

GAO Highlights

Highlights of [GAO-21-191](#), a report to congressional committees

Why GAO Did This Study

As of November 12, 2020, the U.S. had over 10.3 million cumulative reported cases of COVID-19 and about 224,000 reported deaths, according to federal agencies. The country also continues to experience serious economic repercussions.

Four relief laws, including the CARES Act, were enacted as of November 2020 to provide appropriations to address the public health and economic threats posed by COVID-19. As of September 30, 2020, of the \$2.6 trillion appropriated by these acts, the federal government had obligated a total of \$1.8 trillion and expended \$1.6 trillion of the COVID-19 relief funds, as reported by federal agencies.

The CARES Act included a provision for GAO to report on its ongoing monitoring and oversight efforts related to the COVID-19 pandemic. This report examines the federal government's continued efforts to respond to and recover from the COVID-19 pandemic.

GAO reviewed data, documents, and guidance from federal agencies about their activities and interviewed federal and state officials. GAO also sent a survey to public health and emergency management officials in the 50 states, Washington, D.C., and the five U.S. territories regarding medical supplies.

What GAO Recommends

GAO is making 11 new recommendations for agencies that are detailed in this Highlights and in the report. GAO is also raising one matter for congressional consideration.

View [GAO-21-191](#). For more information, contact A. Nicole Clowers, (202) 512-7114 or clowersa@gao.gov.

November 2020

COVID-19

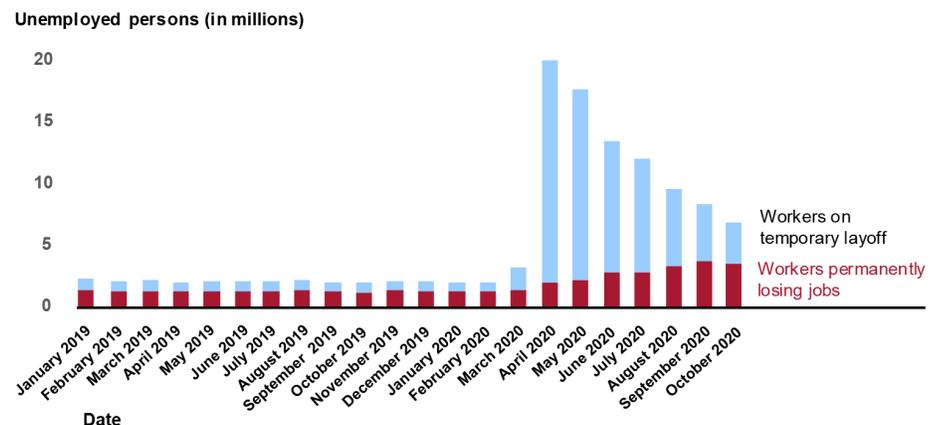
Urgent Actions Needed to Better Ensure an Effective Federal Response

What GAO Found

The COVID-19 pandemic has resulted in catastrophic loss of life and substantial damage to the global economy, stability, and security. According to federal data, the U.S. had an average of 116,000 new COVID-19 cases per day from November 1 through November 12, 2020. Between January 2020 and October 2020, at least 237,000 more deaths occurred from all causes, including COVID-19, than would normally be expected, according to data from the Centers for Disease Control and Prevention (CDC).

Further, while the economy has improved since July 2020, many people remain unemployed, including both those temporarily laid off and those who have permanently lost their job (see figure). Also, more households have become seriously delinquent on mortgage payments during the pandemic. In addition, GAO's review of academic studies suggests the pandemic will likely remain a significant obstacle to more robust economic activity.

Number of Unemployed Workers Permanently Losing Jobs and on Temporary Layoff, January 2019 through October 2020



Source: GAO analysis of U.S. Bureau of Labor Statistics data. | GAO-21-191

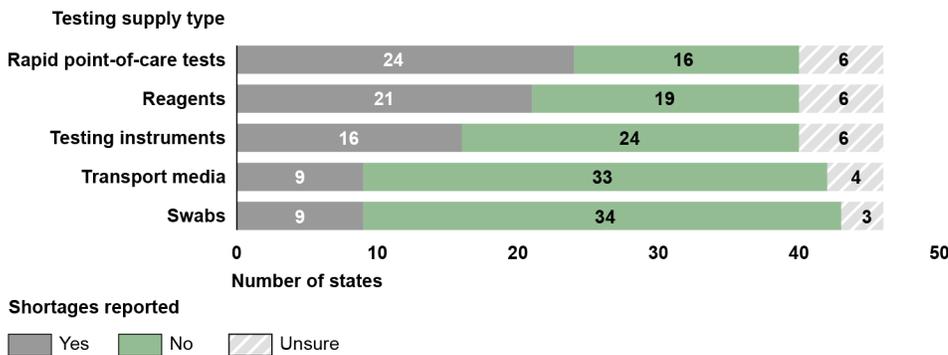
In response to the pandemic and its effects, Congress and the administration have taken a series of actions to protect the health and well-being of Americans. However, as the end of 2020 approaches, urgent actions are needed to help ensure an effective federal response on a range of public health and economic issues.

Medical Supplies

While the Department of Health and Human Services (HHS) and the Federal Emergency Management Agency (FEMA) have made numerous efforts to mitigate supply shortages and expand the medical supply chain, shortages of certain supplies persist. In September 2020, GAO reported that ongoing constraints with the availability of certain types of personal protective equipment (PPE) and testing supplies remain due to a supply chain with limited domestic production and high global demand. In October 2020, GAO surveyed public health and emergency management officials from all states, the District of Columbia, and U.S. territories (hereafter states) and found the following:

- **Testing supplies.** Most states reported no shortages of swabs or transport media, but about one-third to one-half reported shortages in other types of testing supplies (see figure).

State-Reported Testing Supply Shortages, as of October 2020



Source: GAO. | GAO-21-191

GAO surveyed officials in the 50 states; Washington, D.C.; and the five U.S. territories and received responses from 47 of the 56 locations, representing 41 states; Washington, D.C.; and all five territories. Not all states responded to every question.

- **PPE.** The majority of states that responded were mainly able to fulfill requests for supplies from organizations and entities within their states. However, availability constraints continue with certain PPE, such as nitrile gloves.
- **Supplies for future vaccine needs.** About one-third of states that responded stated that they were “greatly” or “completely” concerned about having sufficient vaccine-related supplies to administer COVID-19 vaccines. An additional 21 states indicated that they were moderately concerned.

In September 2020, GAO recommended that HHS, in coordination with FEMA, should

- further develop and communicate to stakeholders plans outlining specific actions the federal government will take to help mitigate supply chain shortages for the remainder of the pandemic;
- immediately document roles and responsibilities for supply chain management functions transitioning to HHS, including continued support from other federal partners, to ensure sufficient resources exist to sustain and make the necessary progress in stabilizing the supply chain; and
- devise interim solutions, such as systems and guidance and dissemination of best practices, to help states enhance their ability to track the status of supply requests and plan for supply needs for the remainder of the pandemic response.

HHS and the Department of Homeland Security disagreed with these recommendations, noting, among other things, the work that they had done to manage the medical supply chain and increase supply availability. In November 2020, HHS repeated its disagreement with GAO’s recommendations and noted its efforts to meet the needs of states.

In light of the surge in COVID-19 cases, along with reported shortages, including GAO’s nationwide survey findings, GAO underscores the critical imperative for HHS and FEMA to implement GAO’s September 2020 recommendations.

Vaccines and Therapeutics

In a recent GAO report (GAO-21-207), GAO found that there has been significant federal investment to accelerate vaccine and therapeutic development, such as through Operation Warp Speed, a partnership between the Department of Defense and HHS that aims to accelerate the development, manufacturing, and distribution of COVID-19 vaccines and therapeutics. Separately, Emergency Use Authorizations (EUA), which allow for the emergency use of medical products without Food and Drug Administration (FDA) approval or licensure provided certain statutory criteria are met, have also been used for therapeutics. As of November 9, 2020, FDA had made four therapeutics available to treat COVID-19 through EUAs. In that report, **GAO recommended that FDA identify ways to uniformly disclose information from its scientific review of safety and effectiveness data when issuing EUAs for therapeutics and vaccines.** By doing so, FDA could help improve the transparency of, and ensure public trust in, its EUA decisions. HHS neither agreed nor disagreed with the recommendation, but said it shared GAO’s goal of transparency.

COVID-19 Testing Guidance

HHS and its component agencies have taken several key actions to document a federal COVID-19 testing strategy and provide testing-related agency guidance. However, this guidance has not always been transparent, raising the risk of confusion and eroding trust in government. In particular, while it is expected that guidance will change as new information

about the novel virus evolves, frequent changes to general CDC testing guidelines have not always been communicated with a scientific explanation. **GAO recommends that HHS ensure that CDC clearly discloses the scientific rationale for any change to testing guidelines at the time the change is made.** HHS concurred with this recommendation.

Types of COVID-19 Testing Approaches

Description	
TYPE OF TESTING APPROACH	<p>Diagnostic</p>  <p>Intended to identify occurrence at the individual level and is performed when there is a reason to suspect that an individual may be infected, such as having symptoms or suspected recent exposure, or to determine resolution of infection.</p>
	<p>Screening</p>  <p>Intended to identify occurrence at the individual level even if there is no reason to suspect infection—e.g., there is no known exposure. This includes, but is not limited to, screening of non-symptomatic individuals without known exposure with the intent of making decisions based on the test results.</p>
	<p>Surveillance</p>  <p>Includes ongoing systematic activities, including collection, analysis, and interpretation of health-related data that are essential to planning, implementing, and evaluating public health practice and monitoring of community- or population-level occurrence.</p>

Source: GAO analysis of Department of Health and Human Services documentation. | GAO-21-191

Nursing Home Care

In September 2020, the Coronavirus Commission on Safety and Quality in Nursing Homes (established by the Centers for Medicare & Medicaid Services (CMS) in June 2020) made 27 recommendations to CMS on topics such as testing, PPE, and visitation. CMS released a response to the commission that broadly outlined the actions it has taken to date, but it has not fully addressed the commission’s recommendations or provided an implementation plan to track and report progress toward implementing them.

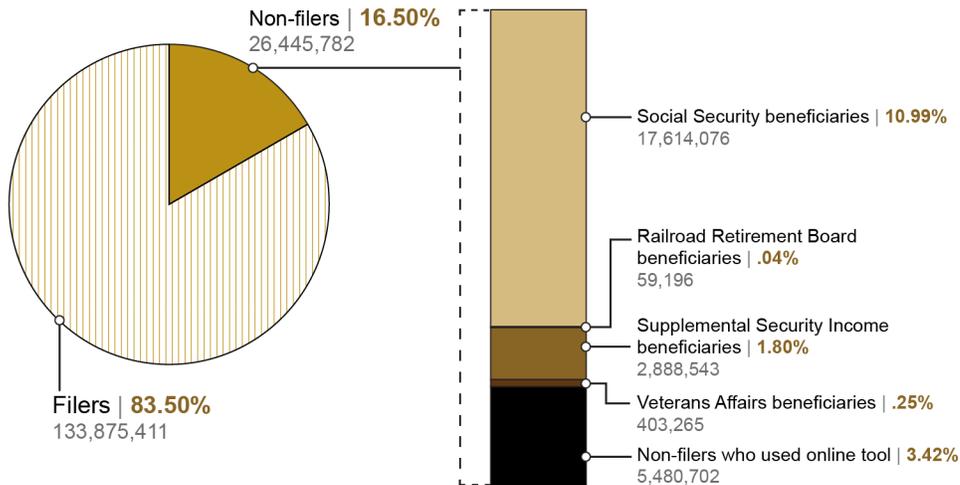
While CMS is not obligated to implement all of the commission’s recommendations, the agency has not indicated any areas where it does not plan to take action. **GAO recommends that CMS quickly develop a plan that further details how it intends to respond to and implement, as appropriate, the commission’s recommendations.** HHS neither agreed nor disagreed with this recommendation and said it would refer to and act upon the commission’s recommendations, as appropriate.

In addition, the Department of Veterans Affairs (VA) partners with state governments to provide nursing home care to more than 20,000 veterans in over 150 state veterans homes. In March 2020, VA instructed its contractor to stop in-person inspections due to concerns about COVID-19. As of September 2020, these inspections had not resumed, leaving veterans at risk of receiving poor quality care. Additionally, VA does not collect timely data on the number of COVID-19 cases and deaths occurring at each state veterans home, hindering its ability to monitor and take steps to mitigate the spread of COVID-19 in these homes. **GAO recommends that VA (1) develop a plan to resume inspections of state veterans homes, which may include using in-person, a mix of virtual and in-person, or fully virtual inspections, and (2) collect timely data on COVID-19 cases and deaths in each state veterans home.** VA concurred with both recommendations.

Economic Impact Payments

The CARES Act included economic impact payments (EIP) for eligible individuals to address financial stress due to the pandemic. As of September 30, 2020, the Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) had disbursed over 165.8 million payments to individuals, totaling \$274.7 billion. According to IRS data, more than 26 million non-filers—individuals who do not normally file a tax return and may be hard to reach—received a payment (see figure). However, everyone that was supposed to receive a payment was not reached. Starting in September 2020, IRS sent notices to nearly 9 million individuals who had not yet received an EIP.

Number of Filers and Non-Filers Issued an Economic Impact Payment, as of September 30, 2020



Source: Internal Revenue Service. | GAO-21-191

Treasury and IRS officials did not plan to track and analyze the outcomes of their EIP notice mailing effort until 2021. The lack of timely analysis deprives Treasury and IRS of data they could use to assess the effectiveness of their notice strategy and redirect resources as needed to other outreach and communication efforts. **GAO recommends that Treasury, in coordination with IRS, should begin tracking and publicly reporting the number of individuals who were mailed an EIP notification letter and filed for and received an EIP, and use that information to inform ongoing outreach and communications efforts.** Treasury agreed with this recommendation.

Unemployment Insurance

The CARES Act created three federally funded temporary programs for unemployment insurance (UI) that expanded benefit eligibility and enhanced benefits. In its weekly news releases, the Department of Labor (DOL) publishes the number of weeks of unemployment benefits claimed by individuals in each state during the period and reports the total count as the number of people claiming benefits nationwide. DOL officials told GAO that they have traditionally used this number as a proxy for the number of individuals claiming benefits because they were closely related. However, the number of claims has not been an accurate estimate of the number of individuals claiming benefits during the pandemic because of backlogs in processing a historic volume of claims, among other data issues.

Without an accurate accounting of the number of individuals who are relying on these benefits in as close to real time as possible, policymakers may be challenged to respond to the crisis at hand. **GAO recommends that DOL (1) revise its weekly news releases to clarify that in the current unemployment environment, the numbers it reports for weeks of unemployment claimed do not accurately estimate the number of unique individuals claiming benefits, and (2) pursue options to report the actual number of distinct individuals claiming benefits, such as by collecting these already available data from states.** DOL agreed with the recommendation to revise its weekly news releases, and partially agreed with the recommendation to pursue options to report the actual number of distinct individuals claiming benefits.

Tax Relief for Businesses

To provide liquidity to businesses during the pandemic, the CARES Act included tax measures to help businesses receive cash refunds or other reductions to tax obligations. Some taxpayers need to file an amended income tax return to take advantage of these provisions; at the same time, IRS faces an increase in mail and paper processing delays due to the pandemic, which may delay the timely processing of this paperwork and issuance of these refunds. **GAO recommends that IRS update its form instructions to include information on its electronic filing capability for tax year 2019.** IRS agreed with this recommendation.

Program Integrity

Although the extent and significance of improper payments associated with COVID-19 relief funds have not yet been determined, the impact of these improper payments, including those that are the result of fraud, could be substantial. For example, numerous individuals are facing federal charges related to attempting to defraud the Paycheck Protection Program (PPP), UI program, or other federal programs, and many more investigations are underway. To address the risk of improper payments due to fraud and other causes, **GAO previously recommended the following:**

- **The Small Business Administration (SBA) should develop and implement plans to identify and respond to risks in the PPP to ensure program integrity, achieve program effectiveness, and address potential fraud.**

- **The Office of Management and Budget (OMB), in consultation with Treasury, should issue timely guidance for auditing new and existing COVID-19-related programs, including Coronavirus Relief Fund payments, as soon as possible. Audits of entities that receive federal funds are critical to the federal government’s ability to help safeguard those funds. Also, Congress should amend the Social Security Act to explicitly allow the Social Security Administration to share its full death data with Treasury for data matching to prevent payments to ineligible individuals.**

GAO maintains that implementing these recommendations fully is critically important in order to protect federal funds from improper payments resulting from fraud and other risks.

In this report, GAO also identifies new concerns about the timely reporting of improper payments for COVID-19 programs. The COVID-19 relief laws appropriated over a trillion dollars that may be spent through newly established programs to fund response and recovery efforts, such as SBA’s PPP. However, unlike the supplemental appropriations acts that provided for disaster relief related to the 2017 hurricanes and California wildfires, the COVID-19 relief laws did not require agencies to deem programs receiving these relief funds that expend more than a threshold amount as "susceptible to significant improper payments." In addition, based on OMB guidance, improper payment estimates associated with new COVID-19 programs established in March 2020 may not be reported until November 2022, in some instances. GAO is making two recommendations:

- **OMB should develop and issue guidance directing agencies to include COVID-19 relief funding with associated key risks, such as changes to existing program eligibility rules, as part of their improper payment estimation methodologies, especially for existing programs that received COVID-19 relief funding.**
- **SBA should expeditiously estimate improper payments and report estimates and error rates for PPP due to concerns about the possibility that improper payments, including those resulting from fraudulent activity, could be widespread.**

GAO is also suggesting that Congress consider, in any future legislation appropriating COVID-19 relief funds, designating all executive agency programs and activities making more than \$100 million in payments from COVID-19 relief funds as “susceptible to significant improper payments.”

Aviation Assistance and Preparedness

GAO identified concerns about efforts to monitor CARES Act financial assistance to the aviation sector. Treasury’s Payroll Support Program (PSP) provides \$32 billion in payroll support payments and loans to help the aviation industry retain its employees. While recipients have begun submitting required compliance reports, Treasury has not yet finalized a monitoring system to identify and respond to the risk of noncompliance with PSP agreement terms, potentially hindering its ability to detect program misuse in a timely manner. **GAO is recommending that Treasury finish developing and implement a compliance monitoring plan that identifies and responds to risks in the PSP.** Treasury neither agreed nor disagreed with this recommendation, but committed to reviewing additional measures that may further enhance its compliance monitoring and ensure that PSP funds are used as intended.

In June 2020, **GAO suggested that Congress take legislative action to require the Secretary of Transportation to work with relevant agencies, such as HHS, the Department of Homeland Security, and other stakeholders, to develop a national aviation-preparedness plan to limit the spread of communicable disease threats and minimize travel and trade impacts.** GAO originally made this recommendation to the Department of Transportation in December 2015. GAO urges Congress to take swift action to require such a plan, without which the U.S. will not be as prepared to minimize and quickly respond to ongoing and future communicable disease events.