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Food Spending and Income

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gram between October 1978 and October 1979.

Meals served under the Child Nutrition Programs may be provided to participating children free, at a reduced price, or at full price. The Secretary of Agriculture establishes income poverty guidelines to be used by States as a basis for determining the category of payment for each child.

A total of 4.4 billion lunches were served under the National School Lunch Program in fiscal year 1979. Of that total, 1.6 billion, or 37.5 percent, were free lunches. Reduced-price lunches represented 6.1 percent, or almost 270 million.

Participants in the School Breakfast Program received 432.5 million free and 32.1 million reduced-price meals—78.2 and 5.8 percent, respectively, of total breakfasts served.

Prior to 1975, the School Breakfast Program was limited to schools serving large numbers of needy children or children who traveled long distances to school. The program may now be offered in all schools—high school and below. However, the emphasis of the program continues to be on improving nutrition for children from low-income families. Schools may apply for additional reimbursement if they cannot operate on the allowable reimbursements because of unusually high preparation costs. Schools which are defined as "especially needy" (40 percent or more of the lunches served in them last school year were free or reduced in price) may be reimbursed for up to 100 percent of the operating costs of the breakfast program.

All meals served to children through the Summer Food Service Program are free. Participation in the program is limited to sponsors operating programs in areas where at least one-third of the children would qualify for free or reduced-price meals under the National School Lunch and School Breakfast Programs or to institutions providing meals as part of an organized program for children enrolled in camps.

USDA recently awarded \$20 million in nutrition education and training funds for fiscal year 1980. Fifty States and seven territories will receive about 40 cents for each child enrolled in schools and child care institutions. No State will receive less than \$75,000. These funds will be used to teach children, teachers, and school food service personnel about nutrition. ■

Food expenditures in 1979 were nearly \$268 billion, about 11 percent above those of 1978. On a per person basis, food expenditures averaged \$1,200 in 1979, of which \$900 was for food at home and \$300 for food away from home.

Food-at-home expenditures reached \$200 billion, 7 years after reaching \$100 billion. But almost all of that increase was due to higher prices. When adjusted for inflation, apparent volume was only \$7½ billion higher. Compared with 1978, volume rose 1 percent. Food-away-from-home expenditures, at \$67 billion, averaged about 10 per-

cent higher than those in 1978, less than the 11-percent advance in prices. Thus, real volume apparently dropped about 1 percent, the first such decline in almost a decade. For the first time in 7 years, the percentage of food spending accounted for by food away from home fell.

Food spending advanced to an annual rate of \$280 billion during the fourth quarter of 1979, up 4 percent from the third quarter total. Spending for food at home rose to an annual rate of \$210 billion, about 4 percent above the total for the third quarter. Away-from-home spending, at a

Disposition of Disposable Personal Income Among Selected Items

	1976	1977	1978	1979 ¹
	Percent			
Housing	27.3	27.6	27.6	27.7
Shelter	14.0	14.4	14.6	14.8
Operation	6.6	6.7	6.6	6.6
Furniture & equipment	1.2	1.1	1.1	1.1
Food	16.9	16.7	16.5	16.4
At home	12.7	12.5	12.3	12.3
Away from home	4.2	4.2	4.2	4.1
Transportation	12.7	13.2	13.1	13.0
Gas & oil	3.6	3.6	2.5	4.0
Auto & parts	5.9	6.3	6.3	5.6
Auto & repair	2.0	2.0	2.0	2.1
Insurance4	.6	.6	.5
Non-auto transportation8	.8	.8	.8
Medical	8.4	8.8	8.8	8.8
Clothes & shoes	6.4	6.3	6.3	6.1
Other PCE	22.6	22.4	22.8	23.5
Savings	5.8	5.0	4.9	4.5
Disposable personal income	100.0	100.0	100.0	100.0

¹Preliminary.

Disposition of Disposable Personal Income

Item	1978	1979
	4th quarter	4th quarter
	Percent	
Food	16.5	16.7
At home	12.3	12.5
Away from home	4.2	4.2
Other nondurable	20.1	21.0
Durable	13.9	12.8
Services	42.3	43.7
Personal consumption expenditures	92.8	94.1
Savings	4.7	3.3
Other	2.5	2.6
Disposable personal income	100.0	100.0

Source: Derived from Department of Commerce data.

Per Capita Personal Consumption Expenditure

	1978	1979	1978	1979
	Current dollars		1972 Dollars	
Housing	1883	2119	1298	1355
Shelter	971	1099	690	726
Operation	482	547	293	302
Furniture & household equipment	355	390	276	288
Cleaning supplies	75	83	29	40
Food	1101	1218	658	656
At home	820	915	486	489
Away from home	281	303	172	167
Transportation	875	965	564	543
Gas & oil	233	297	128	121
Auto & parts	417	415	287	266
Auto & repair	135	156	83	87
Insurance	39	40	29	30
Non-auto transportation	51	58	37	39
Medical	589	656	346	350
Clothes & shoes	417	453	333	349
Other PCE	1481	1684	—	—
Savings	326	331	n.a.	n.a.
Disposable personal income	6672	7426	4449	4509

n.a. = not available

\$70-billion annual rate, advanced over 5½ percent from the third quarter total. This was one of the sharpest quarterly gains in recent years. This was also the first real gain in restaurant expenditures since the fourth quarter of 1978. At-home food spending also advanced after price increases were adjusted.

Personal disposable income averaged about 10½ percent above 1978, while personal consumption expenditures were about 12 percent higher. The savings rate fell from 5 percent to 4½ percent. On a per person basis, and adjusted for inflation, income rose 1 percent above 1978, compared with a 2-percent rise in personal consumption expenditures. Real per capita disposable income rose slightly during the first quarter of 1979, and fell each quarter thereafter. By the end of 1979, the savings rate fell to 3.4 percent, the lowest since the Korean Conflict.

Disposable personal income (DPI) during the fourth quarter rose only 2½ percent above that of the third quarter. On a per capita basis and adjusted for increases in the cost of living, DPI declined for the third consecutive quarter. By the fourth quarter of 1979, per capita DPI adjusted for price increases was almost 1 percent below the fourth quarter of 1978. Per capita real food spending dropped sharply during the first half of 1979 largely due to a decline in food-away-from-home expenditures, but by the end of the year it averaged 1 percent higher than it was in 1978.

Despite sharply higher prices and a slowdown in the economy, the percent of income allocated to food fell for the fifth consecutive year, averaging 16.5 percent. Food at home averaged 12.3 percent of income, while food away from home was 4.2 percent. Among major consumer items, housing and gas and oil comprised a significantly higher portion of disposable personal income than in 1978. For the third consecutive year, the portion of DPI allocated to transportation was higher than that for food at home, while housing took up more than a fourth of disposable personal income. ■