

UNCLASSIFIED

STATEMENT BY

KEVIN FAHEY

ASSISTANT SECRETARY OF DEFENSE FOR ACQUISITION

BEFORE THE HOUSE

SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

ON

THE DEPARTMENT OF DEFENSE'S ROLE IN ENSURING AN ADEQUATE SUPPLY
OF PERSONAL PROTECTIVE EQUIPMENT

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THE HOUSE SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

Chairman Clyburn, Ranking Member Scalise, and distinguished Members of the House Subcommittee on the Coronavirus Crisis, thank you for the opportunity to testify today on matters related to the Department's role in procuring and distributing personal protective equipment (PPE), medical equipment, and testing supplies during the coronavirus pandemic. While COVID-19 has had an unprecedented impact on the Nation, Secretary Esper has led the Department of Defense (DoD) to contribute immensely to the Administration's Whole of Government response.

Today I will describe key elements of how the DoD acquisition enterprise has utilized existing and new authorities – such as those provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act – in support of other Federal agencies. This includes our work in ensuring an adequate supply of PPE, medical equipment, and testing supplies to control the spread of the virus and protect American lives. I'm extremely proud of the acquisition team who responded to this national emergency with selfless dedication.

Approach

To ensure the Department was postured to leverage all its resources in responding to the coronavirus, Under Secretary of Defense for Acquisition and Sustainment Ellen Lord created the COVID-19 Joint Acquisition Task Force (JATF) on March 25, 2020 to serve as the single-entry point to the DoD acquisition enterprise. The JATF's goals are to:

- Bring analytic, program management, and contracting expertise from the Services and DoD Agencies to quickly respond to demand from the Federal Emergency Management Agency (FEMA) and Health and Human Services (HHS);
- Utilize DoD's supply chain expertise to forecast gaps and identify opportunities for domestic industrial base expansion; and
- Prioritize solutions from industry to connect suppliers to FEMA or HHS.

The JATF is organized into six product lines, led by subject matter experts from the Military Services. They are:

- Ventilators;

- N95 respirators and surgical masks;
- Screening and diagnostics;
- PPE;
- Pharmaceuticals; and
- Critical Care Drugs

The product lines are in turn supported by three functional teams:

- Supply chain;
- Industry portal; and
- Additive manufacturing

The functional teams provide expertise and analytic support to the product lines, and have enabled the interagency to understand the complexities of our domestic and foreign sources of medical supplies.

The JATF's work with HHS has evolved from an initial focus on supporting the interagency's immediate response to the national health crisis, to supporting HHS in expanding and replenishing the Strategic National Stockpile (known as SNS 2.0). This line of effort includes procuring critical medical supplies and PPE for the SNS and expanding the domestic manufacturing base for some of those items. The JATF is actively working with HHS to identify industrial base expansion efforts for medical resources as well as sub-tier suppliers of critical components. JATF and HHS leadership meet weekly to discuss proposed industrial base expansion projects and determine prioritization of resources, based on actual use during the pandemic and projected need for future waves of infection. Efforts reviewed include PPE, critical care drugs, and ventilators, as well as other products necessary to prevent and treat COVID-19. Reconstituting domestic production often requires capital equipment expenditures, retooling, and re-training of the workforce. The results of these efforts will have long term economic and national security impacts, enabling HHS to replenish the stockpile and ensure the country is prepared for future pandemics as they arise.

Personal Protective Equipment (PPE)

In the area of PPE, the Defense Logistics Agency (DLA) has been instrumental in supporting HHS and FEMA. DLA has executed over 13 thousand contract actions, obligating over \$800 million as of 22 June, including execution of nine FEMA mission assignments and five HHS interagency agreements, valued at nearly \$2 billion.

DLA's efforts provided test kits, ventilators, pharmaceutical drugs, and PPE as well as food, clothing, fuel, construction materials, and repair parts to DoD and our government partners. We have provided nearly 15 thousand nursing homes across our Nation with a two-week supply of PPE and supplied critical PPE items to the Javits Center in New York City (\$107 million), Hospital Ships USNS Comfort and Mercy (\$14.4 million), and the United States Coast Guard (\$1.1 million). Under an Economy Act transfer, DoD is providing assisted acquisition to HHS in order to satisfy SNS requirements for a 90-day surge demand.

To support our COVID response efforts, we used both new and existing authorities. The passage of the CARES Act on March 27 appropriated the funds needed for DoD to use its delegated authority under Title III of the Defense Production Act (DPA) to create and expand domestic industrial base capabilities in response to COVID-19. On April 23 Under Secretary Lord signed a memorandum of understanding with HHS' Office of Assistant Secretary for Preparedness and Response, which established the framework by which DoD would provide acquisition assistance leveraging the CARES Act authorities and appropriations to support additional expansion efforts requested by HHS.

This critical step in addressing the overwhelming reliance we have on foreign suppliers for PPE, has been particularly successful for N95 respirator masks. As of June 23, DoD has executed over \$250 million to increase N95 respirator masks production; this includes industrial base expansion efforts using both Defense Production Act Title III and HHS CARES Act funding. Our investments will incrementally increase N95 respirator mask production, beginning in July, with a total monthly increase of 70 million N95 respirator masks per month by the end of this calendar year. It is important to note that anticipated production amounts are based on current known factors, but may change as the companies finalize their capacities and capabilities.

We have also awarded a contract for expansion of filter media, a critical material for both N95 respirator masks and ventilators. We continue to review proposals for domestic expansion of other PPE items, such as gloves and gowns, and intend to provide awards in those areas in the coming weeks.

Medical Equipment

DoD has played a significant role in providing medical equipment to areas of need throughout the country. In support of HHS, we applied program and contract management expertise to help them manage nearly \$3 billion worth of contracts to deliver over 22 thousand ventilators to the Strategic National Stockpile (SNS). This enabled HHS to meet critical demand during the peak of the pandemic and be postured to respond to a potential fall resurgence of COVID. We successfully helped HHS manage the industry production ramp and international supply chain constraints. We are now focused on support for longer term stockpile of ventilators which includes providing HHS with a model for inventory management, as they determine a new strategy for stockpiling medical equipment.

Testing Supplies

As testing became a required component to the fight against COVID, the interagency quickly demonstrated a precarious reliance on foreign suppliers for a key testing component – nasal swabs. After HHS and FEMA advised of the dramatic increase in demand for swabs and of the limited number of suppliers, the Department, working together with interagency partners, engaged industry to determine where capacity could be increased. In late April, DoD awarded a contract to Puritan Medical Products to expand their swab manufacturing by 20 million units per month, starting in July. Also after consulting with HHS, we recently awarded an effort to increase a specific type of high demand test kit capacity by 2 million tests per month starting in December 2020, and we are in the process of exploring additional testing supply proposals and hope to make more awards in the coming weeks and months.

Conclusion

A strong domestic industrial base is critical for economic and national security. Rapidly

sourcing, procuring, and moving items when transportation corridors are not operating under normal circumstances is a challenging scenario. The DoD has demonstrated our commitment and willingness to support interagency requirements by leveraging our expertise and knowledge of logistics, supply chains, and medical equipment to provide immediate and impactful support to the nation. As we move into the next phase of COVID response of supporting HHS with their SNS strategy, DoD will continue its support of our interagency partners. I am incredibly proud of the Department's response to this national emergency and to the dedicated individuals who have worked so diligently on behalf of the American people. I look forward to answering your questions.