



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*



Food Spending and Income

Julie Kurland
(202) 786-1870

Personal consumption expenditures were about \$2.6 trillion in 1985, an increase of 6.6 percent from a year earlier. Of this total, \$420 billion was for food, up 5.5 percent from 1984 and 13.7 percent above food expenditures in 1983 (table 1).

Food-at-home expenditures reached \$291 billion, up 4.9 percent from a year earlier, while away-from-home food spending was up 6.7 percent to \$130 billion. After adjusting for food price inflation, which has been low in the food-at-home market, expenditures on food at home were up 3.7 percent from last year. In the away-from-home food market, expenditures rose only 2.6 percent after adjusting for inflation. Prices in the restaurant industry have risen at a higher rate than the food-at-home market because restaurant meal prices are much more heavily weighted by food service costs than raw product costs. Thus, food-away-from-home costs are highly affected by inflation in the general economy.

Food expenditures increased from 14.9 percent of personal disposable income in 1984 to 15.0 percent in 1985. The proportion of income spent on food varies widely among different income groups and generally declines as income rises. Data from the Bureau of Labor Statistics' 1982/83 Consumer Expenditure Interview Survey (the latest data available) reveal that households earning less than \$10,000 spent an average of 36.5 percent of their pre-tax income on food. The percentages for other income groups were: \$10,000-\$14,999, 19.9 percent of income;

\$15,000-\$19,999, 16.1 percent; \$20,000-\$29,999, 13.8 percent; \$30,000-\$39,999, 11.5 percent; and \$40,000 and up, only 8.8 percent. The average for all households surveyed was 13.6 percent of pre-

tax income. These figures include only households designated as having complete income reporting, but do not account for possible under-reporting of income. □

Table 1. How Disposable Personal Income Is Spent¹

	1983	1984	1985
Billion dollars			
Disposable personal income	2,425.4	2,670.2	2,801.1
Total personal consumption expenditures	2,229.3	2,423.0	2,581.9
Nondurables	817.0	872.4	912.5
Food, excl. alcoholic beverages	369.8	398.6	420.3
At home	258.0	277.0	290.6
Away from home	111.7	121.6	129.7
Alcoholic beverages	52.3	53.1	53.9
At home	33.4	33.1	33.2
Away from home	18.9	20.0	20.7
Cleaning and household supplies	23.6	25.1	26.5
Toiletries	20.4	22.0	23.3
Tobacco	28.0	30.3	32.1
Drugs	24.4	26.4	28.3
Clothing and shoes	135.2	147.4	156.1
Gas and oil	90.1	90.7	92.0
Fuel oil and coal	17.5	17.9	15.8
Other	55.6	60.9	64.1
Durables	289.6	331.1	360.8
Motor vehicles and parts	130.6	153.8	167.7
Furniture and household equipment	107.4	119.4	128.9
Other	51.7	57.9	64.1
Services	1,122.7	1,219.6	1,308.7
Housing	344.0	371.3	403.3
Household operation	155.9	166.0	173.2
Transportation	74.7	82.1	86.8
Personal care	28.1	29.5	31.0
Medical care	237.4	259.5	280.3
Personal bus. service	132.6	147.4	160.3
Recreational services	61.0	65.4	69.0
Other	89.0	98.5	104.8
Savings	133.2	172.5	129.7
Other²	62.9	74.7	89.5

¹Reflects data as of January 22, 1986. ²Includes interest paid by consumers to businesses and personal transfer payments to foreigners.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The author is an economics assistant formerly with the Food Marketing and Consumption Economics Branch of the National Economics Division.