



## **FRAC Facts: The Impact of Rising Food Costs on Low-Income Americans**

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All Americans are starting to feel the pinch of food costs that suddenly have begun rising more rapidly, on top of rising energy, housing, and health costs. The higher cost of food is falling especially hard on low-income families – the people already stretching limited budgets to the utmost. In a crunch, for many households food costs are the main area where they choose to cut back on spending, albeit at a price to their health. Bills for rent or mortgage, child care and transportation to work must be paid, as well as heating costs and the water bill. Cutting back on groceries, as painful as it may be, can seem like the only choice to make.

FRAC believes it is especially important now to strengthen nutrition program supports, as well as to connect more families to federal nutrition programs that can help them stretch their limited funds and access healthy foods.

### **FACTS AT YOUR FINGERTIPS:**

- According to the Department of Labor, the cost of food at home rose 5.9 percent from April 2007 – April 2008.
- Some food items experienced a double-digit increase in price during the same time period, including:



Milk increased by 13.5 percent.



Eggs increased by 30.5 percent.



Cheese increased by 12 percent.



Bread increased by 14.1 percent.

- The price of a market basket of basics on which low-income people rely rose even faster. From March 2007 to March 2008, the cost of the “Thrifty Food Plan” rose by 5.6 percent. The Thrifty Food Plan is the government’s basis for Food Stamp allotments – it represents the least expensive basket of food the government prices (and recommends only for short-term use). Studies show that most families cannot actually obtain a healthy diet with this level of spending, but it is what many low-income families are relegated to, at best.
- Because some parts of the food stamp benefit computation are not indexed for inflation, and those that are indexed are changed only once a year (in October), faster food inflation especially harms people on food stamps.
- A recent poll by CNN found that many Americans are starting to cut back on spending.
  - 30 percent of respondents said they already are cutting back on food and medicine;
  - 57 percent are worried they will have to start cutting back soon; and
  - Nearly half said they are cutting back on energy costs.
- The rise in food costs may be even more dramatic for healthier, more nutritious food (such as lean meats and vegetables). These food items increased by 20 percent over the past two years, according to researchers at the University of Washington. The study, by Adam Drewnowsky and Pablo Monsivais, was published in the December issue of the Journal of the American Dietetic Association.

**In their words: Everyone is feeling the squeeze, but low-income Americans are hit the hardest.**

- "Everything just keeps going up," said Barb Phillips of Medway (Mass.). "It's all really grim." Phillips, who earns less than \$40,000 a year, said the cost for a case of formula for her 7-month-old son jumped from \$32 to \$38. Because of higher food costs, she stopped buying fresh produce for herself. ("Surging costs of groceries hit home," Boston Globe, 3/9/08)
- "You used to carry your groceries in two hands, but now it only takes one hand, and I spent the same amount of money that I used to," said Carlos Rivera of Joplin (Mo.). "I used to spend \$155 a week on groceries for my family. Now it's \$190, and it's not even the same amount of groceries." ("Small businesses, consumers cooked by rising food prices," The Joplin Globe, 3/15/08)
- "[Rising food prices are] the biggest risk we face economically, and it might be the thing that does us in," said Rich Yamarone, director of economic research at Argus Research Corp. in New York. "There's nothing really worse than having a job, making money, and forking most of it over just so you can have the same amount of food. You're running in place, and it really weighs on you." ("Surging costs of groceries hit home," Boston Globe, 3/9/08)
- "I'm worried. This is hitting all the families, especially those that have two or three kids in school. It is hitting them hard," said Martha Jo Fritz, food service director for Beverly schools, who added that schools are starting to feel the pinch of higher costs for milk and produce. ("School Lunch Crunch," Boston Herald, 3/30/08)
- "It's been subtle, but prices are getting really bad," said Bart Tuthill, a Meals on Wheels volunteer who shops for Lupe Hernandez. To grapple with the rising food costs, Hernandez, who is 85 and lives on a fixed income, said she opts for sale items, forgoes grapes and oranges, and eats more beans and cheese instead of lean meat or ribs. ("Rising food prices pinching low-income people and food banks," Austin American-Statesman, 3/10/08)
- "There are a lot of people here doing without," food pantry operator Loretta Tolson said. "It's sad, but we have older people who have worked all their lives, and they get \$10 a month for food stamps." ("Family opening new food pantry in Lexington," Dispatch, 3/15/08)
- "I've spent \$300 in a matter of two weeks," said shopper Roseann Fede. "It used to be like \$150. Milk, eggs, nonperishable things, everything has gone up in price." ("Costs Surge for Stocking the Pantry," New York Times, 3/15/08)
- "Everything is going up," said Ren Chavez, 72, of Wheaton. "I have a car but now I take the bus, even if it is cold . . . my money now has less value," he said. "I go into a store with \$6 and, imagine it, it isn't worth anything...Everything has gone up, eggs, milk, everything is very high, and we don't have a remedy... We have to eat." ("Inflation Hits the Poor the Hardest, The Washington Post, 3/21/08)