

Rural Migration News

Blog 304

OCTOBER 2022

Food Spending: 2021

The US Bureau of Labor Statistics Consumer Expenditure Survey (www.bls.gov/cex) reported that there were 133.6 million US “consumer units” or households in 2021. They had an average of 2.5 persons, 1.3 earners and 1.9 motor vehicles; 63 percent were homeowners and the average age of the reference person in the household was 51.

Average consumer unit income before taxes was \$87,400, and average annual expenditures were \$66,900.

Household expenditures included \$8,300 for food, 12 percent of total expenditures. Food spending was divided between food eaten at home, which accounted for 64 percent or \$5,300 of food spending, an average of \$100 a week, and \$3,000 or \$58 a week for food bought away from home. The cost of food away from home largely reflects convenience, service, atmosphere and other factors; food represents 35 percent of what is spent in cafeteria-style restaurants, 30 percent of spending in fast food restaurants, and 25 percent in fine dining restaurants.

Spending on food at home and away from home varies by year of birth. The share of food dollars that are spent on food at home rises with age.

Other significant consumer-unit expenditures in 2021 were \$22,600 for housing, \$11,000 for transportation, \$5,500 for health care, \$1,700

for apparel, and \$3,600 for entertainment.

The largest food-at-home expenditures were for meat and poultry, an average of \$1,115 per household in 2021. Expenditures on cereal and bakery products, \$670, exceeded the \$490 spent on dairy products.

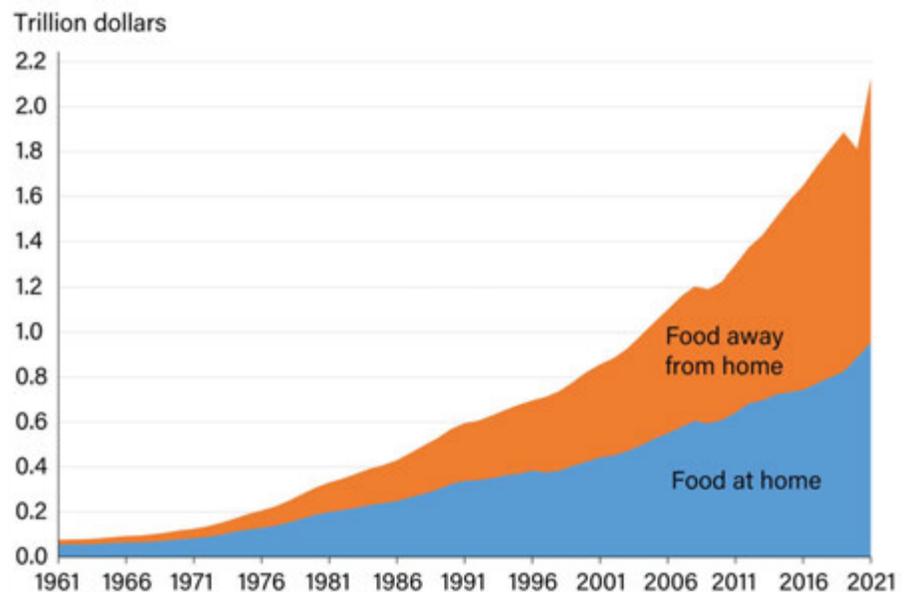
Expenditures on fresh fruits (\$380) and fresh vegetables (\$330) were \$710 a year or \$13.65 a week in 2021, and consumer units spent an additional \$135 on processed fruits and \$195 on processed vegetables. Consumer units spent an average \$555 on alcoholic beverages, almost 80 percent as much as they spent on fresh fruits and vegetables.

Income

Data on food spending by pre-tax income show that higher income consumer units spent more on fresh fruit than lower income households. Those earning \$200,000 or more spent \$700 on fresh fruit in 2021, almost three times more than the \$245 spent by consumer units with

Food-At-Home Spending Exceeded Food-Away-From Home Spending in 2021

Food-at-home and food-away-from-home expenditures in the United States, 1961-2021



less than \$15,000 in pre-tax income. Similarly, incomes of \$200,000 or more meant average spending of \$575 on fresh vegetables, versus \$210 for those with incomes of less than \$15,000.

Higher income units spent more on fruits and vegetables, about three times more for those with incomes of \$200,000 or more compared with households earning less than \$30,000 in 2018. Spending

on alcoholic beverages rose with income as well; households earning \$200,000 or more were the only group to spend more on alcoholic beverages than on fruits and vegetables.

BLS generated data on total spending on fresh fruits and vegetables by income in 2018. A quarter of US consumer units had incomes of \$100,000 or more in 2018, and these high-income households

accounted for 38 percent of US spending on fresh fruits and vegetables. By contrast, almost half of consumer units had incomes of less than \$50,000 in 2018, and they accounted for a third of total spending on fresh fruits and vegetables.

Farm Share

The farm share of retail food spending in 2020 averaged 16 percent. Farmers received an average 35 percent of the average retail price of fresh fruits in 2019 and 25 percent of the average retail price of fresh vegetables in 2020, the most recent data available. This means that average consumer unit expenditures on these items include \$215 a year for farmers ($0.35 \times 380 = \$133 + 0.25 \times 330 = \82).

Farm labor costs average a third of farm revenue for fresh fruits and vegetables, so farm worker wages and benefits for fresh fruits and vegetables cost the average consumer unit \$71 a year ($0.33 \times \$215 = \71). Farm labor costs are less than \$71 because 60 percent of US fresh fruits, and a third of US fresh vegetables, are imported.

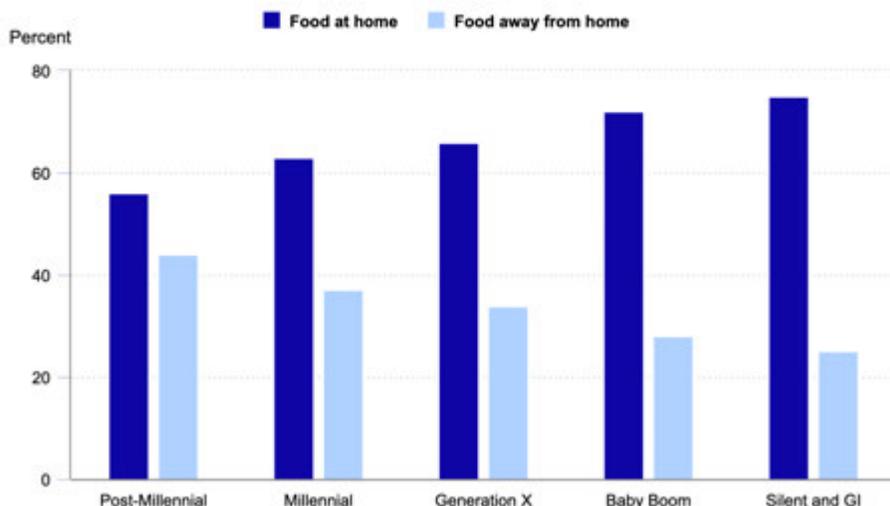
Consumers who pay \$2 for a pound of strawberries are paying about 70 cents to the farmer and 30 cents to farm workers. For \$2 worth of fresh field-grown tomatoes, farmers receive 50 cents and workers 15 cents.

About half of the workers employed on US crop farms are unauthorized. These unauthorized crop workers are aging and settling, making them less mobile and flexible. Farmers are adjusting to fewer unauthorized newcomers by substituting machines for workers and supplementing the current workforce with legal H-2A guest workers.

What would happen to consumer expenditures on fresh fruits and

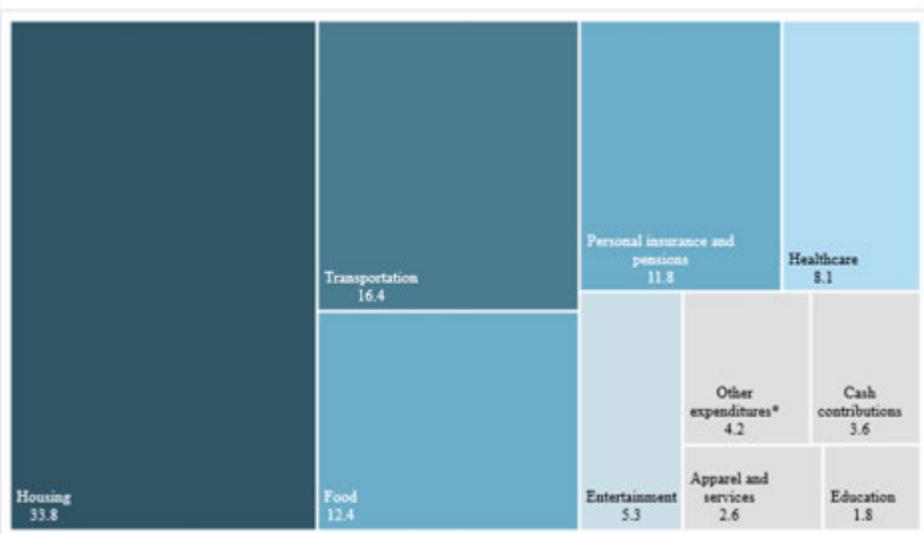
Older People Spend a Higher Share of Their Food Dollars for Food at Home

Chart 6. Percentage of allocation of total food expenditures by generation of reference person, 2020



Housing and Transportation Accounted for Half of Consumer Expenditures; Food was 12%

Chart 1. Annual expenditure shares (percentage) by major components, 2021



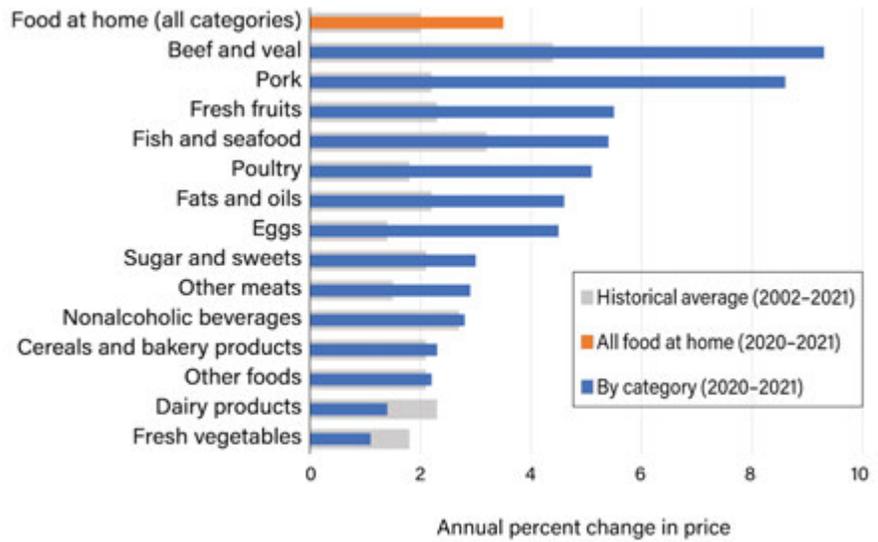
vegetables if farm labor costs rose sharply? A natural experiment occurred after the Bracero program ended in 1964. Mexican Braceros were guaranteed a minimum wage of \$1.40 an hour at a time when US farm workers were not covered by the minimum wage. Some table grape workers who were paid \$1.40 an hour when they worked alongside Braceros in 1964 were offered \$1.25 in 1965, prompting a strike. Cesar Chavez became the leader of the strike and won a 40 percent wage increase in the first UFW table grape contract in 1966, raising grape workers' wages to \$1.75 an hour.

What would happen to consumer expenditures if there were a similar 40 percent wage increase today? The average hourly earnings of US field and livestock workers were \$15.56 an hour in 2021; a 40 percent increase would raise them to almost \$22 an hour.

For a typical household or consumer unit, a 40 percent increase in farm labor costs translates into a four percent increase in the retail price of fresh fruits and vegetables (0.30 farm share of retail prices x 0.33 farm labor share of farm revenue = 10 percent; if farm labor costs rise 40 percent, retail spending rises 0.4 x 10 = 4 percent). If average farm worker earnings rose by 40 percent, and the increase were passed on to consumers, average spending on fresh fruits and vegetables for a typical household would rise by \$28 a year (4 percent x \$710 = \$28.40). A 40 percent wage increase, on the other hand, would raise the average earnings of seasonal farm workers from \$15,556 for 1,000 hours of work to \$22,000.

Between 2020 and 2021, the Price of Meat Rose Fastest, Followed by Fresh Fruit

Price changes for CPI food-at-home categories, 2020–2021



Note: CPI = Consumer Price Index.

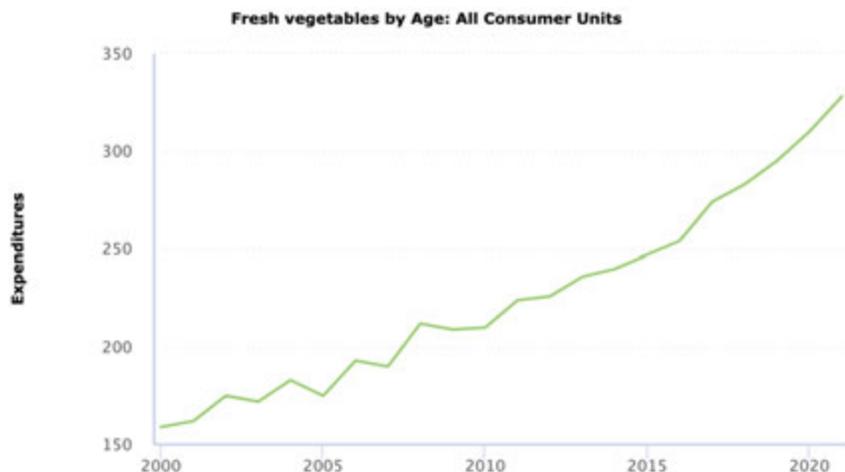
Consumer Units Spent \$380 on Fresh Fruit and \$330 on Fresh Vegetables in 2021

| | |
|---|----------|
| Average annual expenditures..... | \$66,928 |
| Food..... | 8,289 |
| Food at home | 5,259 |
| Cereals and bakery products | 672 |
| Cereals and cereal products | 210 |
| Bakery products | 462 |
| Meats, poultry, fish, and eggs | 1,115 |
| Beef | 293 |
| Pork | 223 |
| Other meats | 151 |
| Poultry | 203 |
| Fish and seafood | 178 |
| Eggs | 68 |
| Dairy products | 492 |
| Fresh milk and cream | 157 |
| Other dairy products | 335 |
| Fruits and vegetables..... | 1,033 |
| Fresh fruits | 378 |
| Fresh vegetables | 328 |
| Processed fruits | 133 |
| Processed vegetables | 194 |
| Other food at home | 1,947 |
| Sugar and other sweets | 182 |
| Fats and oils..... | 133 |
| Miscellaneous foods | 1,049 |
| Nonalcoholic beverages | 515 |
| Food prepared by consumer unit on out of town trips | 69 |
| Food away from home | 3,030 |
| Alcoholic beverages | 554 |

Average Expenditures on Fresh Fruit Almost Doubled to \$380 Between 2000 and 2021



Average Expenditures on Fresh Vegetables Doubled to \$330 Between 2000 and 2021

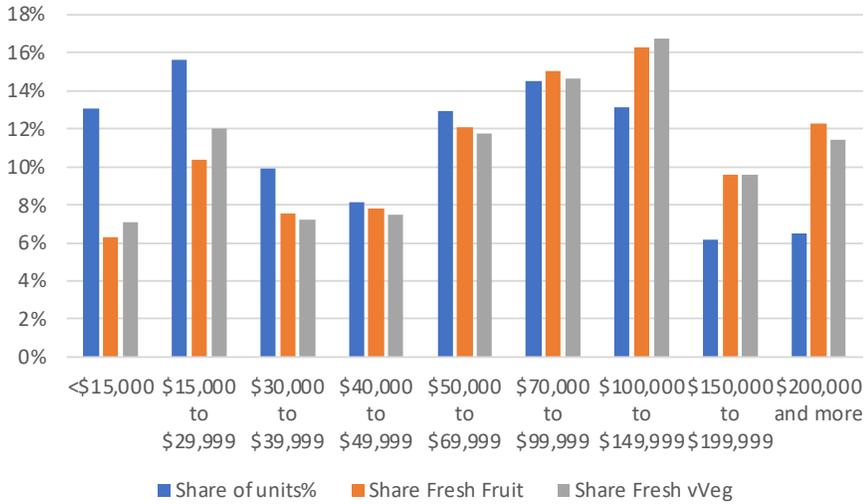


Higher Income Households Spend More on Food, but Food Spending is a Smaller Share of Their Income

Food spending and share of income spent on food across U.S. households, 2020



Share of Consumer Units and Share of Spending on Fresh Fruits and Vegetables by Pre-Tax Income, 2018

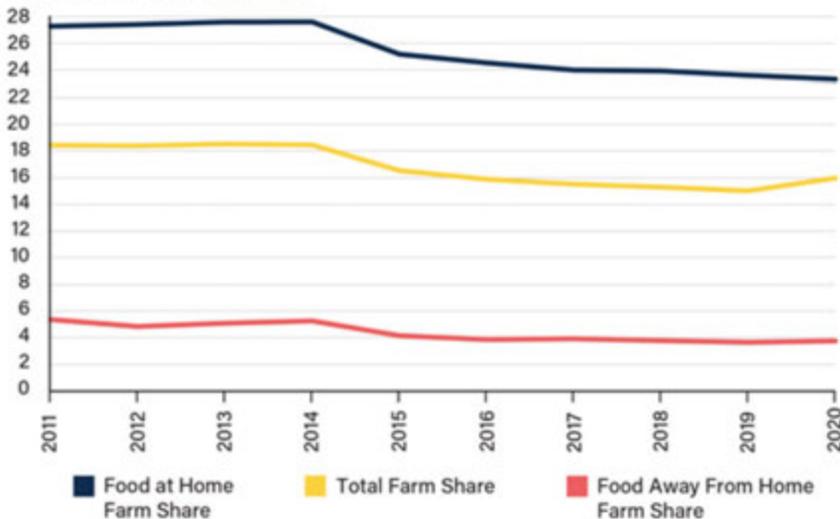


Source: <https://www.bls.gov/cex/2019/aggregate/income.pdf>

The Farm Share of Food at Home was 24%, and of Food Away from Home 4%



Farm share cents per food dollar



Notes: The food dollar estimates provide the average farm share and marketing share of each consumer dollar spent on domestically produced food in a given year. The total farm share of the food dollar is a weighted average of the food at home and food away from home dollars.

Farmers Received 35% of Consumer Expenditures on Fresh Fruit in 2019

| Fresh fruit basket ¹ | | | | |
|---------------------------------|-------------------|------------|-----------------------|------------------|
| Year | Retail cost | Farm value | Farm-to-retail spread | Farm value share |
| | <i>2018 = 100</i> | | | <i>Percent</i> |
| 2010 | 88 | 84 | 90 | 33 |
| 2011 | 91 | 93 | 90 | 35 |
| 2012 | 92 | 98 | 89 | 36 |
| 2013 | 94 | 100 | 91 | 36 |
| 2014 | 99 | 101 | 97 | 35 |
| 2015 | 96 | 103 | 93 | 36 |
| 2016 | 99 | 108 | 94 | 37 |
| 2017 | 99 | 112 | 92 | 38 |
| 2018 | 100 | 100 | 100 | 34 |
| 2019 | 99 | 101 | 97 | 35 |

Farmers Received 25% of Consumer Expenditures on Fresh Vegetables in 2020

| Fresh vegetables basket ¹ | | | | |
|--------------------------------------|-------------------|------------|-----------------------|------------------|
| Year | Retail cost | Farm value | Farm-to-retail spread | Farm value share |
| | <i>2018 = 100</i> | | | <i>Percent</i> |
| 2010 | 94 | 100 | 92 | 25 |
| 2011 | 99 | 93 | 101 | 22 |
| 2012 | 94 | 83 | 98 | 20 |
| 2013 | 99 | 104 | 97 | 24 |
| 2014 | 97 | 95 | 98 | 23 |
| 2015 | 99 | 105 | 97 | 25 |
| 2016 | 99 | 98 | 99 | 23 |
| 2017 | 99 | 102 | 98 | 24 |
| 2018 | 100 | 100 | 100 | 23 |
| 2019 | 104 | 116 | 100 | 26 |
| 2020 | 106 | 113 | 105 | 25 |

References

BLS. 2022. Consumer Expenditure Surveys. <https://www.bls.gov/cex/>

BLS. 2021. Consumer expenditures in 2020. <https://www.bls.gov/opub/reports/consumer-expenditures/2020/home.htm>

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