

The Thrifty Food Plan and Food Costs in Vermont

Includes a toolkit for pricing the Thrifty Food Plan

Mark Stovell, February 2009

**Vermont Campaign to
End Childhood Hunger**



Project Summary

This report gives a brief explanation of the USDA's Thrifty Food Plan (TFP), including its role in setting the poverty thresholds and the maximum monthly 3SquaresVT benefit. It shares the results of a price check which tested whether a Vermont family of four could purchase the TFP at the cost estimated by the USDA. We found a gap between the two numbers, in which the actual cost of the TFP at 4 grocery stores exceeded the USDA's estimated cost. In addition, the maximum monthly 3SquaresVT benefit lagged behind the actual monthly cost of the TFP at each store. As more families are struggling to afford basic needs—3SquaresVT participation is at its highest rate in history—it is important that federal guidelines be in touch with local realities. The TFP is a small food plan that has a big impact on Vermont families. If community leaders do their own price check, they can document food prices in their community and test the assumptions of the TFP, seeing how challenging it is for families on 3SquaresVT to afford foods that are low-cost but still nutritious. Want to know more? Contact the Vermont Campaign to End Childhood Hunger with questions. A copy of this report and the documents necessary for your price check are available at: <http://www.vtnohunger.org/>

Navigating This Report

See pages 4-9 for explanation of the Thrifty Food Plan, previous research, methods, and results of this study.

See pages 10-14 for instructions on how to conduct a price check of the Thrifty Food Plan.

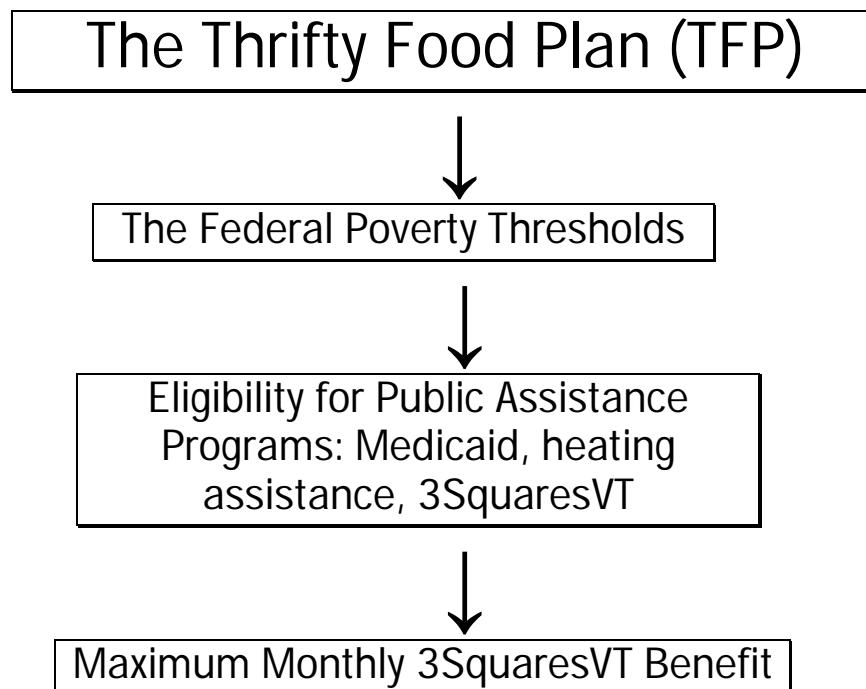
Acknowledgements

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What is the Thrifty Food Plan?

The Thrifty Food Plan (TFP) represents a “market basket” of low-cost, nutritious foods for a family of four. The TFP was created by the United States Department of Agriculture (USDA) to calculate the poverty threshold and set the maximum monthly 3SquaresVT benefit¹. If families cannot afford the basic cost of food, they are considered to be in poverty.

Each month, the **estimated price** of the TFP is updated to account for changes in food prices using the Consumer Price Index. The **composition** of the TFP is revised every decade to reflect current food consumption patterns and nutritional guidelines². Eligibility for many public assistance programs such as heating assistance, Medicaid, and 3SquaresVT is determined by the poverty level³. As a result, the accuracy of the TFP impacts a range of programs that help low-income Vermonters. The relationship between the TFP and these assistance programs is illustrated in the diagram below:



¹ Carlson, A, Lino, M, Juan, MY, Hanson, K, Basiotis, PP. 2006. "Thrifty Food Plan, 2006." United States Department of Agriculture, Center for Nutrition Policy and Promotion.

² "USDA's Thrifty Food Plan: Role in Food Security and Nutrition Education." United States Department of Agriculture, Center for Nutrition Policy and Promotion.

³ Poppendieck, J, 1998. *Sweet Charity? Emergency Food and the End of Entitlement*. New York: Viking.

The Connection between the Thrifty Food Plan and 3SquaresVT

3SquaresVT is a federal nutrition program that provides benefits to qualifying households for purchasing nutritious food. As more people participate in the program, more federal dollars are channeled into Vermont.

Benefit levels are set according to household size, income, and expenses so that families may purchase foods in the TFP. The program assumes that families need 30% of their household income to purchase food and will use 3SquaresVT benefits to help their food budget.⁴ When the actual cost of purchasing the TFP exceeds the amount of USDA's estimate, families participating in 3SquaresVT must spend more on food and have less money for other necessities, like housing, heating, transportation and school supplies.

Names of the Food Stamps Program

At the time of this study, the national name of Food Stamps had changed to SNAP, the Supplemental Nutrition Assistance Program. As of January 1, 2009, the program name in Vermont changed to 3SquaresVT; it was never known as SNAP in Vermont. In this report, 3SquaresVT will be used to refer to the program, except in the case of national studies that reference the "Food Stamps" program.

Food prices increased sharply from 2007-2008 nationally, making it tougher for many low-income households to feed their families. The Bureau of Labor Statistics reports that unadjusted food prices increased 6% from September 2007 to September 2008⁵. During November 2008 in Vermont, 3SquaresVT reached 30,194 households and 60,062 recipients—almost 1 in 10 Vermonters⁶.



⁴ "Food Stamp Program Frequently Asked Questions." Food Research and Action Council website, http://www.frac.org/html/federal_food_programs/programs/fsp_faq.html

⁵ Crawford, M, ed, 2009. "CPI Detailed Report: Data for September 2008." Bureau of Labor Statistics. Available at: <http://www.bls.gov/cpi/cpid0809.pdf>.

⁶ Carlson, M, 2008. "Snapshot of Food Stamp Program (FSP) in Vermont." Vermont Department for Children and Families, Economic Services Division.

Why Assumptions in the TFP Matter



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The TFP carries assumptions about the way people shop and prepare food, and sometimes these assumptions don't hold up⁷:

- Access to supermarket prices and selection
- Ability and time to do the best comparison shopping to buy foods that are generic, bulk, or on sale
- Facility, equipment, and time to prepare many meals from scratch at home
- Each household member will eat 3 meals and 1 snack per day
- Space to store extra food, such as a pantry
- Households can afford to buy foods represented in the TFP

⁷ Poppendieck, J, 1998. *Sweet Charity? Emergency Food and the End of Entitlement*. New York: Viking.
Carlson, A, Lino, M, Juan, MY, Hanson, K, Basiotis, PP. 2006. "Thrifty Food Plan, 2006." United States Department of Agriculture, Center for Nutrition Policy and Promotion.

Previous Research on TFP Prices

In the following reports, both released in the fall of 2008, researchers compared the monthly cost of the TFP with the maximum monthly Food Stamp program benefit.

"Food Stamp Benefits Falling Further Behind Rising Food Costs," *Center on Budget and Policy Priorities (CBPP)*⁸

Using USDA data from 1995-2008, CBPP compared the official cost of the monthly TFP with the maximum monthly household benefit for Food Stamps. Every year since 1996, the maximum monthly household Food Stamp benefit lagged behind the official cost of the TFP.

While the 2008 Farm Bill increased the maximum Food Stamp, or SNAP benefit 8.5% for fiscal year 2009, the USDA projects that food price inflation will be 4-5% in 2009, possibly resulting in higher food prices.

"Coming Up Short: High Food Costs Outstrip Food Stamp Benefits," *Children's Sentinel Nutrition Assessment Program (C-SNAP)*⁹

C-SNAP set out to find the price of the TFP at grocery stores in four low-income neighborhoods in both Philadelphia and Boston. In urban areas, food prices are generally higher, making affordability a central issue.

Using a sample of 32 grocery stores of 3 different sizes, researchers shopped for food items and found the total price of the weekly and monthly TFP. They also tracked which food items were missing at each store.

The TFP could not be purchased at the USDA's estimated price in Boston or Philadelphia. The monthly cost of the TFP was \$752 in Boston and \$805 in Philadelphia, while the maximum monthly household Food Stamps benefit was \$542.

Availability was also an issue in trying to purchase the TFP. After tracking missing items, researchers found that the most commonly missing items were among the healthiest, such as fresh fruits and vegetables, whole-wheat products, low-fat dairy foods, and fish and lean meats.

⁸ Rosenbaum, D, 2008. "Food Stamp Benefits Falling Further Behind Rising Food Prices." Center on Budget and Policy Priorities. Available at: <http://www.cbpp.org/7-22-08fa.htm>.

⁹ Thayer, J, Murphy, C, Cook, J, Ettinger de Cuba, S, DaCosta, R, Chilton, M. 2008. "Coming Up Short: High Food Costs Outstrip Food Stamp Benefits." Children's Sentinel Nutrition Assessment Program. Available at: http://www.c-snap.org/upload/resource/RCOHD_Report_Final.pdf

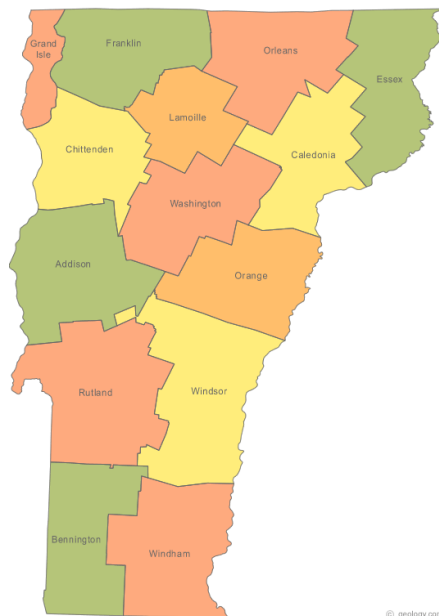
Method for Pricing the TFP in Northern Vermont

Vermont is a mostly rural state, contrasting with the urban centers in the C-SNAP report. This project sought to determine: can a Vermont family of four purchase the TFP at the cost estimated by the USDA for November 2008?

The convenience sample in this study includes: 4 different types of grocery stores in 3 different counties in Northern Vermont

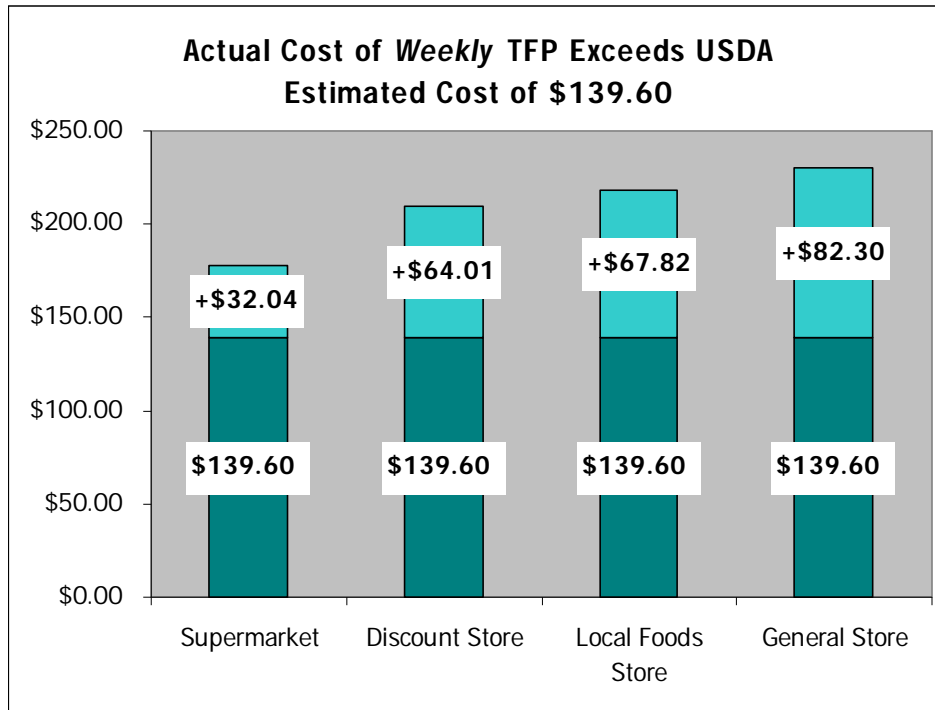
- Supermarket, Chittenden County
- Local Foods Store, Chittenden County
- Discount Store, Lamoille County
- General Store, Grand Isle County

After the shopping list and TFP food list from C-SNAP were obtained, the study was conducted with the help of Campaign staff and graduate students in Nutrition and Food Sciences at the University of Vermont. Each researcher obtained the consent of store managers to record prices of food items in the grocery stores. After data was collected from grocery stores, it was analyzed and calculated to find the total, actual price of the TFP. The actual cost of the TFP at each grocery store was compared with the USDA's estimated price for the TFP during November 2008 and the maximum monthly 3SquaresVT benefit.

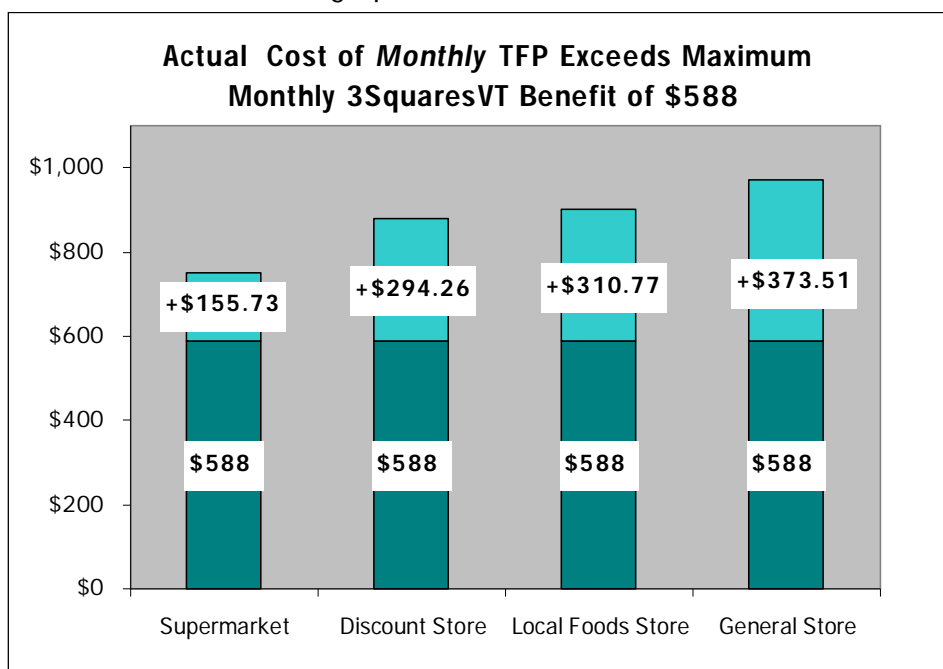


Results

The weekly TFP could not be purchased in northern Vermont at the USDA's estimated cost for November 2008.



The maximum monthly 3SquaresVT benefit lagged behind the actual monthly cost of the TFP, as shown in the graph below:



Getting Involved: Checking the TFP Price

Do your own price check of the Thrifty Food Plan in your community:

Pricing the TFP helps us understand the challenges families face when they try to shop for foods that are low-cost but still nutritious. Even while making the best food choices while shopping for groceries, it might not be possible to buy the TFP at the USDA's estimated cost. Use the methodology in the following pages to price the TFP at your local grocery store and test the TFP assumptions for yourself.

When you try pricing the TFP you may also notice the difficulty of comparison shopping: finding items that are on sale, generic, or in bulk. Often, the cheapest food items have lower nutritional content than their more expensive counterparts and contain more added sodium, sugar, and fat.

Educate yourself and others on new changes to 3SquaresVT

While 3SquaresVT benefits may be inadequate, they still go a long way in helping families put food on the table.

As of January 1, 2009, eligibility for 3SquaresVT expanded¹⁰:

- gross income eligibility for 3SquaresVT was raised from 130% to 185% of the federal poverty line. To receive a dollar benefit, net household income must be below 100% of poverty
- the asset test was eliminated, meaning that cash savings, vehicles, life insurance policies, etc will not count against households applying for 3SquaresVT

3SquaresVT is good economic stimulus: it has been estimated that for every \$1.00 in benefits distributed to recipients, \$1.73 in local economic activity is generated¹¹.

Spread the word: Share this information with your clients, service providers, advocates, and other partners in the anti-hunger effort.

¹⁰ "3SquaresVT." Vermont Agency of Human Services, Department for Children and Families. Available at: <http://dcf.vermont.gov/esd/3SquaresVT>.

¹¹ Zandi, Mark. 2008. "A Second Quick Boost from Government Could Spark Recovery." Testimony before U.S. House Committee on Small Business. Available at: http://www.economy.com/mark-zandi/documents/Small%20Business_7_24_08.pdf.

Instructions: Shopping for the Thrifty Food Plan

Please refer to the CD included in the front pocket of this booklet for electronic versions of necessary documents

1. Identify the store from which you will collect data.
2. Before you enter the store, make sure you have these 2 items with you:
 - a. "Data collection form_TFP food list." This is a blank Excel Spreadsheet that will let you record items, brand name, price, container size, and make notes. You can print out the sheet and fill it out in pencil at the store.
 - b. A printout of Box C-2 from Appendix C from "USDA Community Food Security Assessment Toolkit." This tells you which items you may—and may not—substitute in case an item is missing or not carried.
3. Obtain consent from management. When you enter the grocery store, you should ask for the manager and explain your purpose in doing the price check. The following is an example of what to say:
 - a. "My name is _____ and I am doing research for _____ by looking at food prices in your store. I won't disrupt the flow of business and my findings will remain confidential. If you have any questions, you may contact me at _____."
4. With your data collection form in hand, walk around the store and collect prices. You will probably start with produce first, because it is often in the front in many grocery stores.
5. Make sure the price you record is the lowest price among the same food items. This requires looking for foods that are generic, bulk, or on sale.

Instructions: Shopping for the Thrifty Food Plan

6. Record both the unit price (per pound, per quart, etc) and the price per actual package, the size of the container in which it is sold. Even for produce that may be sold by the single item (oranges, melons, a bag of celery, etc), please weigh all the produce so you can estimate a per pound price. Don't worry if the actual size of the container doesn't match the "unit desired at store."
7. Take note of any factors that might affect the price or nutritional quality of a food item such as sale, organic, local, bulk, frozen, cut of meat/fish, or if an item is not low-sodium or low fat. If an item is on sale, please use the sale price rather than the regular price.
8. Be patient as you collect data. If you need help finding something, ask an employee of the store. If customers ask you questions about the location of food, explain to them that you're not an employee but you're just checking prices.
9. If an item is missing but is usually carried, copy down the price listed on the tag on the shelf. If an item on the list is not usually carried at the store, locate a store of similar size and selection in the area and try to find the price of the item. If this is not possible, refer to the algorithm for pricing missing items in the "data calculation workbook."
10. After collecting the data, you should put the numbers into an electronic version of the shopping list "Data Collection Form_TFP Food List" so you have a typed copy of food prices.

Note: Shopping for the TFP may take at least 2 hours.

Instructions: Pricing the Thrifty Food Plan

1. Open the document "Data Calculation Workbook." This workbook contains formulas that do the price calculations for you.
 2. Food items are separated into two categories. Category 1 includes meat and produce priced by the pound and Category 2 includes packaged or processed items, most of which are priced by the ounce.
 3. For Category 1, enter the per-pound price into Column D. The formulas in Column F will tell you the Thrifty Food Plan price.
 4. In Column D under Category 2, you will see this message: #DIV/0!. This message will disappear as you enter the food prices. Enter the recorded price in Column B and the size of the container in Column C. Here you may need to convert certain quantities into ounces (ex: 1 gallon=128 fluid ounces; 5 pounds=80 ounces). The formulas in Column D will tell you the per unit price and the formulas in Column F will tell you the Thrifty Food Plan price.
 5. In Columns G, H, and I, keep track of items that are on sale, generic, or missing by entering a "1" in each cell, and the cells in rows 25 and 113 give you the totals.
 6. Refer to cell F115 to find the total price of the Thrifty Food Plan.
 7. Compare your price to USDA's estimated cost. To find the current TFP, visit the "Cost of Food at Home" webpage on the United States Department of Agriculture website, available at <http://www.cnpp.usda.gov/USDAFoodCost-Home.htm>. You will likely have to use the Thrifty Food Plan price estimates from the previous month.
- Remember to use the Thrifty Food Plan for a family of 4, with couple, 19-50 years and children, 6-8 and 9-11 years.

Instructions: What if items on the list are missing?

Using the “Missing Item Estimates” Tables

These tables are designed to give an estimated recorded price for missing items: items that could not be found in area grocery stores or items that are not usually carried by your store. The algorithm developed by C-SNAP uses the percentage price difference of a “key food item” between two stores to estimate the cost of the missing item in the subcategory. You will need to choose a “reference store”—preferably a large supermarket in the area—to make comparisons and complete the algorithm. Refer to “C-SNAP Protocol for Pricing Missing Items” to find key food items and subcategories. Here is an example:

- Ground pork was missing at a general store but was available in a local supermarket. The key food item for this subcategory is ground lean beef.
- Ground lean beef cost \$2.99/lb at the supermarket and \$3.89/lb at the general store. Enter the prices accordingly in the table. The number in Column E will tell you the percentage price differential—that the supermarket price is 76.86% of the general store price.
- The cost of ground pork at the supermarket is \$1.08/lb. Enter this number in the reference store column, and the number in Column D will tell you the estimated price of ground pork at the general store, about \$1.40/lb. This is because \$1.08 is 76.86% of \$1.40.
- Enter \$1.40, the estimated price, into the appropriate cell in Column D. This price will be calculated with the rest of the prices to find the total price of the Thrifty Food Plan. For items in Category 2, you will enter the estimated price into Column B. It doesn't matter if you use estimates by pounds or ounces; just be consistent.