰ Lower saving covered 61.6 percent of these spending increases on average. Increases in consumer debt covered almost five times the increase in gasoline spending, leaving enough additional resources available for more spending on health care, housing, food, and transportation—all large consumption items that required more expenditures as they became more costly or more people were driving to work.

But right now, as gasoline prices continue to rise, the escape routes of saving less and taking on more consumer debt may be closing off. In the first quarter of 2008, the personal saving rate was 0.6 percent, which is 0.4 percentage points lower than it was in the first quarter of 2007.²¹ And consumers can no longer tap as freely into the equity in their homes as they once did. The total values of all homes fell by 2.5 percent in the first quarter of 2008 after accounting for inflation, the largest drop since the second quarter of 1974. Home equity as share of home values also fell to a record low of 46.2 percent.

In the first quarter of 2008, household debt averaged 132.4 percent of disposable income, down from a record high of 133.4 percent in the previous quarter, but higher than at any point prior to the second quarter of 2007.²² From the first quarter of 2007 to the first quarter of 2008, total consumer household debt rose by 1.4 percentage points relative to disposable income.²³ Total household credit card debt, however, increased by 0.4 percentage points between the first quarter of 2007 and the first quarter of 2008, the largest year-over-year increase since the third quarter of 2001.

This leaves very few other areas where consumers can make sacrifices to accommodate the pressures from higher prices at the pump. Traditionally, more spending on gasoline has also been associated with less spending on cars. People are already buying fewer and smaller cars as the cost of driving goes up rapidly. And eventually, families will spend less on gasoline simply because there are fewer jobs to which they can drive.

Rising Prices Are Only the Latest in a Long Line of Economic Stressors

The first half 2008 has not only been a challenging year at the pump and grocery store for American consumers; it has been a period with mounting economic troubles and uncertainties.

As of May 2008, the economy had lost 324,000 since the beginning of 2008, lowering the average monthly job growth over the past 12 months to just 19,700 jobs, compared to 14,800 jobs in the previous 12 months and 208,600 jobs in the 12 months before that.²⁴ Wage growth has also continued its stagnant trend, with hourly inflation-adjusted wages only 2.1 percent higher in April 2008 than they were at the start of the business cycle in March 2001.²⁵ Weekly inflation-adjusted wages only grew by 1.0 percent during the same period.²⁶

More families have also been faced with jobs that no longer provide benefits. The share of private sector workers with a pension has declined from 50.3 percent in 2000 to just 43.2 percent in 2006, the last year for which data are available, while the share of people with employer-provided health insurance declined from 64.2 percent to 59.7 percent.²⁷

More and more families have also experienced serious financial troubles this year. The share of mortgages entering foreclosure stood at a record high 1.0 percent in the first quarter of 2008, and the share of all mortgages in foreclosure reached a record high of 2.5 percent.²⁸ Another troubling increase is the national personal bankruptcy rate, which rose by 85.2 percent from 1.5 cases per 1,000 people in the first quarter of 2006—the first quarter after significant changes made to the bankruptcy code went into effect—to 2.7 cases per 1,000 people in the fourth quarter of 2007.²⁹ Finally credit card defaults rose to 4.7 percent of all credit card debt by the first quarter of 2008, an increase of 50.2 percent from the first quarter of 2006, and the highest level since the end of 2004.³⁰

Conclusion

Prices at the pump are wreaking havoc on household finances, and price increases at the grocery store are chipping away at families' ability to stay on top of their necessary expenses. Yet as long as families still need to eat, commute to work, and make other necessary drives, families will have to adjust to large price increases at the gas station and grocery store by buying fewer other items or by dipping into their dwindling savings. Even the family barbeque runs the risk of becoming the next budgetary victim of these soaring costs.

The quick uptick in gas and fuel prices over the past several months has proven to be a blow to many budgets, especially as American families have long been able to drive larger vehicles and live farther away from their workplaces than their counterparts in other countries. It takes a number of years, not a number of weeks or months, to adjust those things to accommodate higher prices. How can we improve this situation? Easing the strain on family budgets by helping incomes to grow would be a start. Policies along these lines could include, in the short term, expanding unemployment insurance benefits, and in the long term, raising the minimum wage, increasing the Earned Income Tax Credit, and supporting greater access to labor union membership.

The underlying problem is that families are hurting because they do not have sufficient financial security; rising gas and food prices are only the latest spotlight highlighting this fact. Yes, better fuel efficiency, more public transportation, and conversations about our food and farm policy on local, national, and international levels are all necessary long-term solutions, but they don't completely hit the financial insecurity facing families. Until we begin to see rising wages and income levels, the creation of more "good jobs," more inclusive health care coverage, and increasing benefits for lower- and middle-income Americans, many families will continue to be susceptible to whatever unforeseen and unavoidable expense comes next.

If you see your gas gauge hovering near empty, you can't ignore the warning light and hope it goes away; you have to head to the gas station and fill up the tank. Many lower- and middle-income American families have been running on fumes for the greater part of the past decade. It is time to refill and rebuild their financial security so they aren't left stalled on the highway while opportunity passes them by.

References

- Board of Governors, Federal Reserve System. 2008. "Charge-off and Delinquency Rates on Loans and Leases at Commercial Banks." Washington, DC: BOG.
- Board of Governors, Federal Reserve System. 2008. "Flow of Funds Accounts of the United States 2008." Washington, DC: BOG.
- Bureau of Economic Analysis. 2008. "National Income and Product Accounts Tables, Table 2.1: Personal Income and Its Disposition." Washington, DC: BEA.
- Bureau of Economic Analysis. 2008. "National Income and Product Accounts Tables, Table 2.3.5: Personal Consumption Expenditures by Major Type of Product." Washington, DC: BEA.
- Davidson, Paul. 2008. "Gasoline Could Peak at \$4.15 and Ease Only in the Long Run. *USA Today*, June 12, p A1.
- DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica Smith. 2007. "Income, Poverty, and Health Insurance Coverage in the United States: 2006." Washington, DC: U.S. Census Bureau.
- Energy Information Agency. 2006. "Monthly Retail Gasoline and Diesel Prices." Washington, DC: Department of Energy.
- Mortgage Bankers Association. 2008. "National Delinquency Survey." Washington, DC: MBAA.
- Rooney, Ben. 2008. "Fearing \$5 Gasoline, Americans Cut Back." *CNNMoney.com*, June 9, 2008, available at <http://money.cnn.com/2008/06/09/news/economy/poll/index.htm?cnn=yes>.
- U.S. Courts. 2007. "Bankruptcy Statistics: Quarterly Filings: 3 month by Chapter and District." Washington, DC: U.S. Courts.
- U.S. Department of Housing and Urban Development and U.S. Census Bureau. 2005. "American Housing Survey for the United States: 2005, Table 2-24. Journey to Work – Occupied Units." Washington, DC.
- U.S. Department of Labor, Bureau of Labor Statistics. 2008. "Consumer Price Index." Washington, DC: DOL.
- U.S. Department of Labor, Bureau of Labor Statistics. 2008. "Current Employment Situation Survey." Washington, DC: DOL.
- U.S. Department of Labor, Bureau of Labor Statistics. 2001. "Table 45: Quintiles of Income Before Taxes: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000." Washington, DC: DOL.
- U.S. Department of Labor, Bureau of Labor Statistics. 2007. "Table 45: Quintiles of Income Before Taxes: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006." Washington, DC: DOL.
- U.S. Department of Labor, Bureau of Labor Statistics. 2001. "Table 51: Housing Tenure, Type of Area, Race of Person, and Hispanic Origin of Reference Person: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000." Washington, DC: DOL.
- U.S. Department of Labor, Bureau of Labor Statistics. 2007. "Table 51: Housing Tenure and Type of Area: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006." Washington, DC: DOL.
- U.S. Department of Labor, Bureau of Labor Statistics. 2001. "Table 52: Region of Residence: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000." Washington, DC: DOL.

U.S. Department of Labor, Bureau of Labor Statistics. 2007. "Table 52: Region of Residence: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006." Washington, DC: DOL.

U.S. Department of Labor, Bureau of Labor Statistics. 2007. "Table 2100: Race of Reference Person: Shares of Average Annual Expenditures of Income, Consumer Expenditure Survey, 2006." Washington, DC: DOL.

U.S. Department of Labor, Bureau of Labor Statistics. 2007. "Table 2200: Hispanic of Latino Origin of Reference Person: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006." Washington, DC: DOL.

U.S. Department of Transportation, Federal Highway Administration. 2002. "Highway Statistics 2001, Table VM-1: Annual Vehicle Distance Traveled in Miles and Related Data – 2001 by Highway Category and Vehicle Type." Washington, DC: DOT.

U.S. Department of Transportation, Federal Highway Administration. 2007. "Highway Statistics 2006, Table VM-1: Annual Vehicle Distance Traveled in Miles and Related Data – 2006 by Highway Category and Vehicle Type." Washington, DC: DOT.

Appendix

Barbeque Food Prices (in 2007 Dollars) and Growth Rate of Food Prices, by Year

COST OF FOOD FOR FAMILY BARBEQUE (IN 2007 DOLLARS) BY YEAR										
Food	Unit	May 2008 Price per Unit	June 2007 Price per Unit	June 2000 Price per Unit	Quantity Needed for 20 People	Total Food Cost in May 2008	Total Food Cost in June 2007	Total Food Cost in June 2000	Growth Rate June 2007 to May 2008	Growth Rate June 2000 to May 2008
Hamburger	/lb	\$4.11	\$4.02	\$2.72	6	\$24.65	\$24.11	\$16.29	2.3%	51.3%
Hotdogs	/8	\$3.71	\$3.72	\$3.04	3	\$11.14	\$11.15	\$9.11	-0.1%	22.2%
Hamburger buns	/8	\$1.42	\$1.29	\$1.05	3	\$4.26	\$3.86	\$3.15	10.4%	35.4%
Hotdog buns	/8	\$1.42	\$1.29	\$1.05	3	\$4.26	\$3.86	\$3.15	10.4%	35.4%
Macaroni	/16 oz	\$1.16	\$0.99	\$0.81	2	\$2.33	\$1.99	\$1.62	17.2%	43.4%
Cookies	/15.2 oz	\$3.84	\$3.57	\$3.00	4	\$15.35	\$14.27	\$11.98	7.6%	28.1%
Ketchup	/36 oz	\$2.36	\$2.24	\$1.74	1	\$2.36	\$2.24	\$1.74	5.6%	35.4%
Mustard	/20 oz	\$1.61	\$1.52	\$1.19	1	\$1.61	\$1.52	\$1.19	5.6%	35.4%
Relish	/10 oz	\$1.28	\$1.22	\$0.95	2	\$2.57	\$2.43	\$1.89	5.6%	35.4%
Mayonnaise	/15 oz	\$2.15	\$2.03	\$1.58	3	\$6.44	\$6.10	\$4.75	5.6%	35.4%
Italian Dressing	/16 oz	\$3.02	\$2.97	\$2.76	3	\$9.06	\$8.90	\$8.27	1.8%	9.6%
Kidney Beans	/15 oz can	\$0.65	\$0.59	\$0.49	2	\$1.29	\$1.18	\$0.98	9.0%	31.6%
Garbanzo Beans	/15 oz can	\$0.65	\$0.59	\$0.49	2	\$1.29	\$1.18	\$0.98	9.0%	31.6%
Green Beans	/lb	\$2.02	\$1.97	\$1.51	1	\$2.02	\$1.97	\$1.51	2.2%	33.6%
Lettuce	/head	\$2.02	\$1.97	\$1.51	2	\$4.03	\$3.95	\$3.02	2.2%	33.6%
Onions	/3 lb bag	\$3.03	\$2.96	\$2.27	1	\$3.03	\$2.96	\$2.27	2.2%	33.6%
Celery	/bunch	\$2.02	\$1.97	\$1.51	1	\$2.02	\$1.97	\$1.51	2.2%	33.6%
Corn	/ear	\$0.70	\$0.68	\$0.52	20	\$13.98	\$13.68	\$10.46	2.2%	33.6%
Green Pepper	/pepper	\$0.90	\$0.88	\$0.67	1	\$0.90	\$0.88	\$0.67	2.2%	33.6%
Red Potatoes	/5 lb bag	\$4.18	\$4.07	\$2.80	2	\$8.36	\$8.13	\$5.60	2.9%	49.4%
Tomatoes	/tomato	\$1.56	\$1.50	\$1.12	5	\$7.78	\$7.52	\$5.61	3.4%	38.7%
Watermelon	/watermelon	\$8.30	\$7.86	\$6.01	2	\$16.61	\$15.72	\$12.01	5.6%	38.3%
Eggs	/dozen	\$2.40	\$2.20	\$1.56	4	\$9.61	\$8.78	\$6.25	9.4%	53.9%
Butter	/2 sticks	\$2.05	\$2.00	\$1.60	1	\$2.05	\$2.00	\$1.60	2.7%	28.1%
Cheese	/12 oz	\$3.50	\$3.09	\$2.71	3	\$10.49	\$9.27	\$8.14	13.2%	28.9%
Ice cream	/1.5 quart	\$5.23	\$4.98	\$4.47	5	\$26.14	\$24.90	\$22.34	5.0%	17.0%
Soda	/ 24 pack	\$8.19	\$7.97	\$7.04	2	\$16.38	\$15.94	\$14.07	2.7%	16.4%
Total	--	\$73.46	\$70.15	\$56.16	--	\$210.01	\$200.49	\$160.17	4.7%	31.1%

Notes: Authors' calculations based on Department of Labor, Bureau of Labor Statistics, Consumer Price Index, last updated June 13, 2008, available at <http://www.bls.gov/cpi/home.htm>; and Giant Food grocery items' prices accessed on June 13, 2008, available at <http://www.giantfood.com/>.

Endnotes

- 1 While the host family obviously doesn't have to drive to the cookout, they will have to make a number of trips to the grocery store.
- 2 See appendix for detailed table on calculated prices for food items included in barbeque calculation.
- 3 Energy Information Agency, "Monthly Retail Gasoline and Diesel Prices." Last updated June 9, 2006, available at http://tonto.eia.doe.gov/dnav/pet/pet_pri_gnd_dcus_nus_m.htm.
- 4 Paul Davidson, "Gasoline Could Peak at \$4.15 and Ease Only in the Long Run," *USA Today*, June 12, 2008, p A1.
- 5 Ben Rooney, "Fearing \$5 Gasoline, Americans Cut Back," *CNNMoney.com*, June 9, 2008, available at <http://money.cnn.com/2008/06/09/news/economy/poll/index.htm?cnn=yes>.
- 6 Authors' calculations based on Energy Information Administration, "NYMEX Futures Prices, Crude Oil." (Light-Sweet, Cushing, Oklahoma) (Washington, DC: EIA, 2008).
- 7 Authors' calculations based on Bureau of Economic Analysis, "National Income and Product Accounts." (Washington, DC: BEA, 2008).
- 8 U.S. Department of Housing and Urban Development and U.S. Census Bureau, "American Housing Survey for the United States: 2005, Table 2-24. Journey to Work--Occupied Units," available at <http://www.census.gov/hhes/www/housing/ahs/ahs05/tab2-24.pdf>.
- 9 Ibid.
- 10 U.S. Department of Transportation, Federal Highway Administration, "Highway Statistics 2006: Table VM-1: Annual Vehicle Distance Traveled in Miles and Related Data -- 2006 by Highway Category and Vehicle Type," December 2007, available at <http://www.fhwa.dot.gov/policy/ohim/hs06/pdf/vm1.pdf>.
- 11 U.S. Department of Labor, Bureau of Labor Statistics, "Table 51: Housing Tenure and Type of Area: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006," October 26, 2007, available at <http://www.bls.gov/cex/2006/share/tenure.pdf>.
- 12 U.S. Department of Labor, Bureau of Labor Statistics, "Table 51: Housing Tenure, Type of Area, Race of Person, and Hispanic Origin of Reference Person: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000," available at <http://www.bls.gov/cex/2000/share/tenracar.pdf>.
- 13 U.S. Department of Housing and Urban Development and U.S. Census Bureau, "American Housing Survey for the United States: 2005, Table 2-24. Journey to Work--Occupied Units."
- 14 U.S. Department of Labor, Bureau of Labor Statistics, "Table 52: Region of Residence: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006," October 26, 2007, available at <http://www.bls.gov/cex/2006/share/region.pdf>.
- 15 U.S. Department of Labor, Bureau of Labor Statistics, "Table 52: Region of Residence: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000," available at <http://www.bls.gov/cex/2000/share/region.pdf>.
- 16 U.S. Department of Labor, Bureau of Labor Statistics, "Table 45: Quintiles of Income Before Taxes: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006," October 26, 2007, available at <http://www.bls.gov/cex/2006/Aggregate/quintile.pdf>.
- 17 U.S. Department of Labor, Bureau of Labor Statistics, "Table 45: Quintiles of Income Before Taxes: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000," available at <http://www.bls.gov/cex/2000/share/quintile.pdf>.
- 18 U.S. Department of Labor, Bureau of Labor Statistics, "Table 2100: Race of Reference Person: Shares of Average Annual Expenditures of Income, Consumer Expenditure Survey, 2006," October 26, 2007, available at <http://www.bls.gov/cex/2006/share/race.pdf>; and U.S. Department of Labor, Bureau of Labor Statistics, "Table 2200: Hispanic of Latino Origin of Reference Person: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2006," October 26, 2007, available at <http://www.bls.gov/cex/2006/share/hispanic.pdf>.
- 19 U.S. Department of Labor, Bureau of Labor Statistics, "Table 51: Housing Tenure, Type of Area, Race of Person, and Hispanic Origin of Reference Person: Shares of Average Annual Expenditures and Sources of Income, Consumer Expenditure Survey, 2000," available at <http://www.bls.gov/cex/2000/share/tenracar.pdf>.
- 20 Periods of rapid gasoline expenditures are defined as increases in gasoline spending relative to disposable income that are greater than one-third the standard deviation of gasoline spending to disposable income.

- 21 Bureau of Economic Analysis, "National Income and Product Accounts Tables, Table 2.3.5: Personal Consumption Expenditures by Major Type of Product," last updated May 29, 2008, available at <http://www.bea.gov/national/nipaweb/SelectTable.asp?Selected=N>.
- 22 Authors' calculations based on Board of Governors, Federal Reserve System, "Flow of Funds Accounts of the United States 2008." (Washington, DC: BOG, 2008).
- 23 Ibid.
- 24 U.S. Department of Labor, Bureau of Labor Statistics, "Current Employment Situation Survey," last updated June 6, 2008, available at <http://www.bls.gov/ces/home.htm>.
- 25 Authors' calculations based on U.S. Department of Labor, Bureau of Labor Statistics, "Current Employment Situation Survey," last updated June 6, 2008, available at <http://www.bls.gov/ces/home.htm>.
- 26 Ibid.
- 27 Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica Smith, "Income, Poverty, and Health Insurance Coverage in the United States: 2006," U.S. Census Bureau, August, 2007, available at <http://www.census.gov/prod/2007pubs/p60-233.pdf>.
- 28 Mortgage Bankers Association, "National Delinquency Survey." (Washington, DC: MBAA, 2008).
- 29 U.S. Courts, "Bankruptcy Statistics: Quarterly Filings: 3 month by Chapter and District." (Washington, DC, 2008).
- 30 Board of Governors, Federal Reserve System, "Charge-off and Delinquency Rates on Loans and Leases at Commercial Banks." (Washington, DC: BOG, 2008).

About the Authors

Amanda Logan is a Research Associate with the Economic Policy Team at the Center for American Progress. Her work largely focuses on issues surrounding lower- and middle-income American families, including prices for necessities, wages and benefits, economic distress such as bankruptcies, and how these families view economic policy. Amanda has been with American Progress since 2006 where she first worked as a Special Assistant for Economic Policy. Prior to joining American Progress, she worked at the Center for Economic and Policy Research, the European Parliament, the National Low Income Housing Coalition, and the Idaho National Laboratory. She has appeared on radio programs and her work has been referenced in national media outlets such as *The New York Times*, *The Nation*, *U.S. News and World Report*, CNN, and “NBC Nightly News.” A native of Idaho Falls, ID, Amanda graduated summa cum laude from Moravian College in Bethlehem, PA with a bachelor’s degree in economics and political science.

Dr. Christian E. Weller is a Senior Fellow at the Center for American Progress and an Associate Professor of Public Policy at the University of Massachusetts Boston. His expertise is in the area of retirement income security, macroeconomics, money and banking, and international finance. He is also a research scholar at the Political Economy Research Institute at the University of Massachusetts Amherst. Prior to joining the Center, he was on the research staff at the Economic Policy Institute, where he remains a research associate. Dr. Weller has also worked at the Center for European Integration Studies at the University of Bonn in Germany, under the Department of Public Policy of the AFL-CIO in Washington, D.C., and in banking in Germany, Belgium, and Poland. Dr. Weller is a respected academic with more than 100 academic and popular publications. His academic publications have appeared in the *Journal of Policy Analysis and Management*, the *Journal of Development Studies*, the *Cambridge Journal of Economics*, the *Journal of International Business Studies*, the *Journal of Aging and Social Policy*, and the *Journal of Economic Issues*, among others. His popular writings have been published in *The New York Times*, *USA Today*, and the *Atlanta Journal Constitution*. He is the co-author (with E. Wolff) of *Retirement Income: The Crucial Role of Social Security* (Washington: Economic Policy Institute, 2005) and co-editor (with T. Ghilarducci) of *Employee Pensions: Policies, Problems and Possibilities* (Ithaca, NY: Cornell University Press, 2007). In 2006, he was awarded the Outstanding Scholar-Practitioner Award from the Labor and Employment Relations Association. In 2007, he was elected to the board of the Labor and Employment Relations Association, one of the country’s largest associations for professionals in the fields of labor and employment relations. His work is frequently cited in the press and he is often a guest on national TV and radio programs. Dr. Weller holds a Ph.D. in economics from the University of Massachusetts at Amherst.

Center for American Progress



ABOUT THE CENTER FOR AMERICAN PROGRESS

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

**Center for American Progress
1333 H Street, NW, 10th Floor
Washington, DC 20005
Tel: 202.682.1611 • Fax: 202.682.1867
www.americanprogress.org**