



# U.S. Federal Government Spend on COVID-19 Response

Insights for Agency Leaders and Policy Makers

Report #4 covering the period: March 13, 2020 – May 21, 2020

# Executive Summary

This analysis covers the period from 3/13/20 (when the government starting reporting COVID-19 spend) through 5/21/20. We will continue updating the analysis and findings periodically\*

- On March 13, the Office of Management and Budget introduced guidance stipulating that agencies must report COVID-19 spend within 2 weeks of issuance. A lag in reporting and the binary nature of the existing COVID-19 spending flag (which classifies an entire line item as COVID-19 related even if only a portion of the spend was directed toward COVID-19 response) present challenges in using the data to drive actionable, potentially life-saving insights. Given the urgency of the current crisis, there is an opportunity to improve data quality through real-time reporting and flexible reporting options.
- Early spending in response to COVID-19 has been dominated by medical supply procurement by agencies on the front-line of the response to the crisis. However, federal government spending priorities seem to be shifting given the evolving demands of the COVID-19 response, with a growth in spending in recent weeks on addressing the economic implications of the crisis, including food recovery and distribution, IT needs, and professional service support.
- As the crisis evolves and spending continues to grow across the federal government as each agency executes the CARES Act, agencies have the opportunity to learn acquisition best practices from early leaders in the federal response.
- The federal government continues to rely on a few large vendors to meet immediate demand, posing a risk for supply chain bottlenecks. In navigating additional sources of supply, federal leaders must ensure that new vendors are reliable, qualified, and timely.
- While the government has engaged some small businesses in the early stages of the response, there is an opportunity to expand small business capacity and utilization to meet government needs.

For further information about the data and insights in this report, please contact

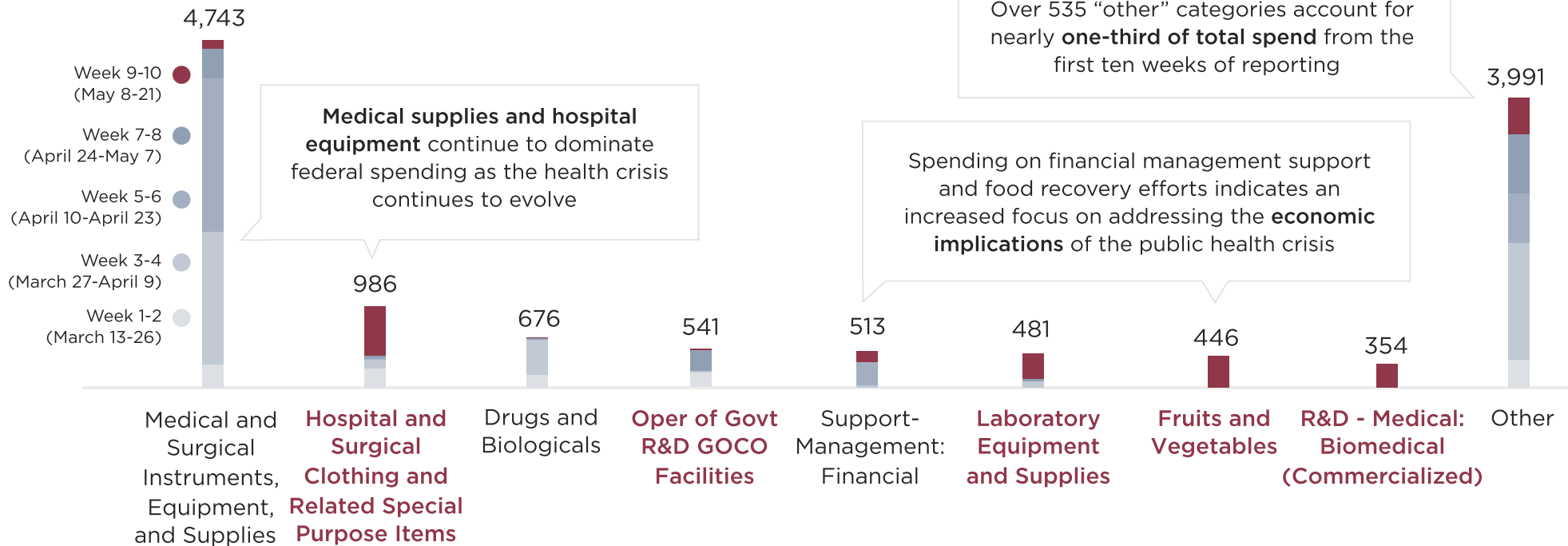
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\* Report #1 (covering the period from March 13, 2020 through April 9, 2020) was released on April 17, 2020. Report #2 (covering the period from March 13, 2020 through April 16, 2020) was released on April 24, 2020. Report #3 (covering the period from March 13, 2020 through April 23, 2020) was released on May 6, 2020

# Early federal government spending in response to COVID-19 has been dominated by medical supply procurement

## Reported US Federal Government Spend of ~12.7B to Combat COVID-19 \*

Weekly Spending March 13 – May 21 (in millions of dollars)



Office of Management and Budget guidance regarding COVID-19 spend data includes a **lag in data reporting** closest to the crisis, particularly for spending on medical supplies. In addition, the **binary** nature of the COVID-19 data reporting challenges the data set’s reliability.\*\* While medical-related spending continues to dominate federal priorities, spending in other categories is growing **quickly and unpredictably**. **Real-time data reporting** with more flexible reporting options could drive actionable, potentially life-saving insights.

\* Data was obtained from FPDS-NG and filtered using the “COVID-19” flag introduced on March 13, 2020. The above data highlights the eight Product or Service Codes (PSCs) with the greatest federal government spending from March 13 – May 21, last updated May 21, 2020. Due to the nature of the disaster response, the existing data likely represents only a portion of the work that has been awarded to date. **Bolded red text** indicates that a Product or Service Code increased in spending ranked relative to other categories from Report #3 (updated on April 23, 2020). \*\* Each FPDS line item can either be identified as COVID-related spend or not, and there are likely line items that are not reported because the entire line item is not COVID-related and other items that are included in the COVID spend data despite only a small portion being COVID-related.

## Growth in “other” spend categories indicates a shift in spending in response to the evolving demands of the coronavirus crisis

### Absolute Growth in Reported US Federal Government Spend by Category. Week 1-2 (March 13-26) to Week 9-10 (May 8-21)

Top 15 Product or Service Codes from “Other” Category \*

Product or Service Code	Total Spend (\$ thousands)	
	Week 1-2	Week 9-10
↑ Meat, Poultry, and Fish	25	117,689
↑ Dairy Foods and Eggs	82	82,212
↑ Transportation   Travel   Relocation: Air Passenger	0	50,725
↑ Salvage   Demolition of Structures   Facilities (Other than Buildings)	0	22,482
↑ R&D   Medical: Biomedical (Applied Research   Exploratory Development)	5,157	27,516
↑ IT and Telecom   Telecommunications and Transmission	8,890	28,043
↑ Information Technology Supplies	0	17,239
↑ Transportation   Travel   Relocation: Other	68	11,912
↑ Medical   Nursing	122	10,018
↑ Bakery and Cereal Products	12	7,111
↑ IT and Telecom   Annual Software Maintenance Service Plans	0	6,487
↑ Medical   Other	66	5,442
↑ Support   Professional: Engineering   Technical	577	5,925
↑ Support   Professional: Operations Research   Quantitative Analysis	0	5,122
↑ IT and Telecom   Teleprocessing, Timeshare, Cloud & High Performance Computing	0	5,098

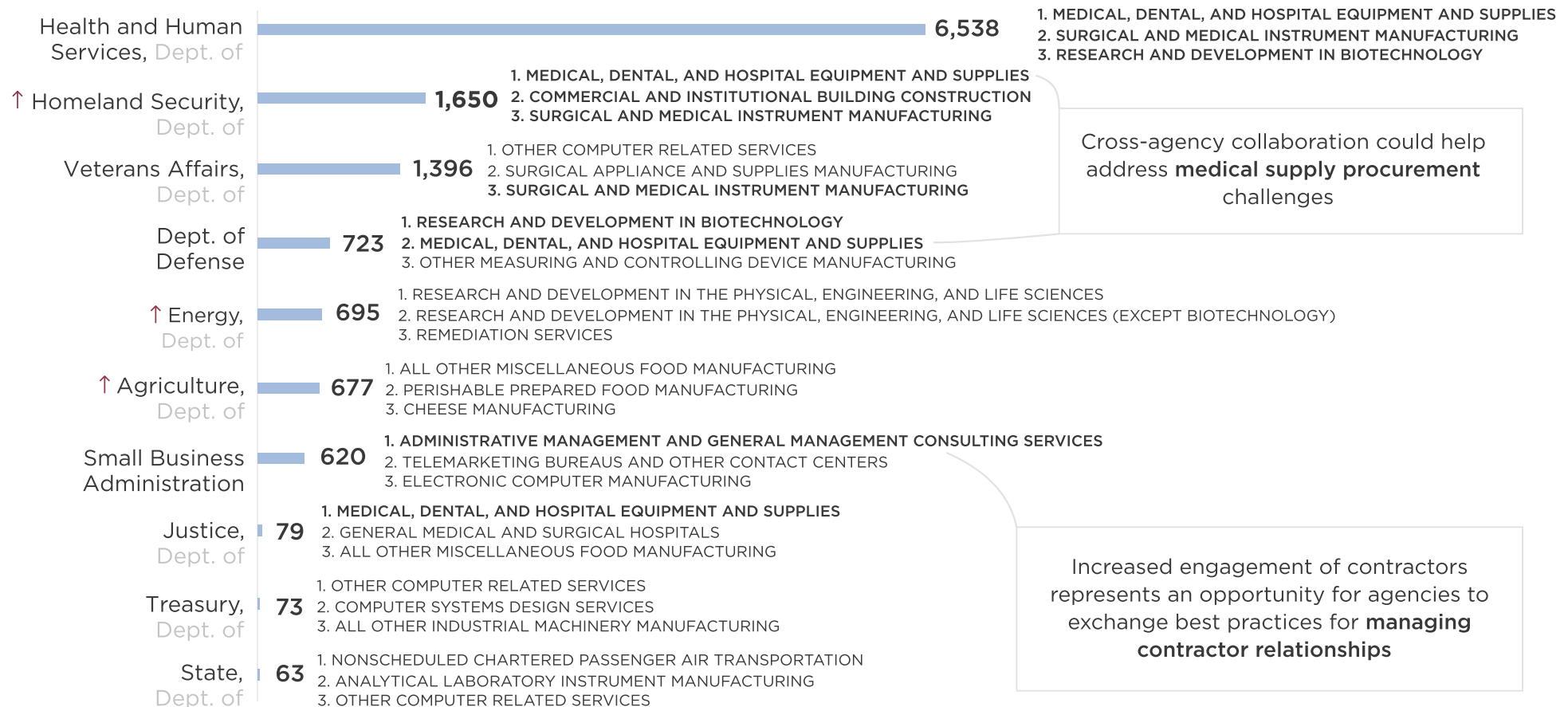
**As the economic implications of the crisis continue to evolve, spending on food recovery and distribution, IT, and professional service support has increased substantially**

\* The above data highlights the 15 Product or Service Codes (PSCs) with the greatest absolute growth in reported federal government spending from Week 1-2 to Week 9-10 of COVID-19 spend data reporting (excluding the top 8 Product or Service Codes with the greatest federal government spending from March 13 - May 21). Due to the nature of the disaster response, the existing data likely represents only a portion of the work that has been awarded to date. All 15 PSCs increased in rank relative to other categories from Report #3 (updated on April 23, 2020).

# Spending continues to be primarily driven by agencies on the front-line of the response to the crisis

## Total Reported Spending to Combat COVID-19 by Top 10 Federal Agencies \*

March 13 – May 21 (in millions of dollars). Includes Top Three Spend Categories (NAICS) by Agency \*



**As the crisis evolves and spending continues to grow across the federal government, agencies have the opportunity to learn best practices from early leaders in the federal response**

↑ Indicates that an agency increased in spending ranked relative to other agencies from Report #3 (updated on April 23, 2020). \* **Bolded text** represents the top 5 spend categories (NAICS) across all 10 federal agencies reported from March 13 to May 21. Please note: the above analysis references NAICS spend categories, rather than Product and Service Code spend categories, to provide additional detail on agency spending. \*\*For military operational security concerns, the availability of DOD FPDS data is subject to a 90-day delay for non-DoD users. The DoD FPDS data in this report is delayed.

## The federal government has relied on a few large vendors in order to meet immediate demand

### Primary Vendors for Top Federal Government Spend Categories to Combat COVID-19 | March 13 – May 21

Top 6 Product / Service Codes *	Total Spend, \$ millions	# Vendors	Top 3 Vendors **	Top 3 Vendors % Spend***
Medical and Surgical Instruments, Equipment, and Supplies	4,743	512	1. Phillips North America LLC 2. Hamilton Medical, Inc. 3. <b>Parkdale Advanced Materials, Inc.</b>	36.97%
Hospital and Surgical Clothing and Related Special Purpose Items	986	50	1. <b>HanesBrands, Inc.</b> 2. <b>San Mar Corporation</b> 3. 3M Company	72.16%
Drugs and Biologicals	676	37	1. Janssen Pharmaceuticals, Inc. 2. Protein Sciences Corporation 3. Genentech, Inc.	97.64%
<b>Oper of Govt R&amp;D GOCO Facilities</b>	541	5	1. <b>UChicago Argonne, LLC</b> 2. <b>Stanford University</b> 3. <b>Battelle Memorial Institute</b>	99.64%
Support – Management: Financial	513	23	1. RER Solutions, Inc. 2. Maximus Federal Services, Inc. 3. <b>Higher Education Servicing Corporation</b>	99.47%
<b>Laboratory Equipment and Supplies</b>	481	88	1. Remel Inc. 2. <b>Abbott Rapid DX North America, LLC</b> 3. <b>HanesBrands, Inc.</b>	89.99%

As the crisis evolves, agencies will need to continue investigating alternative sources of supply to react to shifting needs and proactively address new challenges

\* Please note: the above analysis references Product and Service Code spend categories, rather than NAICS spend categories to provide a broader overview of federal spending. \*\* **Bolded** vendors are new to the list of top 3 vendors for Product / Service code compared to Report #3 (updated on April 23, 2020).

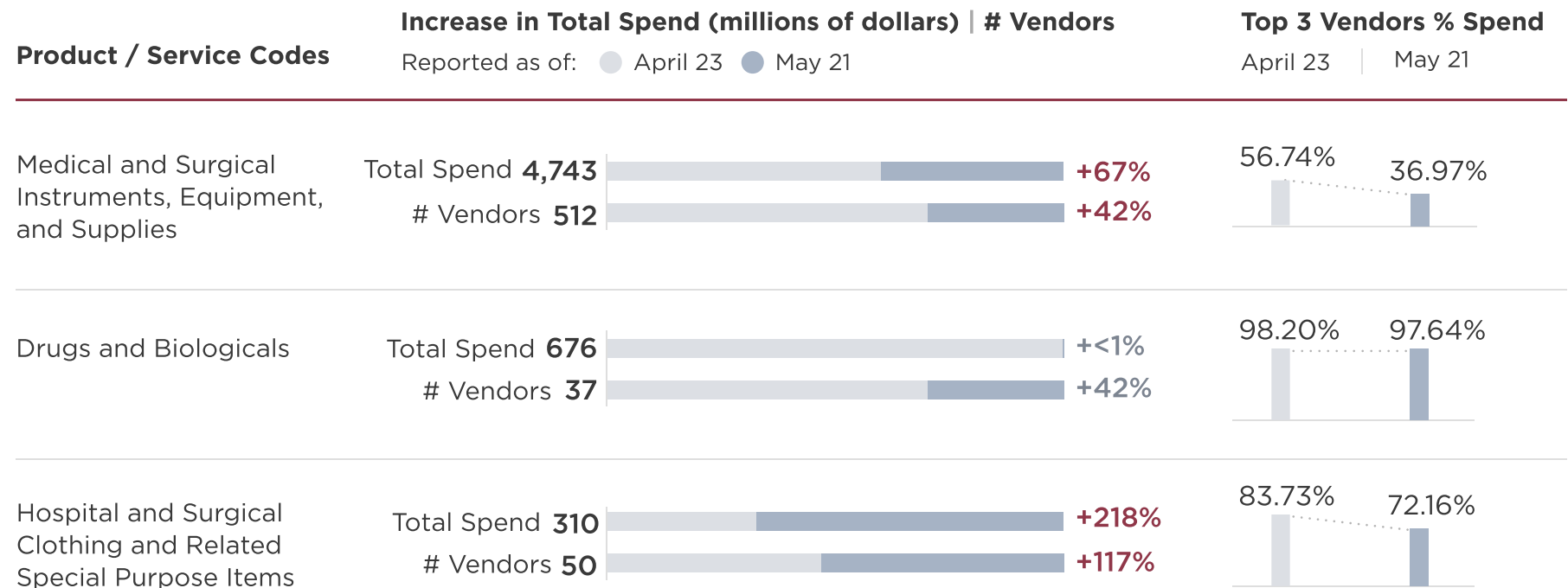
\*\*\* Reliance on a small subset of vendors presents substantial risk as federal agencies respond to the urgent, unpredictable demands of COVID-19.



# Agencies are quickly expanding the number of vendors in the spend categories with the highest risk of supply bottlenecks

## Changing Vendor Landscape for Federal Government Spending to Combat COVID-19

Selected Product and Service Codes \* | March 13 – May 21



**In navigating additional sources of supply, federal leaders must mitigate supply chain risk by ensuring that new vendors are reliable, qualified, and timely**

\* This analysis includes 3 of the top 6 Product and Service Codes with the highest reported federal government spending to combat COVID-19 from March 13 to May 21. "Oper of Govt GOCO Facilities," "Support-Management: Financial," and "Laboratory Equipment and Supplies" are excluded from this analysis due to the low number of total suppliers, limited risk of bottlenecks, and/or limited increased in spending from April 23 to May 21. **Bolded red text** indicates that the increase in vendors has not kept pace with the increase in spending.

# The government is engaging small businesses, including two-thirds of medical instrument demand vendors, to meet demand and kickstart economic recovery

## US Federal Government Reported Spend with Small Business Vendors

Spend Category: Medical and Surgical Instruments, Equipment, and Supplies \* | Top 10 NAICS Codes March 13 – May 21

● Other Than Small Business  
● Small Business



**Large spend categories with limited small business penetration represent an opportunity to expand small business capacity to meet federal government needs**

\* Please note: the above analysis considers reported Federal Government spend on Medical and Surgical Instruments, Equipment, and Supplies. The analysis is further broken down into spending by NAICS code. The above analysis represents the top 10 NAICS codes in terms of total spend from March 13 to May 21, of 84 total NAICS codes within the "Medical and Surgical Instruments, Equipment, and Supplies" Product or Service Code.



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