



SUPPORT THE WIC HEALTHY BEGINNINGS ACT (S. 3216)

The WIC Healthy Beginnings Act, sponsored by Sens. Roger Marshall (R-KS) and Kirsten Gillibrand (D-NY), is a common-sense approach to modernize the bid solicitation process for infant formula in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). As WIC accounts for nearly two-thirds of infant formula sales in the United States, this important step to streamline the bid solicitation process builds on WIC's effective public-private partnership to support the needs of WIC families.

CONTAINING INFANT FORMULA COSTS

WIC is the nation's leading breast-feeding promotion program, with a dedicated workforce of lactation support professionals who guide and encourage WIC mothers on their breastfeeding journey. For women who cannot or choose not to fully breastfeed, WIC provides infant formula to ensure adequate infant nutrition.

The high cost of infant formula makes it one of the most expensive products offered through WIC food packages. Without cost containment measures, infant formula alone would constitute nearly half of all food purchases through WIC, even though infants receiving formula account for only 21 percent of all WIC participants in 2021.

In 1989, Congress required State WIC Agencies to enter sole-source contracts awarded through a competitive bid process, obtaining

THE WIC HEALTHY BEGINNINGS ACT WOULD:

Require USDA to maintain a public database of active bid solicitations for sole-source infant formula contracts

discounted rebates from infant formula manufacturers to reduce overall program costs. Under these contracts, WIC shoppers are limited to specific "contract formula." State Agencies then identify the volume of contract formula redeemed each month and bills manufacturers for the rebate stipulated in a multi-year contract.

Sole-source contracts for infant formula is WIC's most prominent cost containment measure, generating \$1.6 billion in rebate savings in fiscal year 2021. This accounts for more than 35 percent of WIC's actual appropriation, which allows for WIC to serve more families. As a result of rebates, infant formula drops from being 49 percent of all WIC food costs to only 18 percent.

Due to WIC's purchasing power, sole-source contracts are highly coveted. The infant formula market is highly concentrated, with only three firms generally competing for WIC contracts. USDA has estimated that winning bidders increase their overall state market share when a WIC contract changes hands, both among WIC and non-WIC shoppers. This is credited to the better product placement and additional shelf space provided in WIC-authorized retailers.

NOTICE OF OPEN BID SOLICITATIONS

The WIC Healthy Beginnings Act would build on this effective public-private partnership by streamlining the bid solicitation process. Currently, manufacturers must sift through individual State websites to identify open bid solicitations. The WIC Healthy Beginnings Act would provide a consolidated database, managed by USDA, to identify open bid solicitations in any of the 89 State WIC Agencies. This step would assure transparency of when contracts are open for bids and provide manufacturers with adequate information to both submit bids and follow up with State Agency officials for additional information related to bid solicitations.

The WIC Healthy Beginnings Act builds on more than three decades of effective cost containment measures, promoting competition for infant formula contracts in an effort to secure the best possible deal for WIC families and taxpayers.

