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Higher Cost of Food in Some Areas May Affect Food Stamp Households' Ability To Make Healthy Food Choices

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Economic Information Bulletin Number 29-3

September 2007

The Food Stamp Program augments food resources of low-income households, with the goal of ensuring that they can afford healthy, nutritious diets. The maximum benefit for each household size is based on the cost, at national average prices, of the Thrifty Food Plan (TFP)—a set of meal plans that provides a nutritious diet at a minimal cost. The food stamp benefit formula does not account for geographic differences in food prices (except in Alaska and Hawaii, where food prices and benefits are higher). In other areas, if food prices are substantially higher than the national average, food stamp benefits may be insufficient to provide a healthy, varied diet consistent with a normal range of food preferences.

This report examines the extent of geographic variability in food costs, using nationally representative data on the amount that households report they would need to spend to just meet their food needs. Differences across metropolitan areas and State-level nonmetropolitan areas in the reported cost of “enough food” are examined, giving special attention to the proportion of Food Stamp Program participants living in areas where the cost of enough food is substantially higher than the national average.

What Is the Cost of “Enough Food”?

The cost of “enough food” in an area is the average amount that low- and medium-income households in that area report needing to spend to just meet their food needs, adjusted for household size and income (see box).

The cost of enough food in an area depends both on local food prices and on social perceptions of what an adequate diet comprises. Nord and Leibtag compared the cost-of-enough-food measure with food price indices across 171 cities for which comparable food price data were available. The associations they observed between the cost-of-enough-food measure and food price indices suggested that differences in the cost-of-enough-food measure used in this study reflect primarily, but not exclusively, differences in food prices.



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Food Stamp Program Maximum Benefit Level Slightly Lower Than Average Cost of Enough Food

The amount that households usually spend for food increases steadily as incomes rise from low levels to seven times the poverty line (fig. 1). The minimum amount households report that they would need to spend to just meet their food needs is more weakly related to income and is nearly constant at around 30-33 percent of the poverty line for households with annual incomes up to twice the poverty line—a range that includes almost all food stamp recipients. The maximum Food Stamp Program allotment is, on average, about 28 percent of the poverty line, and about 10 percent less than the national average cost of enough food reported by low-income households.

How Is the Cost of “Enough Food” Calculated?

The cost of “enough food” is calculated from the amount that households report they would need to spend to just meet their food needs. Households interviewed in the Current Population Survey Food Security Supplement (CPS-FSS) are first asked several questions to establish how much they usually spend for food each week. They are then asked, “In order to buy just enough food to meet the needs of your household, would you need to spend more than you do now or could you spend less?” If they say “more,” they are then asked how much more. If they say “less,” they are asked how much less.

The minimum weekly food spending needed for each household is annualized and divided by the household’s annual poverty

threshold to adjust for household size and composition. The cost of enough food for each metropolitan area and for each State’s nonmetropolitan area is calculated as the average cost of enough food reported by households with incomes of less than five times the poverty line living in that area. An adjustment is made for each household’s income since households with higher income generally report slightly higher minimum food spending needed.

The CPS-FSS is a nationally representative survey conducted by the Census Bureau for USDA. The statistics reported here are based on responses of 109,216 households with incomes below five times the poverty line interviewed in four surveys between September 2000 and December 2002.

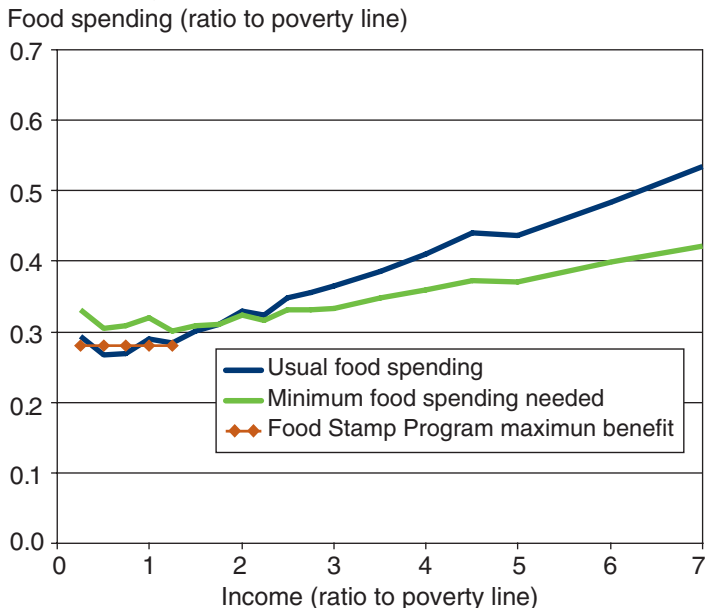
Cost of Enough Food Is Substantially Higher in Some Areas

About 17 percent of households that received food stamps during 2000-02 (excluding those in Alaska and Hawaii) were in locales where the cost of enough food exceeded the national average by 10 percent or more (fig. 2). For this analysis, a household’s locale was defined as the entire Metropolitan Statistical Area (MSA) in which it was located, or, in the case of households in nonmetropolitan areas, the entire nonmetropolitan area of the State. The cost of enough food was 10 percent above the national average or higher in 25 MSAs and in the nonmetropolitan area of

Florida (table 1). In the highest cost MSAs—New York City, Newark, Fort Lauderdale, and San Francisco—the cost of enough food ranged from 18 to 28 percent above the national average.

Nationally, the cost of enough food was 11 percent lower in nonmetropolitan areas than in metropolitan areas. It is likely, however, that food costs are substantially higher in some rural areas—especially areas that are remote from urban centers, have low population density, and are poorly served by the transportation infrastructure. The data used in this study do not reflect these differences within nonmetropolitan areas below the State level.

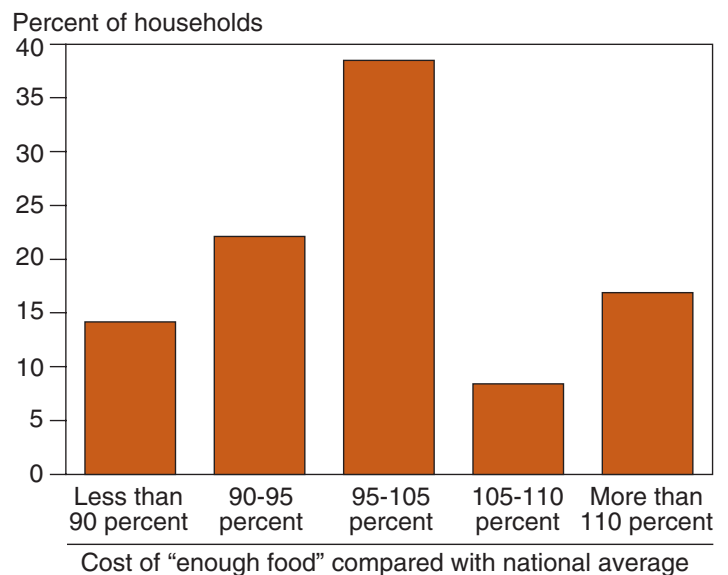
Figure 1
Average reported usual food spending and minimum food spending needed by income level compared with average maximum food stamp benefit



Source: Economic Research Service/USDA, using Current Population Survey Food Security Supplement data, 2000-02.

Note: Households in Alaska and Hawaii, where maximum food stamp benefits are higher than in other States, were omitted.

Figure 2
Distribution of food-stamp-eligible households by cost of “enough food” in their locale¹



¹The cost of “enough food” was averaged with each metropolitan statistical area and within the nonmetropolitan area of each State. Households in Alaska and Hawaii are not included.

Source: Economic Research Service/USDA, using Current Population Survey Food Security Supplement data, 2000-02.

Table 1
Locales with cost of “enough food” 10 percent above the national average or higher¹

Area	Cost of “enough food” <i>Percent of national average</i>
San Francisco, CA	128
Fort Lauderdale, FL	122
Newark, NJ	119
New York, NY	118
Stamford-Norwalk, CT	117
San Jose, CA	113
West Palm Beach-Boca Raton, FL	113
Myrtle Beach, SC	113
Baton Rouge, LA	113
Boulder-Longmont, CO	113
Springfield, MA	112
Los Angeles-Long Beach, CA	112
Riverside-San Bernardino, CA	112
Orange County, CA	111
Miami, FL	111
Fort Myers-Cape Coral, CA	111
Florida nonmetropolitan areas	110

¹The cost of “enough food” in the following metropolitan statistical areas was also estimated to be higher than 110 percent of the national average, but specific estimates are not reported because they were based on reports of fewer than 100 households: Fort Pierce-Port St. Lucie, FL; Houma, LA; Jackson, MI; Lawrence, MA-NH; Montgomery, AL; San Luis Obispo-Atascadero-Paso Robles, CA; Santa Barbara-Santa Maria-Lompoc, CA; Santa Rosa, CA; Vallejo-Fairfield-Napa, CA.

Source: Economic Research Service/USDA, using Current Population Survey Food Security Supplement data, 2000-02.

The cost of enough food was at or above the national average in all of the nine most populous MSAs—those with populations exceeding 4 million (table 2). However, in all but two, the cost of enough food was within 5 percent of the national average.

In large metropolitan areas, the cost of enough food was generally higher in the incorporated areas of the main cities than in the surrounding suburban and exurban areas (table 3). Those differences were substantial in New York City and Los Angeles.

Setting the Food Stamp Program Benefit Level Balances Benefit Adequacy and Targeting

Both benefit adequacy and targeting efficiency could be improved if benefits could be adjusted for differences in local food costs. To be practically feasible, however, such an adjustment would need to be based on food cost data that are widely perceived to be highly accurate and reliable. The cost-of-enough-food statistics described in this report, based on subjective self-reports, are not likely to meet that standard, and official area-specific price data with national

Table 2
Cost of “enough food” in metropolitan areas with populations greater than 4 million

Metropolitan Statistical Area	Cost of “enough food” <i>Percent of national average</i>
New York, NY	118
Los Angeles-Long Beach, CA	111
Philadelphia, PA-NJ	105
Washington, DC-MD-VA	105
Chicago, IL	105
Houston, TX	103
Atlanta, GA	103
Dallas, TX	102
Detroit, MI	100

Source: Economic Research Service/USDA, using Current Population Survey Food Security Supplement data, 2000-02.

Table 3
Cost of “enough food” in central cities and surrounding areas of New York, Los Angeles, and Chicago¹

Metropolitan Statistical Area	Cost of “enough food” <i>Percent of national average</i>
New York, NY	
Central city	120
Surrounding suburban and exurban area	109
Los Angeles-Long Beach, CA	
Central city	116
Surrounding suburban and exurban area	108
Chicago, IL	
Central city	106
Surrounding suburban and exurban area	104

¹“Central city” generally includes the entire incorporated area of the main cities in the metropolitan statistical area. “Surrounding suburban and exurban area” includes adjacent densely populated counties that are closely linked to the central city by commuting.

Source: Economic Research Service/USDA, using Current Population Survey Food Security Supplement data, 2000-02.

coverage and adequate geographic specificity are not currently available. The primary policy options available to respond to interarea differences in food costs, then, are national-level adjustments to the maximum benefit level and income-eligibility criteria—adjustments that balance benefit adequacy against targeting efficiency.

Food stamp benefits based on just meeting food needs at national average prices are likely to be insufficient to provide a satisfactory diet in areas with higher food costs and to provide more than is needed (thus, reducing benefit-targeting efficiency) in areas with lower food costs. If food prices did not differ greatly from area to area, neither problem would be very large. Evidence from this study, however, indicates that food costs differ considerably across the country. About 17 percent of food stamp participants live in areas where the cost of enough food is 10 percent above the national average or higher. It is likely that many participants

in those areas have inadequate food resources to support healthy food choices. Households that receive less than the maximum food stamp benefit would be similarly affected by high food costs. They are expected to meet part of their food needs out of food stamps and the remainder out of 30 percent of their own income (after certain exemptions). Those combined resources total to the maximum food stamp benefit and would, in many cases, be insufficient to support healthy food choices in areas with high food costs.

An even larger proportion of participants is subject to that level of benefit inadequacy if the reported cost of enough food by low-income households does, in fact, represent the minimum cost of a healthy diet that is consistent with normal food preferences. The national average cost of enough food is about 10 percent higher than the maximum food stamp benefit.

On the other hand, 14 percent of participants live in areas where the cost of enough food is 10 percent below the national average or lower and another 22 percent live in

areas where the cost of enough food is 5-10 percent below the national average. If the maximum food stamp benefit were increased, benefit targeting efficiency would decline as many of those households would receive even larger benefits beyond those required to meet their food and nutrition needs.

Setting national-level benefits will continue to require balancing benefit adequacy against targeting efficiency. Cost-of-enough-food statistics provide perspective on the extent to which food stamp recipients' healthy food choices may be affected by these decisions. Information on the cost of enough food may also help State and local governments assess the need for supplementary food assistance and other forms of support for low-income households.

Information Sources

Nord, M., and E. Leibtag. "Is the 'Cost of Enough Food' Lower in Rural Areas?" *The Review of Regional Studies* 35(3):291-310, Winter 2005.

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