COVID-19

Agencies Are Taking Steps to Improve Future Use of Defense Production Act Authorities

What GAO Found

Federal agencies used the Defense Production Act (DPA) and other actions over 100 times to help address COVID-19 medical supply needs through September 2021. Agencies used DPA authorities to 1) prioritize contracts so those orders can get preference over others, (2) fund projects to expand domestic production of supplies, and (3) enter into partnerships with private companies (see figure).

<table>
<thead>
<tr>
<th>Defense Production Act Authorities</th>
<th>Number of actions</th>
<th>Examples of output</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority-rated contracts</td>
<td>73 contracts and orders</td>
<td>Supported manufacturing of COVID-19 vaccines</td>
<td>GAO analysis of federal agency information.</td>
</tr>
<tr>
<td>Domestic production expansion</td>
<td>60 projects and other actions*</td>
<td>Increased production capacity of N95 respirators by over 50 million per month</td>
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<tr>
<td>Public-private partnerships</td>
<td>1 overarching agreement</td>
<td>Developed plan that helps coordinate distribution of personal protective equipment.</td>
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*Other actions refer to production expansion projects not executed under DPA Title III authority.

Representatives from companies that received DPA awards generally stated that the use of the DPA gave them timely access to raw materials and supplies and helped them expand production faster than they could have on their own.

GAO previously reported that federal agencies faced challenges using DPA authorities. Agencies have taken some steps to address these obstacles as well as one of two recommendations GAO made.

- The Department of Health and Human Services (HHS), which had limited DPA experience prior to COVID-19, reported establishing offices to review DPA priority rating requests and to manage industrial base expansion efforts. However, it has not developed a plan for using DPA and other actions to address future medical supply needs as GAO recommended.
- The Department of Defense, which has been providing significant contracting support to HHS, documented procedures to facilitate the timely transfer of funds between the two agencies and established a permanent office in October 2020 to support interagency needs.
- The Office of Management and Budget established a web page to collect and publish data on DPA priority ratings, which addressed a prior GAO recommendation concerning transparent reporting of these DPA actions.

Additional DPA and other actions are expected through 2025 as agencies use $10 billion appropriated in the American Rescue Plan Act for medical supply investments and implement a September 2021 national strategy to strengthen the domestic medical industrial base. GAO plans to monitor agencies’ efforts.

What GAO Recommends

In November 2020, GAO recommended that HHS identify how the DPA and other actions will be used to increase production of domestic medical supplies and reduce U.S. reliance on foreign sources. HHS agreed but has not yet determined what specific actions it will take.

View GAO-22-105380. For more information, contact W. William Russell at (202) 512-4841 or RussellW@gao.gov