

# Legislative Analysis

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## WIC VENDOR CONTRACTS

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### House Bill 5764

Sponsor: Rep. Jon Switalski

Committee: Urban Policy

Complete to 4-23-10

## A SUMMARY OF HOUSE BILL 5764 AS INTRODUCED 1-21-10

The bill would amend the Social Welfare Act (MCL 400.1 et al.) by adding Section 14k to specify that a merchant or vendor who has been approved by the United States Department of Agriculture (USDA) to participate in the food administration program would have to be granted a contract as a special supplemental nutrition program for women, infants and children (WIC) provider, if the merchant or vendor meets all of the WIC pricing requirements.

Under the bill, if the department determines that a merchant or vendor has overcharged the state for a food or nutrition education product under the WIC program, the merchant or vendor would be subject to the following penalties:

- (a) The first overcharge would result in a fine of up to \$500 and an opportunity to correct the overcharge.
- b) The second instance of overcharge would result in a fine of not more than \$1,000 and an opportunity to correct the overcharge.
- c) The third instance of overcharge would result in a fine of not more than \$2,000, revocation of the WIC contract, and revocation of authorization to participate in the food administration program.

## FISCAL IMPACT:

The Department of Community Health administers the federally-funded Women, Infants, and Children Special Supplemental Nutrition Program. The WIC program is currently funded at \$246.1 million, and serves over 250,000 women and children. If the bill increases the number of contracted vendors for the WIC program, there may be additional administrative costs to the Department for vendor management and monitoring. If administrative costs exceed the federal funds granted for state administration, the state can move federal funds granted for food costs to administration costs, with federal approval. This may reduce the amount of federal grant funds allocated for food to participants. The vendor fines imposed by the bill may result in an indeterminate amount of revenue to the state which would be deposited to the state's General Fund.

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