

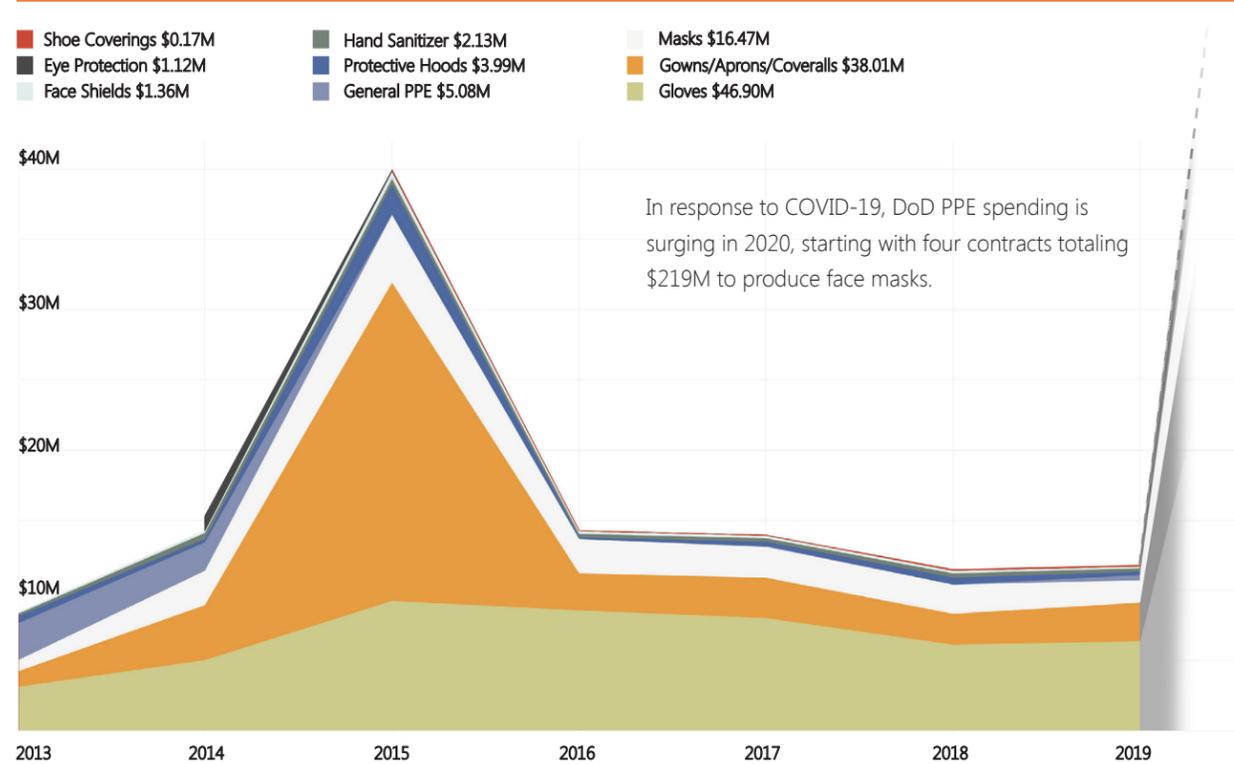
DEPARTMENT OF DEFENSE APPROACH TO PERSONAL PROTECTIVE EQUIPMENT

As the nation reels from the impact of the COVID-19 pandemic, the Department of Defense (DoD) is playing a vital role in supporting civilian authorities at the federal and state levels. DoD's contributions depend on the availability of personal protective equipment (PPE) to safeguard DoD personnel as well as to address dire shortages, such as for N95 masks, plaguing civilian healthcare workers on the frontlines. Given the critical importance of PPE to response efforts, Govini analyzed trends in DoD PPE spending since FY13. Govini employed supervised machine learning techniques to parse text-rich contract description data using keywords and National Stock Numbers (NSNs) to identify and taxonomize DoD's PPE spending.

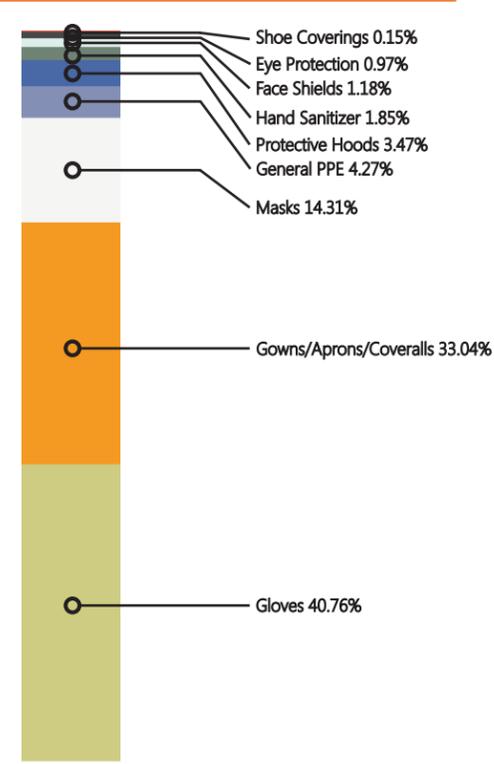
DoD's PPE spending from FY13-FY19 was relatively flat, except for a massive spike during the 2014-2016 Ebola outbreak. In September 2014, the U.S. military began a humanitarian mission in West Africa to contain the Ebola outbreak. Over the next fiscal year (FY15), DoD spending on PPE surged to \$40M, nearly triple FY14 levels and five times more than FY13. Moreover, DoD's procurement effort during the outbreak was highly concentrated; 64% of total FY15 dollars were awarded over the course of just two months, October and November. By 2016, however, DoD spending on PPE had dropped to FY14 levels and fell even further over the next few years. These trendlines suggest that DoD has maintained a more reactive posture for responding to pandemic threats, ramping up procurement of PPE when necessary.

As the COVID-19 pandemic rages across the United States, it appears DoD is employing a similar playbook as it did in responding to the Ebola outbreak. DoD has ramped up PPE procurement through large contracts with a handful of vendors like it did in FY15. The surge in spending today, however, dwarfs the FY15 spike, with at least \$219M going towards procurement of masks alone.

SPEND BY YEAR, FY13-19



SPEND BY PERCENT, FY13-19



SPENDING INSIGHTS

- During the Ebola outbreak, DoD's PPE spending increased by over 150%, most significantly in the Gowns/Aprons/Coveralls category, which includes protective garments like Tyvek suits that were essential for safeguarding Ebola responders.
- DoD spent \$15.2M on protective coverall suits in November 2014, more than its total spending on PPE in any other fiscal year from FY13-19.

How did DoD buy PPE?

- 88% of PPE equipment was bought through the Defense Working Capital Fund, a revolving fund that increases DoD's acquisition flexibility.
- The Defense Logistics Agency (DLA) accounted for 90% of PPE spending.
- In FY15, DLA sent 1.5M sets of PPE equipment to Ebola aid workers in West Africa. DLA is filling a similar role for the COVID-19 response, providing limited excess supply and contracting new PPE equipment.

Who did DoD buy PPE from?

- The top ten contractors accounted for nearly 90% of all contract value.
- The top five place of performance cities, which are located in Virginia, Illinois, New York, and New Jersey, accounted for nearly 80% of all contract dollars between FY13-FY19; however, many top vendors are wholesale distributors who rely on both domestic and foreign suppliers.
- Nearly half of the FY15 dollars went to a single vendor, suggesting that in times of urgency DoD chooses larger, single contracts over smaller, diversified efforts.
- DoD is pursuing the same strategy for COVID-19 PPE acquisition, with \$219M in contracts for protective masks being divided among only four vendors and \$415M in contracts for N95 mask decontamination systems being awarded to one prime vendor.