IN 60 SECONDS

Making Food More Affordable

What's At Stake

Americans desire low prices and convenient, ready-to-serve food options that stay fresh, but these desires are often in conflict.

- Although food inflation is below overall inflation, grocery prices remain 27–28% higher than January 2021.
- Over half of all American adults prioritize healthy food, and nearly all believe healthy food has gotten more expensive. Buying fresh fruits and vegetables can raise prices by roughly 40%.

Structural factors, long-term underlying trends that build up over time, and short-term cyclical factors both impact food production prices.

- Long-term changing demographics and lower immigration reduce available agricultural workers, while the loss of farmland in the United States, industry regulations and compliance systems, and trade policies like tariffs feed into the overall cost of food production.
- Short-term disruptions to the supply chain—such as global conflicts that spike energy costs, extreme weather events, and disease outbreaks that cull livestock—can temporarily spike prices but recede with time.

Food regulations are an area of growing cost burdens. Grocers, food packaging manufacturers, and wholesale distributors must comply with extensive ingredient transparency requirements that are updated regularly. New mandates on food packaging and labels would increase food costs, especially as states create a patchwork of regulatory burdens.

- Proposed mandates would generate higher costs, which would be passed on to consumers through a 12% increase in grocery prices for the average American household.

The Way Forward

Given that so much of the food supply chain crosses state lines, federal policymakers may also consider national standards for new transparency requirements to help reduce costs faced by food producers. A greater understanding of how short-term and long-term factors impact prices, and the trade-offs of pursuing policy goals in immigration and trade, will equip policymakers to enact policies that improve affordability.

Addressing Misperceptions

1 **MISPERCEPTION: Rising food prices are solely caused by rising energy prices.**

FACT: Energy costs account for about 3.1 cents of every dollar spent across the food chain. Energy prices certainly impact food affordability, but they are far from the only factor. In September 2026, grocery inflation stood at 2.5% over the past twelve months, well below both the overall inflation rate of 3.7% and the energy index's inflation rate of 20.4%. Other factors, such as adverse weather patterns, workforce shortages, and industry regulations, also significantly impact food prices.

2 **MISPERCEPTION: Destructive weather or disease affects food production only for the calendar year in which the disruption occurred.**

FACT: When weather or disease lowers food production, it can take years to restore food inventories. Droughts and high feed costs have pushed U.S. cattle herds to a 75-year low, and rebuilding herds takes years even as demand for beef has held steady. Another example was the 2022 outbreak of avian influenza, which drove up egg and poultry prices by 239%, and it took years for prices to recede.

3 **MISPERCEPTION: More informative labeling and health information on foods do not affect prices.**

FACT: Several states have implemented food labelling mandates, which extend beyond existing FDA requirements and warn about specific ingredients or additives. Though labeling requirements can serve an important role in helping consumers make healthy decisions about their food, there is a trade-off in terms of price as costs increase. With new proposed label requirements, consumers face a 12% increase in grocery prices.

To learn more, read Policy Focus: Making Food More Affordable.