

## THE THRIFTY FOOD PLAN



- ✓ Aligns with dietary guidance
- ✓ Represents a limited food budget
- ✓ Reflects what Americans buy and eat
- ✓ Supports a healthy, active lifestyle

# What is the Thrifty Food Plan?

THE THRIFTY FOOD PLAN IS ONE OF FOUR FOOD PLANS USDA DEVELOPS THAT ESTIMATE THE COST OF A HEALTHY DIET ACROSS VARIOUS PRICE POINTS – THE THRIFTY, LOW-COST, MODERATE-COST AND LIBERAL FOOD PLANS. THE THRIFTY FOOD PLAN IS THE LOWEST COST OF THE FOUR. IT REPRESENTS THE COST OF A NUTRITIOUS, PRACTICAL, COST-EFFECTIVE DIET PREPARED AT HOME FOR A FAMILY OF FOUR, WHICH IS DEFINED IN LAW AS AN ADULT MALE AND FEMALE, AGES 20-50, AND TWO CHILDREN, AGES 6-8 AND 9-11.

# Significance of the Thrifty Food Plan to Nutrition Security

- ▶ A nutritious diet can help individuals achieve and maintain good health and reduce their risk of chronic disease throughout all stages of life. A nutritious diet includes nutrient-dense foods and beverages across all food groups, in recommended amounts, and within calorie limits. In today's marketplace, thousands of foods and beverages are available for purchase at retail stores (such as grocery stores), and these range in price and nutrient density. As such, a healthy diet can be achieved at many cost levels, including on a limited budget. The Market Baskets of the Thrifty Food Plan, 2021 outline the types, amounts, and associated costs of nutrient-dense foods and beverages to purchase to support nutritious meals and snacks at home on a limited budget. The LowCost, Moderate-Cost, and Liberal Food Plans each represent a healthy diet at successively higher cost levels.
- ▶ For the first time in more than 45 years, USDA assessed the foods and beverages that make up a healthy, practical diet first, then determined a reasonable cost at which they could be purchased by resource-constrained households. All previous updates to the Thrifty Food Plan were held to a cost-neutral solution to confirm whether the previous cost—adjusted for food-price inflation—allowed for the purchase of a nutritious diet. Therefore, while the cost of previous Thrifty Food Plans accounted for inflation of food prices over time, the real value of the food plan remained constant. In this reevaluation, the model was not held to a cost-neutral constraint, which allowed data and process decisions to reflect current dietary guidance and updated data on food prices, food composition, and consumption patterns, rather than cost neutrality. This results in a lowcost, practical food budget for a household to achieve a healthy diet on a limited budget.



# History of the Thrifty Food Plan

- ▶ USDA published the first edition of the Thrifty Food Plan in 1975.<sup>8</sup> It replaced the 1962 Economy Food Plan, developed as a nutritionally adequate diet at a minimum cost and designed for temporary or emergency use, as the basis for maximum SNAP (previously Food Stamp) allotments. The cost of the initial Thrifty Food Plan was set equal to the cost of the 1962 Economy Food Plan, inflated to 1975 prices, with several important design changes to create practical Market Baskets that could serve as a more long-term solution, such as less time required for food planning and preparation. The Market Baskets in the Thrifty Food Plan, 1975 represented a minimal-cost diet based on dietary guidance, food-composition data, consumption patterns, and food prices current at the time.
- ▶ The Thrifty Food Plan was updated in 1983, 1999, and 2006. Each update incorporated changes to dietary guidance and updated information on food composition, consumption patterns, and Thrifty Food Plan • 2021 6 food prices, but they were also cost neutral. Thus, all updates were adjusted for inflation, but were otherwise equal to the real value of the Thrifty Food Plan when it was established in 1975. As explained earlier, USDA will not apply the cost-neutral constraint in light of the 2018 Farm Bill mandating the consideration of current dietary guidance, consumption patterns, food composition data, and current food prices.
- ▶ The 2018 Farm Bill now requires USDA to reevaluate the Thrifty Food Plan based on current food prices, food-composition data, consumption patterns, and dietary guidance by 2022 and every 5 years thereafter. President Joseph R. Biden emphasized the commitment to the reevaluation in Executive Order 14002 on January 22, 2021.<sup>27,28</sup> This is the first reevaluation after the law's enactment. Future reevaluations of the Thrifty Food Plan every 5 years provide the Department with an opportunity to continuously reevaluate the cost of a nutritious diet and incorporate changes based on current scientific evidence. This 2018 Farm Bill requirement did not constrain the reevaluation to be cost neutral.



# How is the Thrifty Food Plan Determined?

- ▶ Developing the Thrifty Food Plan begins with identifying and preparing the data sources. These data on current consumption patterns, food and beverage prices, and the nutrient composition of foods and beverages are necessary inputs to the optimization model and help to inform the solution given the defined constraints. In addition to preparing the data sources and creating the Modeling Categories, during this initial phase, dietary standards were identified to serve as constraints, including the Healthy U.S.-Style Dietary Pattern food-group and -subgroup amounts that align with the Dietary Guidelines for Americans, 2020-2025.
- ▶ USDA calculates the Thrifty Food Plan using a mathematical model, or equation, based on the cost of food, the nutrients in food, nutrition guidance and what Americans eat.

# 2021 Thrifty Food Plan Re-Evaluation




## AT A GLANCE

### THE THRIFTY FOOD PLAN RE-EVALUATION

Congress directed USDA to re-evaluate the Thrifty Food Plan based on "current food prices, food composition data, consumption patterns, and dietary guidance."

USDA calculated the 2021 Thrifty Food Plan (TFP) using the same mathematical model, or equation, used in 2006. The 2021 TFP reflects the latest available data and is designed to meet the needs of low-income Americans in a cost-conscious way.



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#### TO CALCULATE THE TFP, USDA:

##### USED THE LATEST DATA



How much groceries cost



What nutrients are in food



What Americans actually eat



What a nutritious diet looks like

##### MADE SEVERAL CHOICES



Calorie levels the plan supports



Range of food choices it includes



What it means to be "thrifty"

USDA experts used the model, starting with the cost of the 2006 TFP, and increased it **one penny at a time**, to find the lowest cost plan that meets the needs of low-income Americans, and reflects the latest available data.

As a result, the 2021 TFP represents the cost of a **practical, nutritious, cost-effective diet** for a family of four with an adult male and female and two kids between the ages of 6-8 and 9-11.





# How does the Thrifty Food Plan impact SNAP benefits?

- ▶ The Food and Nutrition Act of 2008 defines the value of the SNAP allotment for eligible households as equal to the Thrifty Food Plan, reduced by an amount equal to 30 percent of the household's net income—that is, income remaining after certain allowable deductions. The Thrifty Food Plan in June sets the maximum SNAP benefit amount for a household of four people for the following fiscal year (October 1 through September 30).
- ▶ By law, the Thrifty Food Plan SNAP benefit maximum allotment is based on a four-person family consisting of a male and a female between the ages of 20 and 50, one child between the ages of 6 and 8, and one child between the ages of 9 and 11. Defined in the Food and Nutrition Act of 2008, this reference family is used to determine the maximum allotment, which is then adjusted downward for smaller households and upward for larger households using a scaling factor.



# Increase in SNAP allotments as a result of the 2021 Thrifty Food Plan.

- ▶ The Thrifty Food Plan, June 2021 cost for the reference family is \$192.84 per week or \$835.57 per month. The cost is 21.03 percent higher than the June 2021 cost of the previous Thrifty Food Plan, 2006. Put another way, each member of the reference family receives an increase of approximately \$36.30 per month, \$8.38 per week, and \$1.20 per day.
- ▶ The cost increase reflects the culmination of the decisions implemented in the reevaluation that include a shift from using food prices data that reflect the purchases of low income households to data that reflect purchases of all households with prices collected directly from retailers.

# Increase in SNAP allotments by household size

- ▶ As a result of the revaluation of the Thrifty Food Plan, effective October 1, 2021, all SNAP households received 21 percent increase to their SNAP allotments.

Monthly SNAP Benefit Increase  
48 Contiguous States and the District of Columbia

Household Size	Amount of SNAP Increase, starting October 2021
1	\$16
2	\$29
3	\$42
4	\$53
5	\$63
6	\$76
7	\$84
8	\$96

- ▶ This increased the purchasing power of regular SNAP benefits for the first time since 1975. However, at the same time, the pandemic-related 15 percent increase to SNAP benefits that was in place since January 2021 ended September 30, 2021.



# Future Considerations and Reevaluations of the Thrifty Food Plan

- ▶ The 2021 Thrifty Food Plan, is the first in a series of planned regular updates. As stipulated by in the 2018 Farm Bill, USDA must reevaluate the Thrifty Food Plan every 5 years. Throughout the 5-year cycle to reevaluate the Thrifty Food Plan, the cost is adjusted to reflect inflation using the Consumer Price Index (CPI) for specific food items.

Additional topics that USDA will continue to monitor in the future, taking an evidence-based approach informed by research, include:

- ▶ The adjustment factor for the cost of household food loss/waste;
- ▶ Accounting for online food and beverage transactions in the food prices data;
- ▶ Assumptions about physical activity and body weight in the calculations of EER that correspond to the assigned calorie level of the Thrifty Food Plan Market Baskets;
- ▶ The approach to determining higher and lower price food and beverage Modeling Categories for the optimization model;
- ▶ How best to reflect current consumption patterns and diverse dietary preferences in the optimization model while still incorporating dietary guidance current at the time;
- ▶ Potential improvements to account for mixed dishes (e.g., pizza, sandwiches, casseroles) in the methods supporting the Thrifty Food Plan's Market Baskets development;
- ▶ The units used in presenting the Thrifty Food Plan Market Baskets (i.e., the reexamination of units other than pounds and ounces);
- ▶ The incorporation of consumer research during the reevaluation to test the feasibility and practicality of the market baskets; and,
- ▶ How best to scale the Thrifty Food Plan to individuals and families not representing the reference family.