

# Is healthy food a luxury for the low-income households in the U.S.?

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## **Abstract**

This paper explores how the low-income households change the quality of their food basket when they experience a budget increase. I use the variation in the monthly household budget coming from the exogenous variation in the winter temperature that directly affects the heating bills. I show that in response to a higher budget available the expenditure share on healthy food does not increase. I find that households increase the share of expenditure on fruits, but they purchase fruit products with a higher amount of sugar. My findings suggest that there are important trade-offs in policies that subsidize food expenditure because these policies allow low-income households to purchase more of the healthy as well as the unhealthy food products.

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