



## FRAC Facts: Rising Food Costs and the Thrifty Food Plan

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While the cost of food rose by 5.8 percent from May 2007 to May 2008, the cost of the Thrifty Food Plan (the mix of food items on which low-income people rely) rose even faster. Over the same time period, the cost of the Thrifty Food Plan rose by 7.3 percent.



This increase in the Thrifty Food Plan is a more accurate indicator of how low-income households are suffering from rising food costs, because the Thrifty Food Plan is USDA's estimate of what it would cost to purchase a minimally adequate diet. The Thrifty Food Plan is the least expensive market basket of food the government prices – and recommends for short-term use.

The especially rapidly rising cost of the Thrifty Food Plan means that low-income families are struggling even harder to keep hunger at bay. The Farm Bill nutrition title, which Congress recently enacted, will provide help in the medium and long-term, but it is essential that the next economic stimulus bill include a temporary boost in food stamp benefits to help families struggling with rapid Thrifty Food Price increase.

**Fast Fact:** The cost of the Thrifty Food Plan for a family of four is \$39.50 more per month than it was a year ago – that's the equivalent of nearly an extra day of work each month at the minimum wage at a time when most low-income families are already working two or three jobs, and when employers are cutting back on hours, not offering more.

### On Background: Limitations of the Thrifty Food Plan

The Thrifty Food Plan is unrealistic for even the thriftiest food shopper – it assumes they have an in-depth knowledge about nutrition and how to select the healthiest item for the least amount of money, and that they have enough time to prepare most meals from scratch. Those working low-wage jobs with long hours are not just short on money but on time as well. The Thrifty Food Plan also assumes that people are able to buy food in bulk, a particular challenge for those lacking reliable transportation to stores or for those lacking a large-scale supermarket in their community.

The Thrifty Food Plan serves as the government's basis for Food Stamp allotments. The Food Stamp Program assumes that households will be able to purchase the Thrifty Food Plan using their benefits plus 30 percent of net income (after deductions for child care, work expenses, etc.) from earnings or sources like Social Security. But, studies have shown that the food stamp benefit based on the Thrifty Food Plan is not sufficient for most recipients to be able to purchase the food package in stores in their neighborhoods. Researchers in Boston reported that the actual cost of the Thrifty Food Plan exceeded the maximum food stamp allotment in both the small and large stores. Averaging across all stores, the maximum food stamp allotment fell short by almost \$27 per month for a family of four. Rising food costs are taking a larger toll; now, the maximum food stamp allotment falls short by \$40 each month.