

Congress of the United States

Washington, DC 20515

October 31, 2024

The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, D.C. 20580

Dear Chair Khan:

As members of the Congressional Dads Caucus, we write to express our serious concern with the rising cost of groceries for American families and ask that you investigate the underlying causes for these price increases. Since the pandemic, food prices have increased by 23%—higher than inflation over the same time period. To make matters worse, families are spending more than 11% of their disposable income on food—the highest level in more than three decades.¹ Groceries are a basic need for every family. The sustained high costs of groceries are straining working families and could lead to less savings for important family investments like childcare, education, and homeownership. We respectfully request that the FTC investigate how and why food companies and grocers have increased food prices, and if decreased competition in the marketplace has contributed to current price conditions.

The Federal Trade Commission Staff Report, titled *Feeding America in a Time of Crisis*, recently noted that profits increased for food retailers at a rate higher than their total costs, suggesting that their increased profits were not simply moving in lockstep with inflation but were perhaps enriching these retailers on the backs of working people.² According to the report, retailers' profits increased by 7% over their costs during the first three quarters of 2023. The report recommended further study on this critical issue, and we are encouraged by your comments in August of this year in calling for a vote to initiate a formal study on the growing problem of surging grocery prices.³ We urge your fellow commissioners to approve this study so that the FTC can have the evidence necessary to take future action to rein in the cost of groceries.

As parents, we are deeply concerned that food insecurity has been on the rise in the United States. According to the U.S. Department of Agriculture, more than eighteen million households were food insecure, up an additional one million households from the previous year.⁴ When families do not have the ability to access healthy and nutritious foods, it can compound into further problems in our communities. For example, food insecure children are more likely not to complete high school—potentially leading to weakened employment outcomes and lower wages.

¹ <https://www.wsj.com/economy/consumers/its-been-30-years-since-food-ate-up-this-much-of-your-income-2e3dd3ed>

² https://www.ftc.gov/system/files/ftc_gov/pdf/p162318supplychainreport2024.pdf

³ <https://www.reuters.com/markets/us/us-targets-surg-ing-grocery-prices-latest-probe-2024-08-01/>

⁴ <https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-u-s/key-statistics-graphics/#trends>

We believe that the rise in unaffordable groceries and food insecurity over the last several years may be correlated with the growing consolidation of farms, food producers, and retailers. When a handful of companies in the food and grocery industry can control an overwhelming majority of the market, it leads to high prices that jeopardize the monthly budgets of families. Just three companies make up over 70% of cereals on the market, and another three dairy farm cooperatives account for 80% of milk sales. More alarmingly, only four grocery retailers account for over a third of national grocery sales.

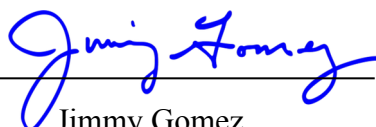
We share the FTC's concern with further consolidation in the market, including with Kroger Company's proposed acquisition of Albertsons Companies, Inc., which, if approved, would create the largest grocery store chain in the United States. Further consolidation in the market could negatively impact both workers and customers. When Albertsons merged with Safeway in 2015, it sold over 150 stores to Huggen in attempt to decrease market concentration. However, Huggen later declared bankruptcy and closed over two dozen stores. Our communities do not want to see grocery stores close and well-paying union jobs disappear. We know that increased competition can keep prices fairer for consumers while at the same time promote better wages and outcomes for workers.

Based on these facts, we ask that the FTC investigate unfair practices leading to higher grocery prices for American families. In particular, we ask the FTC to closely evaluate food retailer profits and the link to the high consolidation of our food markets, including how large retailers could use their market share to take advantage of pandemic supply chain disruptions and increase food prices, even after their costs stopped increasing.

In addition, we also ask that you study any preferential price treatment large grocers may have received over smaller grocers for similar products during and after the pandemic period. Federal law prohibits reduced prices for preferential customers. However, as food supply chains become more concentrated, grocers can pressure suppliers to engage in preferential price treatment practices to maintain access to consumers. All this can lead to stifling competition, putting smaller grocers at a competitive disadvantage, and increasing food prices for consumers no matter where they choose to shop. The information gained from your investigation will be crucial to fostering a truly competitive marketplace that best serves families and workers.

We respectfully request the Federal Trade Commission open an investigation into the sustained and unprecedented high profits of food suppliers and retailers. Together, government, farmers, workers and grocers can work to create a fair and competitive economy for families. Thank you for your consideration of our request. We look forward to your future actions on this issue.

Sincerely,


Jimmy Gomez
Member of Congress



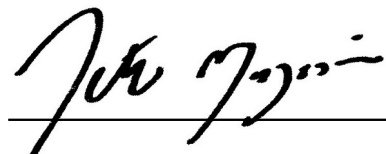
Eric Swalwell
Member of Congress



Chris Deluzio
Member of Congress



Mike Levin
Member of Congress



Seth Magaziner
Member of Congress



Joaquin Castro
Member of Congress



Rashida Tlaib
Member of Congress



Dan Goldman
Member of Congress



Seth Moulton
Member of Congress



Andy Kim
Member of Congress