



COMMITTEE ON HOMELAND SECURITY

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Joint Hearing Statement of Oversight, Management, & Accountability Subcommittee Chairwoman Xochitl Torres Small (D-NM)

Reviewing Federal and State Pandemic Supply Preparedness and Response

July 14, 2020

We're here to discuss Federal and state efforts to procure critical supplies in response to the coronavirus pandemic. First, I want to acknowledge that the Federal Emergency Management Agency (FEMA), which was put in charge of the Federal government's response, was asked to testify today.

While FEMA is not here, I understand that Administrator Gaynor plans to appear before the full Committee later this month. I look forward to meeting with Administrator Gaynor in person soon, and hearing what our witnesses have to share today to inform that discussion.

There is no denying that the coronavirus pandemic has presented unparalleled challenges. One of the greatest challenges has been securing adequate testing supplies and personal protective equipment—or PPE—such as gowns, gloves, surgical masks, and N95 respirators. A surge in global demand for these supplies—most of which are produced overseas—caused severe shortages, especially for those on the front lines.

In response, the Federal government distributed the limited supplies in the Strategic National Stockpile, and expedited PPE shipments by airlift to distributors' existing customers rather than to states directly. This caused states to find their own supplies to distribute to areas with greatest need. As a result, competition within the U.S. intensified as states began competing against each other, the U.S. government, and other buyers around the world.

The competition for limited resources drove up prices and attracted new brokers into the marketplace that were inexperienced or unreliable. Buyers with less purchasing power, such as smaller states and rural areas like those here in my district in New Mexico, had greater difficulty obtaining supplies. Some states and major hospitals have been able to replenish supplies, but reports of shortages among healthcare workers—especially those in nursing care settings—still exist.

Demand for supplies is only expected to grow as several states continue to experience rapidly rising rates of new infections and hospitalizations. Public health officials also predict that a second wave of infections will come this fall. We must also consider the PPE needs of non-healthcare workers if we want to successfully re-open the economy.

Therefore, it is important to take this opportunity to discuss lessons learned from the past six months to improve the procurement and distribution of critical supplies in the future. This includes revisiting the appointment of FEMA as the lead of the Federal response effort in mid-March, more than six weeks after the White House Coronavirus Task Force was formed—a delay that unquestionably put the agency at a disadvantage of executing such a formidable task.

FEMA is well versed in responding to disasters, but it has struggled to procure supplies in the wake of multiple disasters in the past. In a joint subcommittee hearing last May, we discussed longstanding challenges with FEMA's process for vetting vendors and overseeing disaster contracts awarded by state and local governments. I'm concerned that FEMA once again awarded contracts to vendors that could not deliver during the pandemic.

In one case, FEMA cancelled a \$55 million contract for 10 million N95 respirators after the company—which conducts tactical training and has no history of producing medical equipment—failed to deliver the masks. In another case, FEMA warned states not to use testing equipment it acquired under a \$10 million contract because it was believed to be contaminated. The company that produced the equipment was formed just six days before FEMA awarded the contract.

I also worry about whether pandemic response activities have already fatigued FEMA's historically understaffed contracting workforce, which is concerning since we are only one month into the 2020 hurricane season and entering an active wildfire season. I look forward to hearing from our witnesses today on their views of FEMA's role in leading the Federal response effort and how we can improve the procurement and distribution of critical pandemic supplies.

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Media contact: Adam Comis at (202) 225-9978