



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

Insights for Agency Leaders and Policy Makers

Report #5 covering the period: March 13, 2020 – July 12, 2020

Executive Summary

This analysis covers the period from 3/13/20 (when the government starting reporting COVID-19 spend) through 7/12/20. We will continue updating the analysis and findings periodically¹

- 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 was dominated by medical supply procurement by agencies on the front-line of the response to the crisis. However, federal government spending is shifting to address several concurrent priorities due to the evolving demands of the COVID-19 response, with a growth in spending in recent weeks to address simultaneous economic recovery, medical research, and telework capacity priorities.
- 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 has relied 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. Proactively identifying small business partners that are already registered to do business with the government and simplifying the contracting process are near-term opportunities for agencies to build small business capacity in order to kick start economic recovery and meet surges in demand.

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

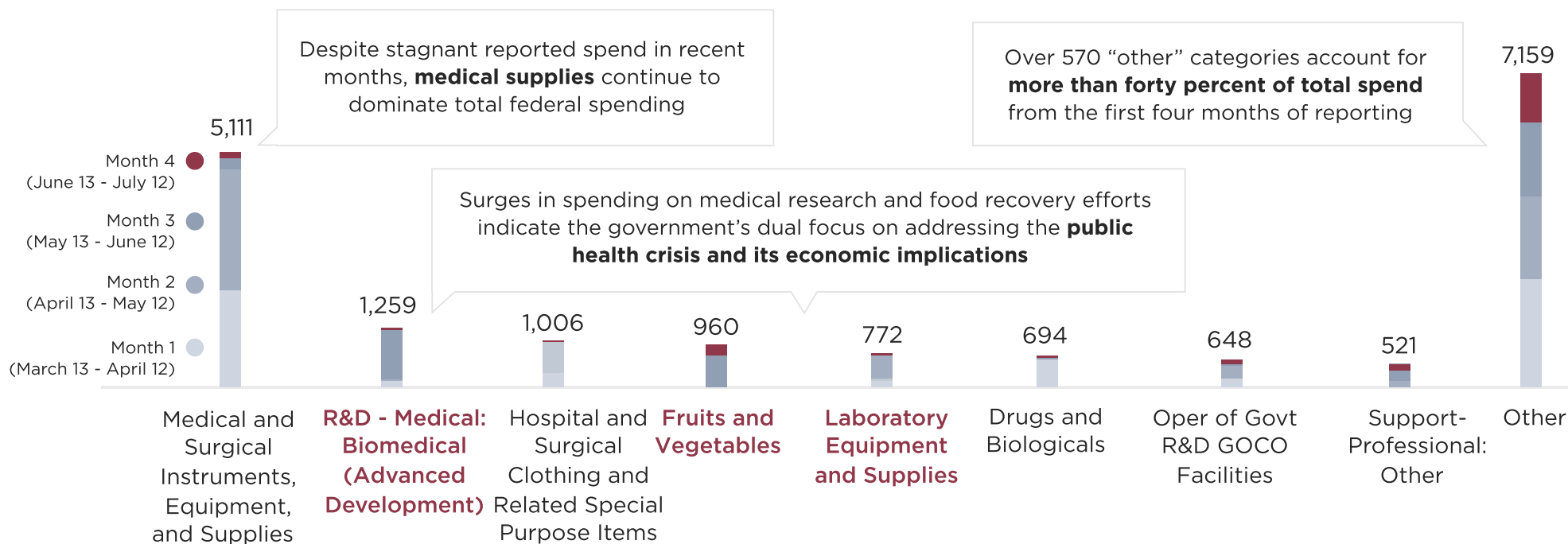
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¹ Report #1 (covering the period through 4/9/20) was released on April 17, 2020. Report #2 (covering the period through 4/16/20) was released on April 24, 2020. Report #3 (covering the period through 4/23/20) was released on May 6, 2020. Report #4 (covering the period through 5/21/20) was released on May 29, 2020.

While early spending in response to COVID-19 was dominated by medical supply procurement, spending in other categories is rapidly expanding

Reported US Federal Government Spend of ~ 18.1B to Combat COVID-19¹

Weekly Spending March 13 – July 12 (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.² While medical-related spending continues to dominate federal priorities and is likely higher than reflected above given the reporting lag, 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.

¹ 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 – July 12. 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 #4 (updated on May 21, 2020).

² 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 several concurrent priorities as the government adapts to the evolving demands of the coronavirus crisis

Absolute Growth in Reported US Federal Government Spend by Category Month 1 (March 13 – April 12) to Month 4 (June 13 – July 12)

Top 15 Product or Service Codes from “Other” Category ¹

Product or Service Code	Spend Type ²			Total Spend (\$ thousands)	
	Economic Recovery	Medical Research Capacity Construction	Telework Capacity	Month 1	Month 4
↑ Support Professional: Engineering Technical	✓	✓	✓	33,447	138,101
Dairy Foods and Eggs	✓	✓		92	87,195
Meat, Poultry, and Fish	✓	✓		756	82,973
↑ Operation of Government Owned Contractor Operated R&D Facilities		✓		0	61,571
↑ IT and Telecom Integrated Hardware/Software/Services Solutions			✓	55,498	115,067
↑ Support Management: Other	✓	✓	✓	943	46,062
↑ Medical Laboratory Testing		✓		69,921	114,550
↑ IT and Telecom Teleprocessing, Timeshare, Cloud & High Performance Computing and High performance Computing			✓	1,768	34,202
↑ Chemical and Pharmaceutical Products Manufacturing Machinery		✓		595	20,379
Salvage Demolition of Structures Facilities (Other than Buildings)	✓	✓		0	17,900
↑ R&D Medical: Biomedical (Basic Research)		✓		22,402	33,650
↑ IT and Telecom Programming			✓	5,771	12,244
↑ Salvage Demolition of Buildings	✓	✓		0	4,500
↑ Support Administrative: Other	✓	✓	✓	3,522	7,597
↑ Support Management: Data Collection	✓	✓	✓	80	4,113

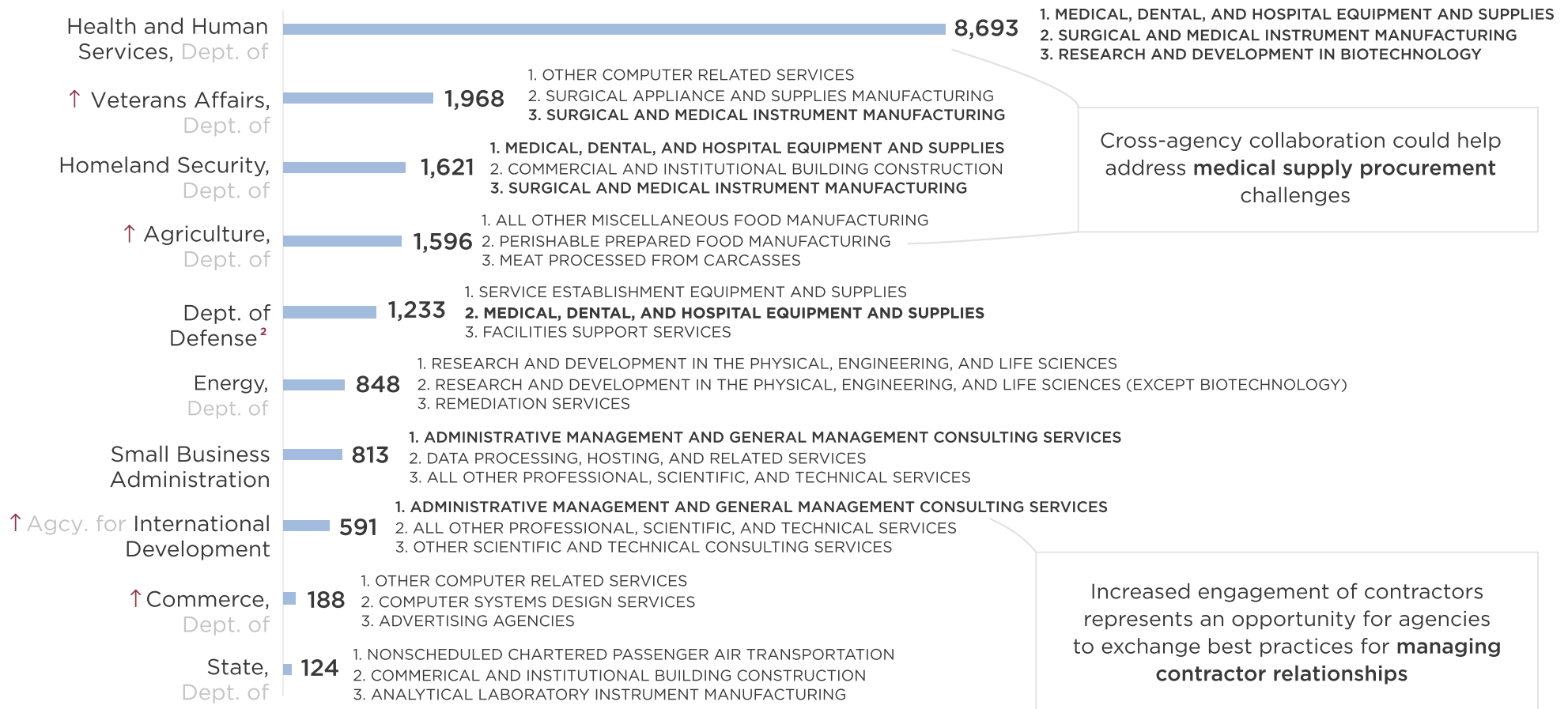
As the crisis continues to evolve, spending is substantially increasing to address simultaneous economic recovery, medical research, and telework capacity priorities

¹ The above data highlights the 15 Product or Service Codes (PSCs) with the greatest absolute growth in reported federal government spending from Month 1 to Month 4 of COVID-19 spend data reporting (excluding the top 8 Product or Service Codes with the greatest federal government spending from March 13 – July 12). 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. ↑ Indicates that a PSC increased in rank relative to other categories from Report #4 (updated on May 21, 2020). ² Spend Type was determined by the Censeo team, based on an investigation into the descriptions for each line item in the FPDS data.

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 – July 12 (in millions of dollars) | Includes Top Three Spend Categories (NAICS) by Agency¹



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

¹ Indicates that an agency increased in spending ranked relative to other agencies from Report #4 (updated on May 21, 2020). ² **Bolded text** represents the top 4 spend categories (NAICS) across all 10 federal agencies reported from March 13 to July 12. Please note: the above analysis references NAICS spend categories, rather than Product and Service Code spend categories, to provide additional detail on agency spending. ³ 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 – July 12

Top 6 Product / Service Codes ¹	Total Spend, \$ millions	# Vendors	Top 3 Vendors ²	Top 3 Vendors % Spend ³
Medical and Surgical Instruments, Equipment, and Supplies	5,111	648	1. Phillips North America, LLC 2. Hamilton Medical, Inc. 3. Parkdale Advanced Materials, Inc.	34.30%
R&D Medical: Biomedical (Advanced Development)	1,259	32	1. Emergent Manufacturing Operations Baltimore, LLC 2. Astrazeneca Pharmaceuticals, LLP 3. Regeneron Pharmaceuticals, Inc.	90.10%
Hospital and Surgical Clothing and Related Special Purpose Items	1,006	69	1. HanesBrands, Inc. 2. San Mar Corporation 3. 3M Company	70.69%
Fruits and Vegetables	960	158	1. Caribbean Produce Exchange, LLC 2. G.A. Food Services of Pinellas County, Inc. 3. Tulsa Fruit Company	42.45%
Laboratory Equipment and Supplies	772	144	1. Remel, Inc. 2. Abbott Rapid DX North America, LLC 3. Cepheid	81.19%
Drugs and Biologicals	694	72	1. Janssen Pharmaceuticals, Inc. 2. Protein Sciences Corporation 3. Genentech, Inc.	95.04%

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

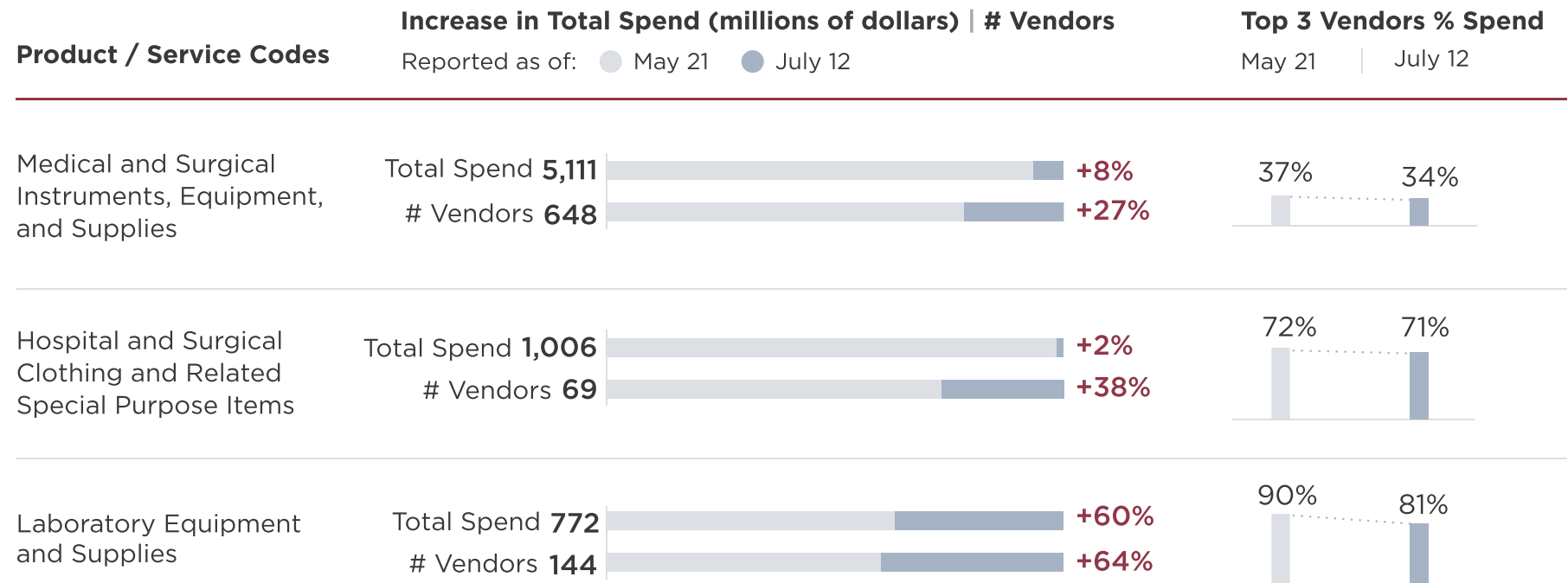
¹Please note: the above analysis references Product and Service Code spend categories, rather than NAICS spend categories to provide a broader overview of federal spending. **Bolded red text** indicates that a Product or Service Code increased in spending ranked relative to other categories from Report #4 (updated on May 21, 2020).

²**Bolded** vendors are new to the list of top 3 vendors for Product / Service code compared to Report #4 (updated on May 21, 2020). ³Reliance 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 Codes¹ | March 13 – July 12



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

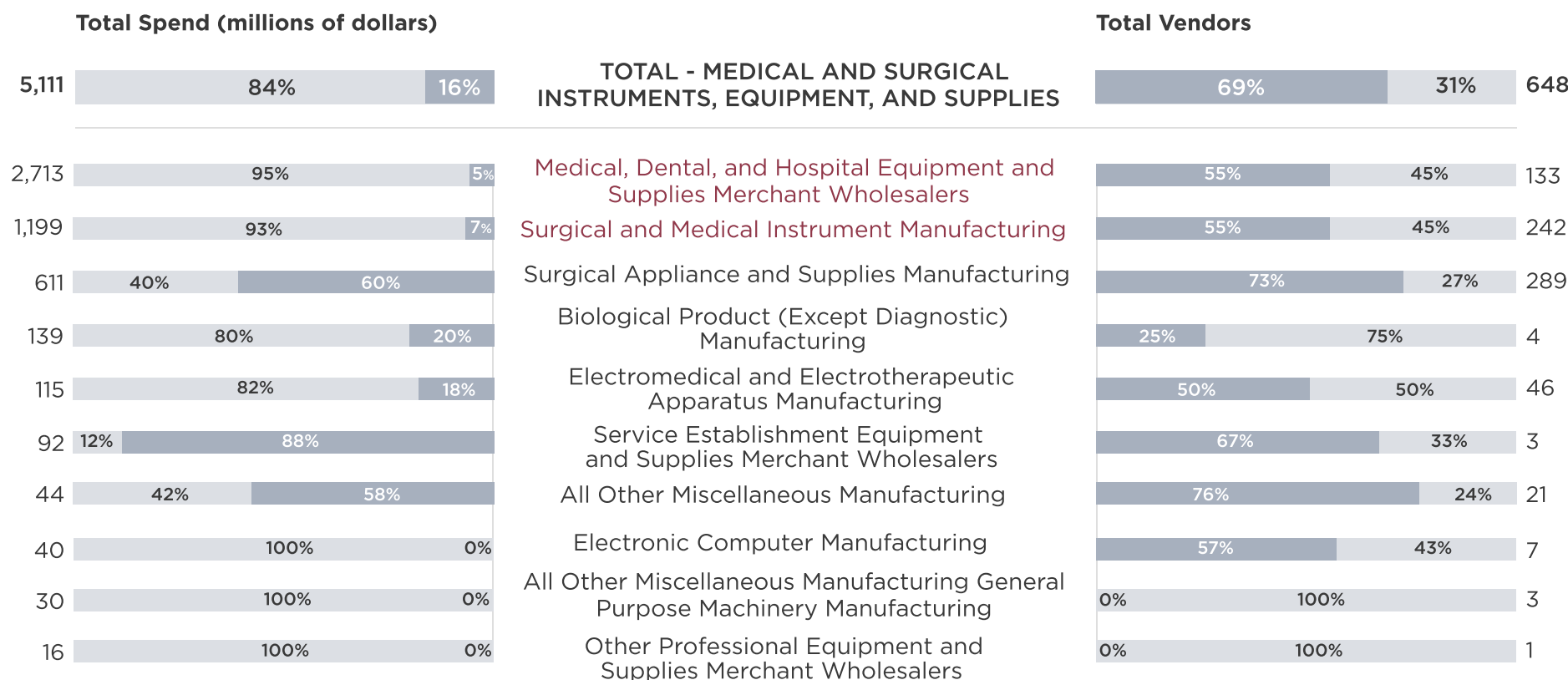
¹ This analysis includes 3 of the top 6 Product and Service Codes with the highest reported federal government spending to combat COVID-19 from March 13 to July 12. "R&D-Medical: Biomedical (Advanced Development)," "Fruits and Vegetables," and "Drugs and Biologicals" are excluded from this analysis due to the low number of total suppliers, limited risk of bottlenecks, and/or limited increased in spending from May 21 to July 12.

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 Supplies¹ | Top 10 NAICS Codes March 13 – July 12

● 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

¹ 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 July 21, of 86 total NAICS codes within the "Medical and Surgical Instruments, Equipment, and Supplies" Product or Service Code.

Small businesses already registered with the government represent untapped capacity to expand vetted sources of supply

The Censeo team explored opportunities to expand the government's small business footprint, using the Public Spend Forum's federal procurement supplier directory, GovShop.

According a GovShop search for medical and surgical supply procurement.¹

975 GovShop suppliers are registered to do business with the federal government

955 of the eligible suppliers are not already active COVID suppliers

770 of those potential suppliers are small businesses

- **29** eligible small businesses have already been thoroughly vetted by Public Spend Forum
- **12** others have received Small Business Innovation Research awards

Barriers to entry for small businesses: ²

- Language barrier between government and small businesses, especially in the contracting process
- Lack of awareness from startups on how to find opportunities and work with the government outside of traditional contracts
- Lack of trust in start-up capabilities by government leaders



Strategies to build small business capacity:

- Start with small contracting vehicles with the potential for scale
- Identify opportunities to minimize the burden of proposal writing
- Proactively identify small business partners
- Advertise available opportunities through new communications channels
- Develop relationships that can grow into additional future opportunities
- Remain flexible about learning from new partners

¹ This data is based on a June 8, 2020 GovShop search for registered suppliers falling under the 3 most common NAICS codes within the "Medical and Surgical Instruments, Equipment, and Supplies" spend category (423450 - Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers; 339112 - Surgical and Medical Instrument Manufacturing; 339113 - Surgical Appliance and Supplies Manufacturing). Searches for additional categories can be performed at: govshop-blogs.publicspendforum.net/covid-19-suppliers/

² Source: "Recap & Recording: Barriers to Entry in Government Markets." Public Spend Forum. 20 Aug. 2019. publicspendforum.net/events/webinar-barriers-to-entry-supplier-perspectives/

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