FRAC
Food Research and Action Center

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A Tightening Squeeze

The Declining Expenditures on Food by American Households

Executive Summary

Throughout the past decade – both before the recession and since the recession hit – tens of millions of American families have faced a growing struggle to afford an adequate, healthy diet. In this analysis of federal data[1], the Food Research and Action Center (FRAC) looks at what has happened to food spending by the median household (and the median household among certain race and ethnic groups).

The data chart a truly stunning drop in household expenditures from 2000 to 2010. Food spending for households fell dramatically in 2000–2002 and 2006–2010. The median household spent an eighth less in 2010 than in 2000, with spending measured against a barebones government-established food budget.

There is a raft of data showing the stagnant and falling wages, incomes and assets of American households over the decade – especially in in the years since the recession started – and how that has had disproportionate impact on Black and Hispanic households. This FRAC analysis shows those economic forces have so adversely affected food spending that tens of millions of households are no longer spending enough to purchase adequate, healthy food. This is particularly true of Black and Hispanic households.

To measure spending levels, FRAC uses U.S. Department of Agriculture (USDA) annual data that compare the amount of households' median spending on food to the amount of the Thrifty Food Plan – the level the government defines as needed for a barebones diet on an emergency basis – albeit a level which is inadequate for most families to obtain a healthy diet.

Measured this way, the data show that:

- Spending on food by the **median household** fell from 1.36 times the Thrifty Food Plan level in 2000 to 1.19 times that level in 2010.
- By 2010 median spending on food by **Black households** and **Hispanic households** had fallen to the point where it was only a tiny bit above (101 percent for Black households) or was actually below (96 percent for Hispanic households) the Thrifty Food Plan level.
- Other groups of households whose median food spending dropped from above the Thrifty level in 2000 to below it in 2010 were: **households with incomes below 185 percent of the poverty line**; and **food insecure households**.

The key culprits for this huge squeeze on family food spending most likely were declining incomes, rising housing prices, and food inflation that outpaced income growth. First, the largest drops in food spending occurred from 2000 to 2002 and then from 2006 to 2008 – periods when the economy was struggling the most and family incomes were falling. Under these circumstances food is often the only place where households can cut spending. In 2000 median household income was $53,164 (in 2010 dollars). It fell for four straight years, to $51,174 in 2004, then recovered much of those losses by 2007, but then fell to an even lower level in 2010: $49,445. By 2010 the (inflation-adjusted) household income level was seven percent below that in 2000.

At the same time, housing costs were rising faster than inflation. Housing expenditures rose for all income groups, but particularly for those in the two lowest income quintiles. For example, from 2000 to 2010 the average annual housing expenditures of the second income quintile from the bottom rose by 34 percent, from $8,482 to $11,369, while the Consumer Price Index (the government's inflation measure) as a whole rose 26.6 percent.

[1] For this analysis, FRAC used the following sources: Nord, et. al. Household Food Security Report 2000-2009, Economic Research Service, USDA; Bureau of Labor Statistics Consumer Expenditure Survey 2000-2009; and U.S. Census Bureau. Historical Income Tables.

Falling incomes and rising housing costs across the course of the decade together created a major squeeze on other forms of spending, including food, and especially squeezed such spending among lower-income groups. The only positive note was that Congress in early 2009 enacted a boost in food stamp ("SNAP") payments. FRAC attributes the small improvement in the food spending ratio from 2008 to 2009 to this boost in SNAP benefit levels, as well as a drop in the rate of food inflation.

Reduced spending on food is not an abstract problem. When families don't have enough resources to purchase an adequate diet, they suffer both hunger and deterioration in the nutritional quality of the diet. The results include damage to health, mental health, family cohesion, early child development, learning, and productivity at work. As this report reviews the rapidly declining food spending of a large proportion of the population, the report thus foreshadows widespread harm to the nation's children and adults, its schools and its workplaces, and its public finances unless the trend is rapidly and decisively reversed.

As the President said on December 6, 2011, except for those at the very top, "everyone else struggled with costs that were growing and paychecks that weren't.... When middle-class families can no longer afford to buy the goods and services that businesses are selling, it drags down the entire economy."

The Declining Expenditures on Food by American Households

Median food spending for U.S. households overall, and for each type of household examined in this report, declined considerably over the period of 2000-2010 when measured against the (inflation-adjusted) cost of food to purchase the Thrifty Food Plan.

Less spending on food would not be problematic if households were spending amounts adequate to obtain a healthy diet even after the reduction. But the evidence is that they are not – that they are spending less than the USDA-defined level that many experts consider to be already inadequate.

The available data from USDA that FRAC is compiling in this report measure median food spending against the cost of the government-created "Thrifty Food Plan." But spending at or even modestly above that level is not adequate. The Thrifty Food Plan was originally created by the federal government during the Depression to guide families at a time when they didn't have enough money to maintain their prior expenditures for food. The government said then that the plan (called at that time The Economy Food Plan) was for "restricted diets for emergency use," and that a different government plan – "the low cost food plan," an amount more than one quarter higher – should be the "standard [for] a *reasonable measure of basic needs* for a good diet."

In other words, the Depression's Economy Food Plan (later renamed the Thrifty Food Plan) isn't enough for a healthy diet. It has been redesigned by USDA since then, but always under constraints that the redesigned elements not exceed the cost of the plan it replaced – i.e., the purchasing power hasn't increased.[2] The Thrifty Food Plan amount is still far below that in the government's Low-Cost Food Plan. For example, in June 2011 the Thrifty plan assumes $611.70 in food purchases for a family of four in a month, while the Low-Cost Food Plan is $796.10.

Among other defects, the Thrifty Food Plan is predicated on families having facilities, food storage, time (about 3 ½ hours/day) to prepare many items from scratch, in-depth knowledge about nutrition, and inexpensive transportation to supermarkets or warehouse-type grocery stores that many low-income households do not have.

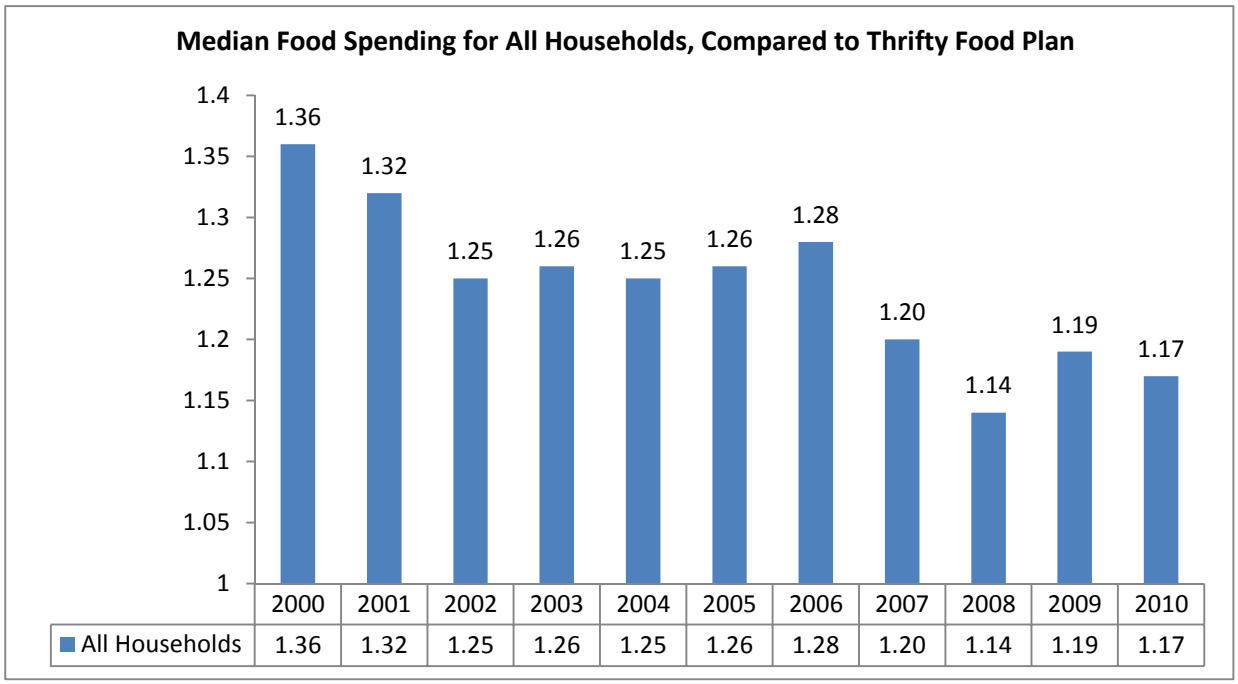
The Thrifty Food Plan also is the basis for the monthly SNAP (food stamp) allotment. Throughout the history of the SNAP/Food Stamp Program, studies have found spending at the Thrifty plan level to be inadequate – recently studies in Boston and Philadelphia by Children's Health Watch found that families would have to spend 39 percent and 49 percent more, respectively, than the Thrifty allotment to purchase a healthy diet.

[2] For example, the last reformulation tied the pricing to quantities unattainable in any practical way – e.g., 57 ounces of beef, pork, veal, lamb or game per week, and to virtually meaningless quantities of prepared foods, like .48 ounces of frozen or refrigerated entrees – the equivalent of a single fish stick for a family of four.

When this report shows that the *median* spending of *all* households is falling toward the level of the Thrifty Food Plan, and for some large groups is falling to below the level of the Thrifty Food Plan, the report is showing that tens of millions of households are failing to attain even that inadequate standard for food purchasing.

All Households

Looking at all households, the median household was spending 36 percent more than the Thrifty Food Plan in 2000 but only 17 percent more in 2010.



While it is not certain why spending bumped up slightly in 2009, one key factor almost undoubtedly was the (temporary) boost in monthly SNAP benefits that Congress and the President enacted in early 2009.

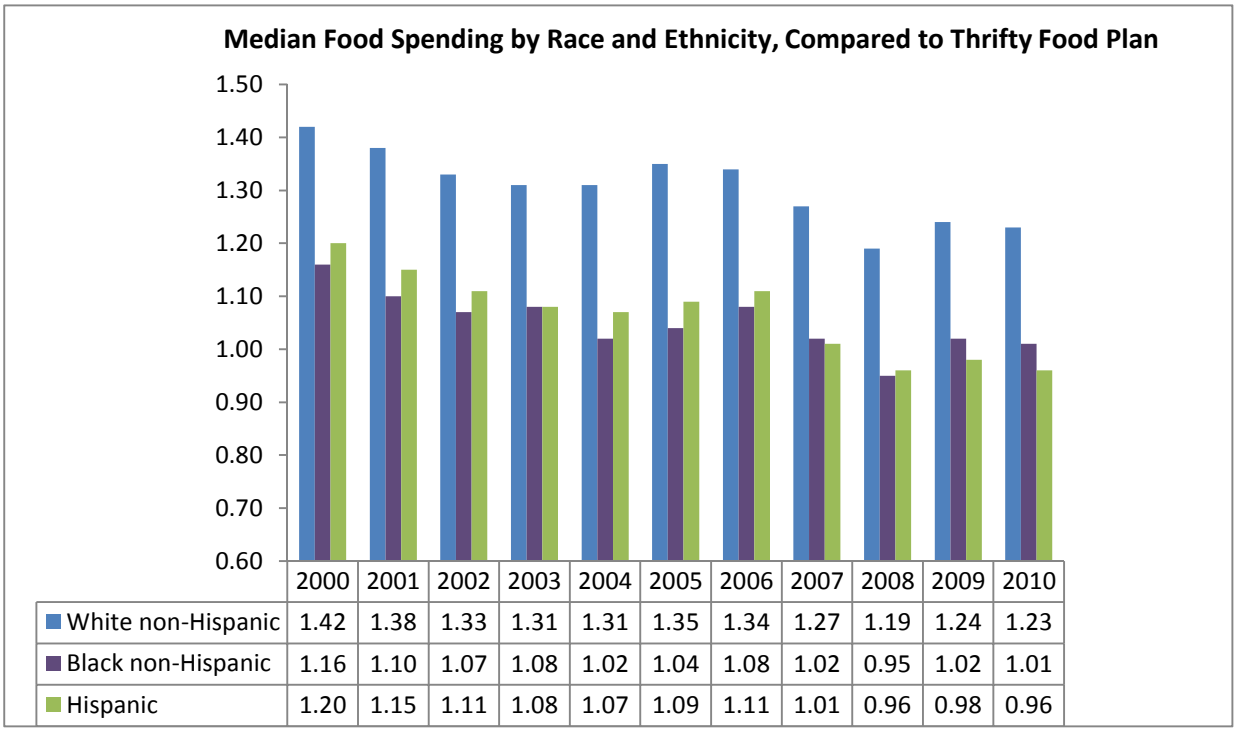
As discussed above, the Thrifty Food Plan is not adequate to support decent nutrition and health. A more adequate measure of what a family needs to spend on food is represented by the government's "Low-Cost Food Plan" (there are also "Moderate-Cost" and "Liberal" plans). The Low-Cost plan is, depending on family composition, 27-30 percent more than the Thrifty Food Plan. Looked at from that perspective, the median household fell from spending in 2000-2001 enough on food to attain the Low-Cost Food Plan, to considerably less than enough in 2007-2010.

Households by Race and Ethnicity

While households of all races have seen an overall decline in spending across the decade, groups with lower spending (because they have lower median incomes) to begin with have fallen to remarkably low levels.

The median white non-Hispanic household has consistently spent more for food than its black non-Hispanic and Hispanic counterparts. The median black and Hispanic households both fell below 100 percent of the Thrifty Food Plan amount in 2008 (they spent five percent and four percent less than the plan respectively). In 2009 and 2010, black households rose slightly above this level, while Hispanic households stayed below.[3]

[3] On average, households identified racially as "Other" have higher levels of food spending than black and Hispanic households but lower levels than white households. Asian, Pacific Islander, Native American and other racial categories are often grouped together because the sample sizes are not large enough to accurately reflect trends in these sub-groups.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
White non-Hispanic	1.42	1.38	1.33	1.31	1.31	1.35	1.34	1.27	1.19	1.24	1.23
Black non-Hispanic	1.16	1.10	1.07	1.08	1.02	1.04	1.08	1.02	0.95	1.02	1.01
Hispanic	1.20	1.15	1.11	1.08	1.07	1.09	1.11	1.01	0.96	0.98	0.96

Hispanic Households

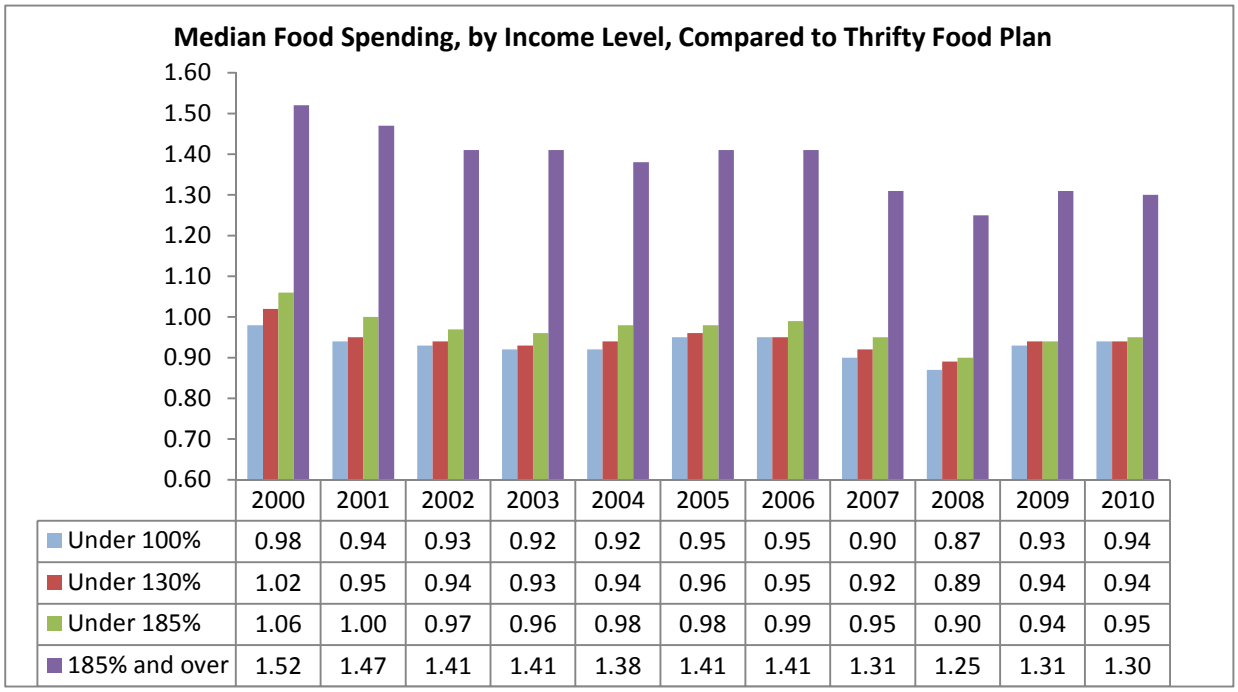
Hispanic households suffered the worst drop across the decade. Not only did median Hispanic food spending fall below and stay below the Thrifty Food Plan level, but it declined with remarkable speed compared to White non-Hispanic spending, which itself was falling. In 2000, the median weekly per person food spending in Hispanic households was 78 percent of per person weekly spending in white non-Hispanic households. By 2010, it had fallen to 68 percent of that level.

	White non-Hispanic Median Weekly Spending Per Person	Hispanic Median Weekly Spending Per Person	Ratio of Hispanic Median Spending to White Median Spending
2000	$40.00	$31.30	.78
2001	$40.00	$30.00	.75
2002	$40.00	$30.00	.75
2003	$40.00	$31.25	.78
2004	$41.67	$32.50	.78
2005	$45.00	$33.33	.74
2006	$45.00	$35.00	.78
2007	$45.00	$33.33	.74
2008	$47.50	$35.00	.74
2009	$47.00	$33.75	.72
2010	$49.00	$33.33	.68

Households by Income Level

Not only poor households experienced spending that fell to unhealthy levels. Among all households with incomes up to 185 percent of the poverty level, median food spending fell well below the Thrifty Food Plan level across the decade. In 2010, 96 million Americans or 31.8 percent of the U.S. population lived in households with incomes below 185 percent of the federal poverty level[4] (for a family of three, 185 percent of the poverty level is $33,874). Median spending for such households fell from 106 percent of the Thrifty Food Plan in 2010 to 95 percent in 2010.

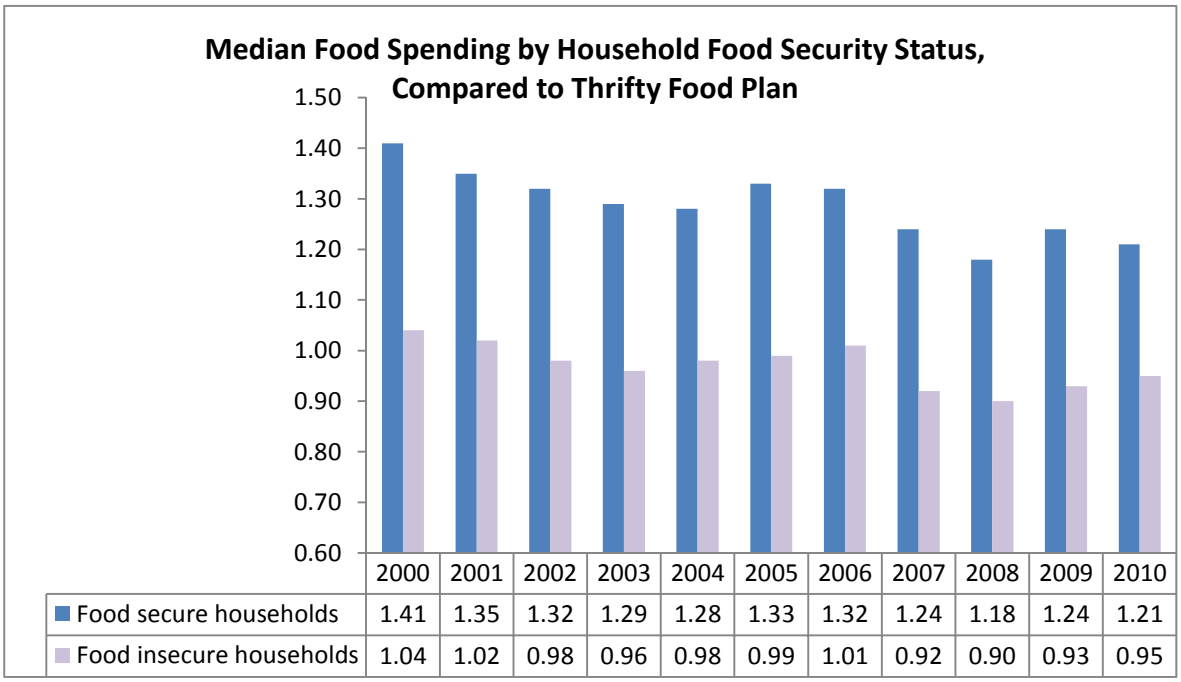
[4] Source: American Community Survey, 2010.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Under 100%	0.98	0.94	0.93	0.92	0.92	0.95	0.95	0.90	0.87	0.93	0.94
Under 130%	1.02	0.95	0.94	0.93	0.94	0.96	0.95	0.92	0.89	0.94	0.94
Under 185%	1.06	1.00	0.97	0.96	0.98	0.98	0.99	0.95	0.90	0.94	0.95
185% and over	1.52	1.47	1.41	1.41	1.38	1.41	1.41	1.31	1.25	1.31	1.30

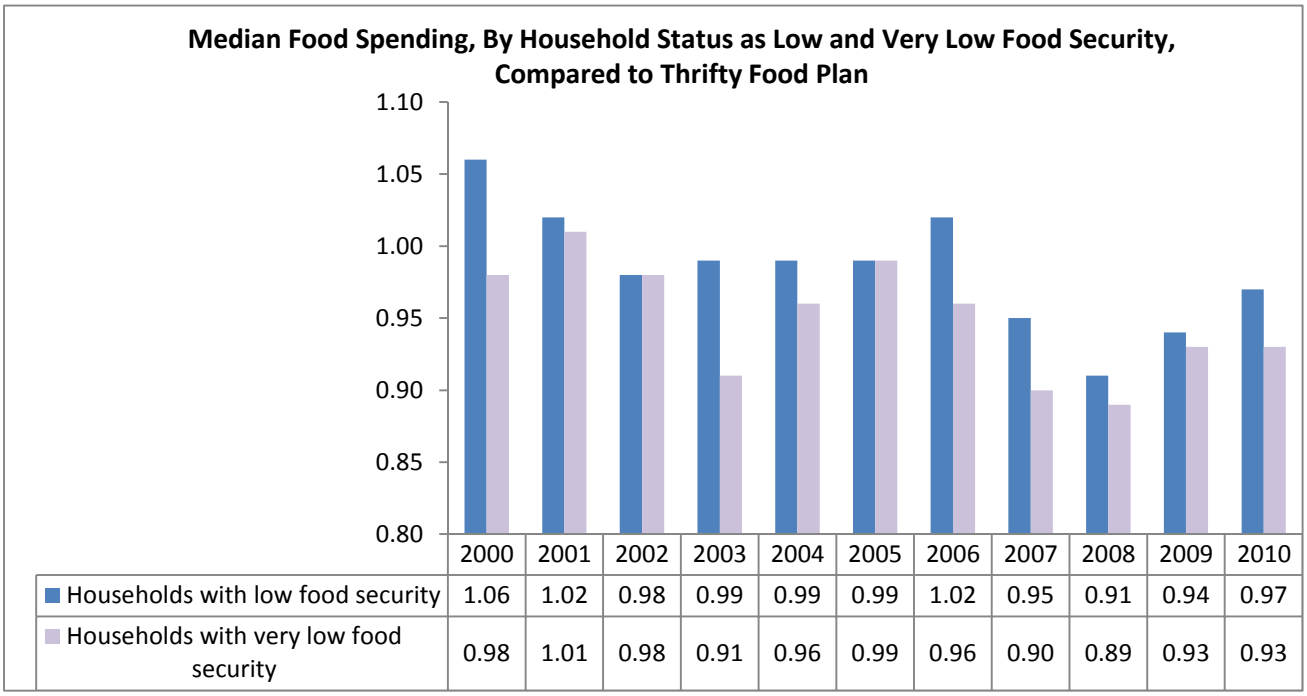
Households by Food Security Status

In 2000, the median food insecure household spent slightly more than the Thrifty Food Plan for food, but by 2010 that number had dropped to spending levels five percent less than the cost of Thrifty.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Food secure households	1.41	1.35	1.32	1.29	1.28	1.33	1.32	1.24	1.18	1.24	1.21
Food insecure households	1.04	1.02	0.98	0.96	0.98	0.99	1.01	0.92	0.90	0.93	0.95

This was especially true for households categorized by USDA as experiencing “very low food security” (the most severe form of food insecurity). More than 6.3 million households with 16 million members in 2010 were categorized in this most severe category, in which food intake is most disrupted due to resource constraints. Once again, a slight improvement in the food spending ratio from 2008 to 2009 can be attributed to the boost in SNAP benefit levels, as well as a drop in the rate of food inflation.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Households with low food security	1.06	1.02	0.98	0.99	0.99	0.99	1.02	0.95	0.91	0.94	0.97
Households with very low food security	0.98	1.01	0.98	0.91	0.96	0.99	0.96	0.90	0.89	0.93	0.93

Methodology

The U.S. Department of Agriculture's Economic Research Service prepares an annual Household Food Security report that documents the state of food security and insecurity across the United States. The publication uses data from the Current Population Survey Food Security Supplement to report on the rates of participation in food assistance programs, the levels of food insecurity across different types of households, and the patterns of food spending for those households.

The report includes as well data on the ratio of food spending to the cost of the Thrifty Food Plan. The Thrifty Food Plan (TFP) is a figure calculated for age and gender-specific categories that reflects low-cost diet. The cost is adjusted monthly to account for changes in food costs over time.

Nord, et. al. Household Food Security Report 2000-2009, Economic Research Service, USDA
Bureau of Labor Statistics Consumer Expenditure Survey 2000-2009
U.S. Census Bureau. Historical Income Tables.
http://www.census.gov/hhes/www/income/data/historical/inequality/index.html

Acknowledgements

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