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

Insights for Agency Leaders and Policy Makers

Report #3 covering the period: March 13, 2020 – April 23, 2020

Executive Summary

This analysis covers the period from 3/13/20 (when the government starting reporting COVID-19 spend) through 4/23/20. 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. Over time, spending related to COVID-19 is expected to increase across all agencies, especially as each agency executes the CARES Act.
- As well, 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 longer-term enablers such as construction, IT, and professional service support.
- The federal government continues to rely on a few large vendors to meet immediate demand. The number of medical supply vendors has not kept pace with the surge in spending, posing a risk of bottlenecks in procuring essential medical supplies.
- 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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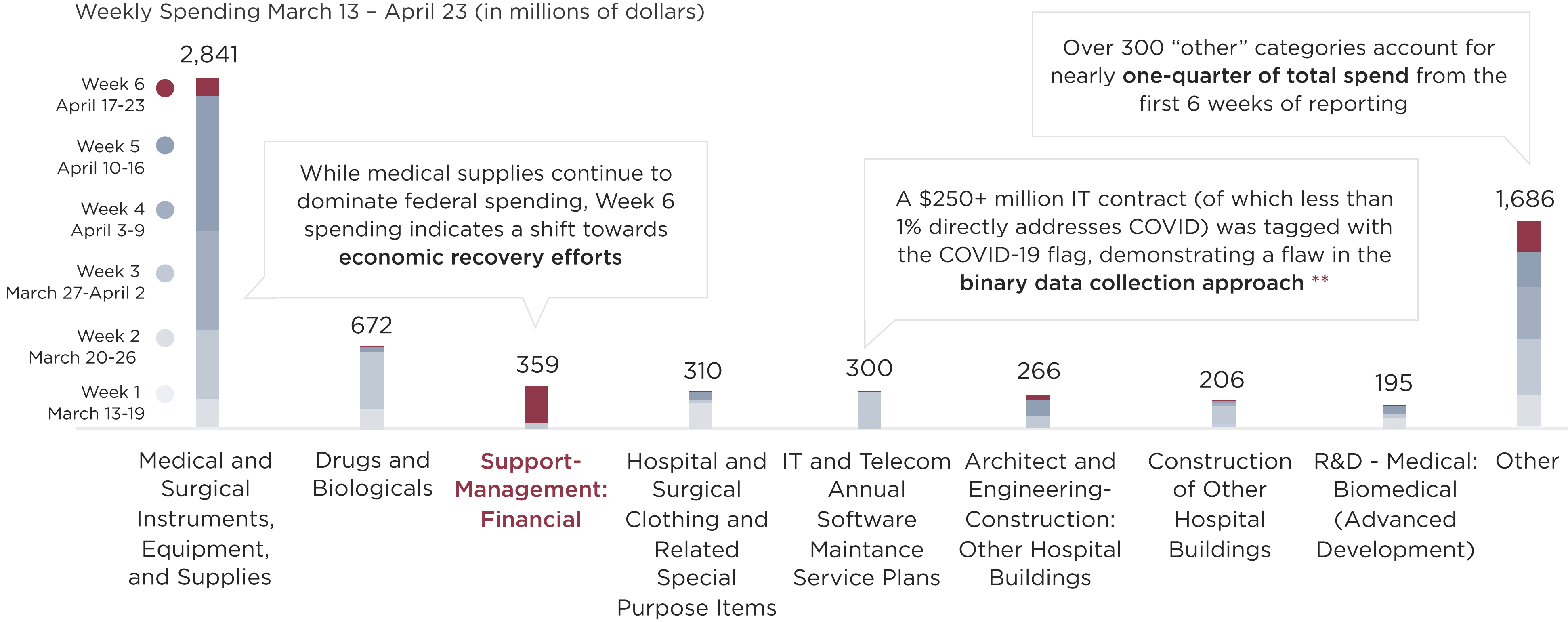
* Report #1 (covering the period from March 13, 2020 through April 9, 2020) was released on April 17, 2020. Report #2 (covering the period from March 13, 2020 through April 16, 2020) was released on April 24, 2020

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

Reported US Federal Government Spend of ~$6.8B to Combat COVID-19 *

Weekly Spending March 13 – April 23 (in millions of dollars)



Our initial analysis (March 13 – April 9) captured **six of the eight top spend categories** as of Week 6. However, initial reporting reflected only about one-quarter of the total spending on Medical and Surgical equipment in Weeks 1-4 reported to date, demonstrating a significant **lag in data reporting** closest to the crisis response. In addition, the **binary** nature of the COVID-19 data reporting challenges the data set's reliability. **Real-time data reporting** with more flexible reporting options could drive actionable, and 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 – April 23, last updated April 27, 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 #2 (updated on April 16, 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 (March 13-19) to Week 6 (April 17-23) | Top 15 Product or Service Codes from “Other” Category *

Product or Service Code	Total Spend ($ thousands) Week 1	Week 6
↑ Support | Professional: Other	47	53,068
↑ Medical | Other	66	35,414
↑ Repair or Alteration of Miscellaneous Buildings	0	23,161
↑ Medical | Dependent Medicare	866	15,173
↑ Support | Professional | Program Evaluation/Review/Development	0	13,755
Support | Program Management/Support	392	10,143
↑ IT and Telecom | Other IT and Telecommunications	344	8,121
↑ Support | Administrative: Other	3	7,577
IT and Telecom | Integrated Hardware/Software/Services Solutions	0	6,438
↑ R&D | Medical: Biomedical (Basic Research)	0	6,248
↑ Bags and Sacks	0	5,140
Information Technology Software	336	5,383
↑ Operation of Government | Owner Government | Operated R&D Facilities	0	5,011
↑ Support | Administrative: Translation and Interpreting	0	4,000

Spending on longer-term enablers such as construction, IT, and professional service support has increased substantially from Week 1 to Week 6

* The above data highlights the 15 Product or Service Codes (PSCs) with the greatest absolute growth in reported federal government spending from Week 1 to Week 6 of COVID-19 spend data reporting (excluding the top 8 Product or Service Codes with the greatest federal government spending from March 13 – April 23). 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 Product or Service Code increased in rank relative to other categories from our Report #2 (updated on April 16, 2020).

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

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

March 13 – April 23 (in millions of dollars). Includes Top Three Spend Categories (NAICS) by Agency *

Agency	Spending	Top Three Spend Categories (NAICS)
Health and Human Services, Dept. of	3,882	**1. MEDICAL, DENTAL, AND HOSPITAL EQUIPMENT AND SUPPLIES** **2. SURGICAL AND MEDICAL INSTRUMENT MANUFACTURING** **3. RESEARCH AND DEVELOPMENT IN BIOTECHNOLOGY**
Veterans Affairs, Dept. of	1,112	**1. OTHER COMPUTER RELATED SERVICES** 2. SURGICAL APPLIANCE AND SUPPLIES MANUFACTURING **3. SURGICAL AND MEDICAL INSTRUMENT MANUFACTURING**
Dept. of Defense**	739	**1. MEDICAL, DENTAL, AND HOSPITAL EQUIPMENT AND SUPPLIES** 2. OTHER MEASURING AND CONTROLLING DEVICE MANUFACTURING 3. CUSTOM COMPUTER PROGRAMMING SERVICES
↑ Homeland Security, Dept. of	458	**1. COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION** 2. AMBULANCE SERVICES 3. EMERGENCY AND OTHER RELIEF SERVICES
Small Business Administration	437	1. ADMINISTRATIVE MANAGEMENT AND GENERAL MANAGEMENT CONSULTING SERVICES 2. TELEMARKETING BUREAUS AND OTHER CONTACT CENTERS 3. ELECTRONIC COMPUTER MANUFACTURING
↑ Justice, Dept. of	40	1. TEXTILE BAG AND CANVAS MILLS 2. ALL OTHER MISCELLANEOUS MANUFACTURING **3. MEDICAL, DENTAL, AND HOSPITAL EQUIPMENT AND SUPPLIES**
Commerce Dept. of	37	**1. OTHER COMPUTER RELATED SERVICES** 2. ADVERTISING AGENCIES 3. COMPUTER SYSTEMS DESIGN SERVICES
Treasury, Dept. of	34	**1. OTHER COMPUTER RELATED SERVICES** 2. ALL OTHER MISCELLANEOUS MANUFACTURING 3. COMPUTER SYSTEMS DESIGN SERVICES
↑ Agency for Internal Development	27	1. ALL OTHER PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES **2. OTHER COMPUTER RELATED SERVICES** 3. ENGINEERING SERVICES
State, Dept. of	16	1. ANALYTICAL LABORATORY INSTRUMENT MANUFACTURING **2. OTHER COMPUTER RELATED SERVICES** **3. MEDICAL, DENTAL, AND HOSPITAL EQUIPMENT AND SUPPLIES**

HHS continues to dominate immediate federal spend priorities

A new top 5 NAICS spend category (bolded) "Commercial and Institutional Building Construction" reflects an increased investment in **infrastructure capacity**

Increased spending by agencies such as the Small Business Administration indicates the beginning of a shift towards longer-term economic recovery

↑ Indicates that an agency increased in spending ranked relative to other agencies from Report #2 (updated on April 16, 2020). ***Bolded text** represents the top 5 spend categories (NAICS) across all 10 federal agencies reported from March 13 to April 23. 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 continues to rely on a few large vendors in order to meet immediate demand

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Primary Vendors for Top Federal Government Spend Categories to Combat COVID-19 | March 13 – April 23

Top 6 Product / Service Codes *	Total Spend, $ millions	# Vendors	Top 3 Vendors **	Top 3 Vendors % Spend***
Medical and Surgical Instruments, Equipment, and Supplies	2,841	360	1. Phillips North America LLC 2. Hamilton Medical, Inc. 3. Datex-Ohmeda Inc.	56.74%
Drugs and Biologicals	672	26	1. Janssen Pharmaceuticals, Inc. 2. Protein Sciences Corporation 3. Genentech, Inc.	98.20%
Support-Management: Financial	359	8	**1. RER Solutions, Inc.** **2. Maximus Federal Services, Inc.** **3. Navient Corporation**	99.79%
Hospital and Surgical Clothing and Related Special Purpose Items	310	23	1. 3M Company 2. Panthera Worldwide, LLC 3. Draeger, Inc.	83.73%
Architect and Engineering-Construction: Other Hospital Buildings	266	5	1. Turner Construction Company 2. Parsons Corporation 3. Fluor Federal Solutions, LLC	88.34%
Construction of Other Hospital Buildings	206	8	1. AECOM Technical Services, Inc. 2. New York Convention Center Operating Corporation 3. Haughland Energy Group LLC	86.80%

As the crisis evolves, agencies will need to investigate 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. "IT and Telecom – Annual Software Maintenance Service Plans" is excluded from the "Top 6 Products / Service Codes" due to the category being skewed by non-COVID-19 related spending. **Bolded vendors are new to the list of top 3 vendors for Product / Service code compared to Report #2 (updated on April 16, 2020).
*** Reliance on a small subset of vendors presents substantial risk as federal agencies respond to the urgent, unpredictable demands of COVID-19.

The number of medical supply vendors has not kept pace with the recent increase in spending, posing a risk of bottlenecks

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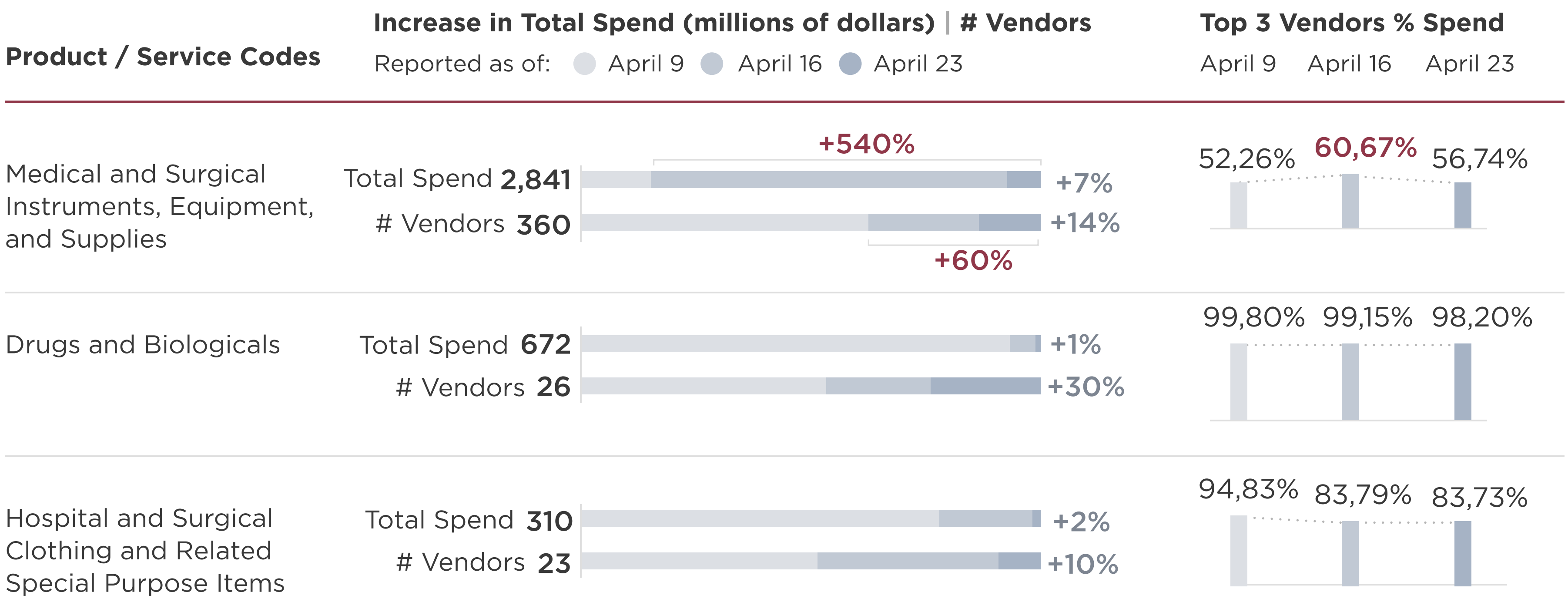
Changing Vendor Landscape for Federal Government Spending to Combat COVID-19

Selected Product and Service Codes * | March 13 – April 23



Procuring from small businesses presents an opportunity to address potential bottlenecks and support economic recovery

* 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 April 23. "Support-Management: Financial," "Architect and Engineering – Construction: Other Hospital Buildings," and "Construction of Other Hospital Buildings" 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 16 to April 23. **Bolded red text** indicates that the increase in vendors has not kept pace with the increase in spending.

The government is engaging small businesses in its response, including two-thirds of medical instrument demand vendors

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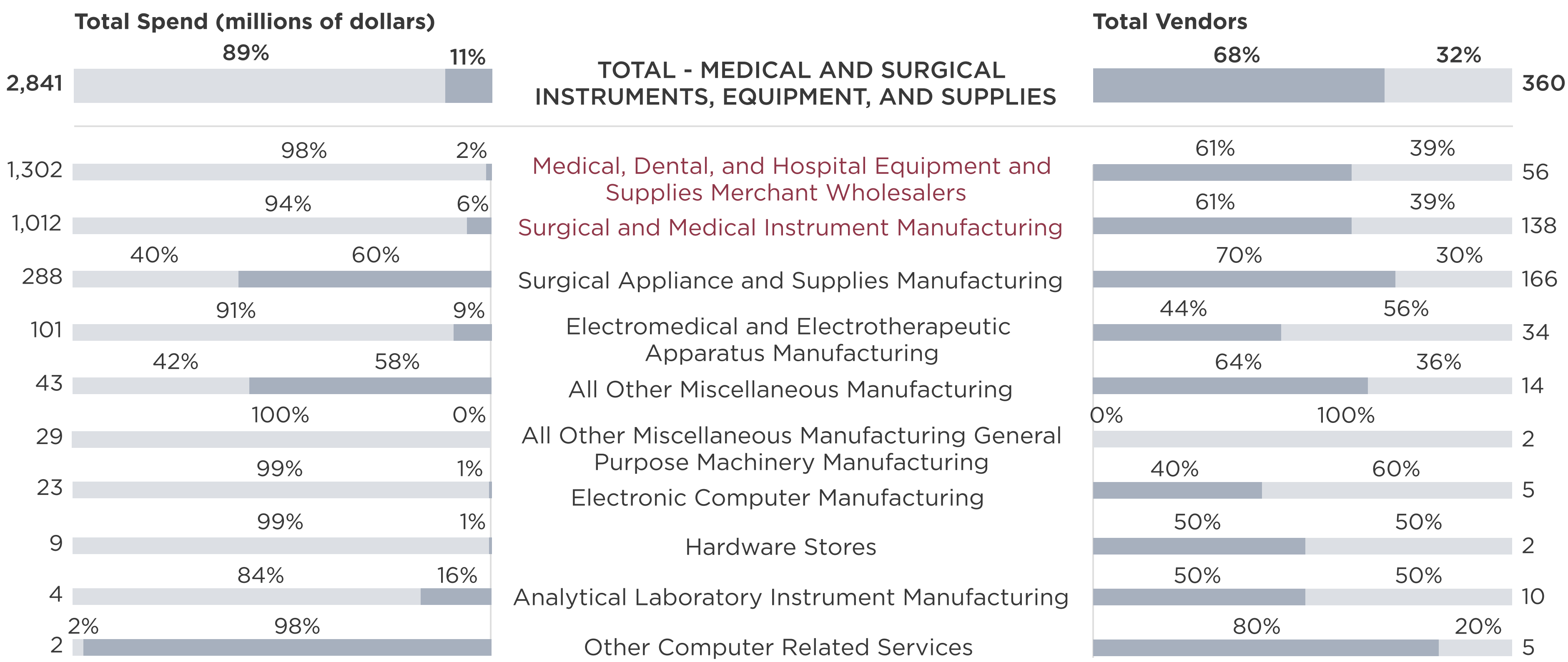
US Federal Government Reported Spend With Small Business Vendors

Spend Category: Medical and Surgical Instruments, Equipment, and Supplies * | Top 10 NAICS Codes March 13 – April 23

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 April 23, of 71 total NAICS codes within the "Medical and Surgical Instruments, Equipment, and Supplies" Product or Service Code.

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