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Personal Consumption Expenditures for Food: 1929-1979

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at participating retail food stores for specified foods, or with a federally specified food package. In the fourth quarter of 1979, food and administrative costs for the program totaled \$158.6 million, up from \$117.5 million during the same quarter in 1978. Program participation has increased from 1.3 million to 1.7 million persons during the same period.

USDA recently announced a change in the rule for allocating food assistance funds to participating State agencies for the WIC program. Funds are currently distributed on the basis of a State's infant mortality rate and the number of children in a State agency under 5 years of age whose family incomes are at or below 200 percent of nonfarm poverty level. The regulations provide a new method for computing the number of children.

The level of program funding in fiscal 1980 will be limited. States with a fourth-quarter annualized food grant of \$500,000 or less are limited to a 50-percent increase over their fourth-quarter funding.

Regulations have also been announced which provide new menu options for school lunch managers. Minimum requirements for a Type A lunch specify the serving of one slice of whole grain enriched bread or equivalent. Under the new regulations, rice, pasta, and cereal grains such as bulgur and corn grits may be served as bread alternates. Thus, local and ethnic preferences may be incorporated into school meals. To reduce the percentage of lunch calories derived from fat, schools are now required to offer unflavored lowfat milk, skim milk, or buttermilk, in addition to whole milk.

The new rules also allow schools or State agencies to design programs for involving students and parents in school lunch activities. ■

This marks the 50th consecutive year for the Department of Commerce to report personal consumption expenditures for food, a measure of food spending widely used, but frequently misinterpreted. The purpose of this analysis is to show what the series measures and how it is derived.

What is Measured?

The Commerce Department series is *not* a measure of total food spending in the United States in any given time period (quarterly or annually), but rather is a measure of personal consumption expenditures (PCE) for food. The difference is substantial.

The food expenditures data are part of total personal consumption expenditures, which along with gross private domestic investment, net exports, and Government purchases comprise the Gross National Product of the United States. To avoid double counting, which would falsely inflate the Nation's output, only those products and services which are consumed in final form are included.

Within the food-at-home category, the PCE includes:

- Food purchased for off-premise consumption (home use). The criterion used for determining this component is the type of retail establishment at which it is purchased.

- Food produced and consumed on farms. Since this food is produced, it is considered a part of the farmer's income; since the food is consumed, it is considered a part of the farmer's purchases. Thus, in effect, the farmer is purchasing and then consuming the food he has produced.

Within the away-from-home category the PCE includes:

- All meals and nonalcoholic beverages purchased for away-from-home

eating (including children's payments for the School Lunch Program). The type of retail establishment is the determining criterion, and tips are included.

- Food furnished military and civilian personnel. This food is considered a part of the income of the service-person or employee and becomes a part of the PCE. An example would be food eaten in a subsidized cafeteria owned by a private business firm.

What Is Not Included?

The bulk of food spending excluded from PCE, but included elsewhere in the Gross National Product is not included in the food-away-from-home category, such as:

- Business and Government purchases of meals. In order to avoid double counting, business purchases of meals, such as those bought on travel or business entertainment, are not included in the food-away-from-home category of the PCE. Instead, these meals are included as a part of the final product. Meals purchased by an employee of an automobile firm would later show up in purchases of durable goods since the cost of the meal would be reflected in the price of the automobile. In the case of a Government employee, the cost of meals is included under current Government purchases of foods and services.

The value of business and Government purchase of meals is estimated to be roughly 25 percent of food eaten on premise. This amount is deducted from total purchases of food in eating and drinking places to come up with personal expenditures for food eaten "on premise."

- Meals served hospital patients and persons in other institutions are considered a part of hospital expenditures, and fall under PCE for services. Meals served prison inmates are considered a

Personal Consumption Expenditures for Food in Relation to Disposable Income,¹ 1929-1979

Year	Disposable Personal Income	At Home ²	Away From Home ³	Total ⁴
Billion Dollars				
1929	82.3	16.4	3.2	19.5
1930	73.7	14.9	3.0	18.0
1931	63.6	12.0	2.7	14.7
1932	48.6	9.1	2.3	11.4
1933	45.5	9.4	1.5	11.9
1934	52.1	10.3	1.9	12.2
1935	58.4	11.4	2.2	13.6
1936	66.2	12.8	2.5	15.3
1937	70.9	13.5	2.9	16.5
1938	65.1	12.9	2.8	25.6
1939	69.9	12.8	2.9	15.7
1940	75.2	13.4	3.1	16.6
1941	92.0	15.3	3.8	19.2
1942	116.4	18.2	5.1	23.3
1943	132.9	20.4	7.0	27.4
1944	145.4	21.5	8.3	29.8
1945	149.0	23.3	9.9	33.2
1946	198.6	29.5	9.5	39.0
1947	168.4	34.6	9.2	43.7
1948	187.4	37.0	9.3	46.3
1949	187.1	35.7	9.2	44.9
1950	205.5	36.6	9.4	46.0
1951	224.7	41.1	11.0	52.1
1952	236.4	43.1	11.6	54.7
1953	250.7	43.8	11.7	55.5
1954	255.7	45.0	11.5	51.5
1955	273.4	46.4	11.7	58.1
1956	291.3	48.3	12.1	60.4
1957	306.9	51.3	12.6	63.9
1958	317.1	53.9	12.7	66.7
1959	336.1	55.3	13.5	68.7
1960	349.4	56.2	14.2	70.5
1961	362.9	57.3	15.0	72.4
1962	383.9	57.8	16.1	33.9
1963	402.8	58.8	17.0	75.7
1964	437.0	62.4	18.0	80.2
1965	472.2	66.8	19.0	85.8
1966	510.4	72.4	20.7	92.6
1967	544.6	74.0	21.0	95.0
1968	588.1	79.5	23.2	102.7
1969	630.4	84.7	24.8	109.6
1970	685.9	91.8	26.8	118.6
1971	742.8	94.2	28.9	123.1
1972	801.3	100.6	30.1	130.6
1973	901.7	112.9	33.9	146.8
1974	948.6	128.4	38.4	166.9
1975	1086.6	140.9	43.8	184.7
1976	1184.5	150.9	49.4	200.2
1977	1305.1	162.7	55.2	217.9
1978	1458.4	179.3	61.4	240.7
1979 ⁵	1604.0	200.0	66.0	266.0

¹Data of the Department of Commerce in the *Survey of Current Business*. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees.

²Includes food consumed on farms where produced.

³Includes food served to the military and employees of hospitals, prisons, and food service establishments.

⁴Figures may not add due to rounding.

⁵Projected.

Note: For historical data, turn to pages 56 - 57 .



part of Government expenditures.

- Food included with transportation tickets and camp fees is included as a part of the PCE for those services.

- Food distributed by Government agencies essentially is included in changes in Commodity Credit Corporation inventories under Government purchases of foods and services. In 1978, this amounted to about \$600 million, the bulk of which went to the School Lunch Program.

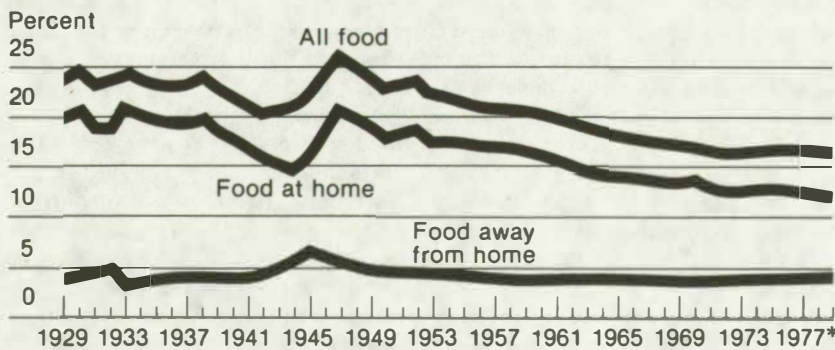
Within the Food-At-Home Category

The value of food produced in non-

farm home gardens as well as game is excluded. This was estimated to have a retail value of \$7 billion, about 4 percent of at-home food expenditures in 1977.

Within the system of national income accounting, the value of fertilizer, seeds, and fishing equipment is included under PCE for goods. But the value of the final product, which would be an imputed value, is excluded for the same reason that the services one provides oneself with a do-it-yourself kit are excluded. That is, vast imputations of services not purchased in the marketplace would inflate the Nation's output.

Expenditures for Food as a Percent of Disposable Personal Income, 1929-79



*Projection. Source: Department of Commerce.

How the Series Is Derived

The PCE for food is not a yearly summary of food expenditures in the United States. Instead it is derived by multiplying the "benchmark" or quinquennial (every 5-year) estimate by the "mover."

The "mover" is simply the change in the Bureau of the Census' monthly sales of eating and drinking.¹ It is assumed that the product mix of retail food sales between food and nonfood sales has not changed since 1972. Census data indicate that this mix did not change between 1958, 1967, and 1972.

The "benchmark" data, taken every 5 years, are from the Department of Commerce input-output tables. The data are from the Census of Manufactures, Transportation and Business. Personal consumption expenditures for food are derived by adding transportation costs and wholesale and retail trade markups to manufacturers' prices. After correcting for inventory changes and exports and imports, the PCE is broken down by food eaten off premise (at home), on premise, produced and consumed on commercial farms, and food furnished military and civilian employees.

The current PCE as of this date is still determined by applying the "mover" to the 1967 "benchmark" year. The 1972 input-output tables are in published form, but the data have not yet been incorporated in the PCE series. The published 1972 PCE figure for food, which was extrapolated from the 1967 benchmark figure, was \$4.5 billion lower than the actual figure obtained in the 1972 benchmark survey. When the two sets of data are reconciled, those based on the actual 1972 benchmark will be revised going back to 1967.

¹ In the at-home food category, food produced on farms is supplied by USDA; food furnished the military is supplied by the Defense Department.