



Market Connections
Research you can act on.

THE FEDERAL AGENCY RESPONSE TO THE WAR ON COVID-19

How the Pandemic Has Forever Changed the Way the Federal Government Works

October 20, 2020

CONTACT

Mark Forman, Vice President, Digital Government Strategy

Mark.Forman@saic.com, 240.475.1425

PROPRIETARY INFORMATION



SAIC[®]

EXECUTIVE SUMMARY

Spring of 2020 redefined what flux and flexibility in the federal government mean. Almost overnight, federal agencies had to respond to a global crisis to protect employees and serve constituents with new programs, at suddenly explosive volumes, and without face-to-face interaction. The triage actions were a mix of leveraging preparations and Band-Aids that enabled the country to make it through challenging times.

The CARES Act funding and related COVID-19 response laws doubled annual federal spending over the course of less than a month. Health agencies and economic stimulus agencies were most directly involved in the fight, but all of government had to shift to doing the peoples’ work without being able to go into government facilities, except for those absolutely necessary such as personnel with the Transportation Security Administration or the Department of Defense.

Everything seemed to change at a pace beyond what was imaginable for most people. The government’s Herculean response effort resulted in a rapid, transformative impact on the workforce. By the end of the summer, agencies had started to focus on recovery activities to replace the triage efforts. One thing is clear – agency operations have forever changed. “In office” activities have been replaced by people working remotely and relying on information technology to collaborate, securely access data, and engage with applications.

Now that the immediate push to respond is complete, it is time to reflect on what agencies learned and how they will use that knowledge to move forward. SAIC commissioned market research firm Market Connections to look across agencies tied to direct service to citizens (healthcare agencies, economic stimulus and other public-facing) to determine what worked, the challenges agencies faced, and how changes made during the pandemic will endure into the future.

CHALLENGES AGENCIES TACKLED DURING THE RESPONSE

The study shows it is clear that there is no desire nor plan for simply going back. Yet, there is also no surprise that the pandemic challenged federal business decision-makers. Across the board, agencies faced similar degrees of challenge (see Figure 1).

Personal safety was top of mind across all agency types, from preventing transmission of coronavirus to monitoring and managing personal protective equipment for agency employees. Nestled among safety concerns, the technical aspects of managing IT systems to permit maximum offsite work also arose as a challenge. While safeguarding federal systems from cyber-attacks is often a top three challenge or concern in studies, in the war on COVID it is in the middle of the pack of what agencies had to address.

	TOTAL	HEALTHCARE	ECONOMIC	PUBLIC
Preventing the transmission of coronavirus in federal facilities and office building for those who can’t telework	80%	78%	81%	81%
Preventing the transmission of coronavirus in federal facilities and office buildings as people are brought back into the workplace	78%	75%	75%	81%
Managing federal IT systems to permit maximum telework	77%	79%	75%	79%
Monitoring and managing supply of personal protective equipment for agency employees	75%	72%	76%	76%
Preventing and detecting waste, fraud, and abuse	75%	69%	75%	78%
Safeguarding federal systems from cyber attacks	74%	70%	78%	73%
Ensuring that taxpayer funds are used efficiently and effectively	72%	73%	69%	73%
Ensuring continued agency operation	72%	67%	65%	80%
Providing health and safety materials to state and local governments and hospitals	55%	52%	61%	50%
Protecting inmates and detainees in federal custody patients, consumers and private sector workers in industries regulated by the federal government	54%	60%	58%	48%

Figure 1: Activities respondents found extremely or somewhat challenging amid the COVID-19 pandemic

Despite these challenges, the agencies that were given major roles in the CARES Act and related COVID-19 response laws indicate they are managing the challenges more easily than the other respondents. For example, establishing protocols to track the virus and provide personal protective equipment has been easier for the healthcare agencies than the public agencies.

Interestingly, only one-third (35%) of business decision-makers overall felt they had a budget issue (broken down thus: 28% of healthcare, 38% of economic stimulus, and 35% of other public-facing agencies). This makes sense when Congress and the administration have released trillions of dollars to help. But it is unusual to see such low numbers regarding budget concerns. Budget is likely to return as a concern as funding levels return to normal.

How will the government adapt to the new norms? As we enter a post-COVID environment, three long-term situations of particular interest include: ongoing budget and IT modernization, remote work, and security.

ONGOING BUDGET AND IT MODERNIZATION

We know most of the money has gone to healthcare and economic stimulus agencies. The data suggests the other public-facing agencies who have not gotten the bulk of the funding are differentially impacted in their ability to respond. For example, 30% of healthcare agency business decision-makers say outdated financial systems do not bother them in the war on COVID, but outdated financial management systems are an issue for 44% of business decision-makers in public-facing agencies.

Will this differential impact IT modernization efforts after CARES Act funding runs out?

Nearly two-thirds overall (60%) say losing CARES Act funding will not affect IT modernization, but that answer differs based on the type of agency. Three-quarters (76%) of economic stimulus agency business decision-makers do not feel IT modernization will be impacted, and that number lowers to 45% for healthcare and 55% for public-facing agency decision-makers. The implication here is that the CARES Act and the program management requirements have locked-in IT modernization in agencies providing economic stimulus.

Only 4% of economic agency business decision-makers feel IT modernization will *decrease*, versus 16% of healthcare and 18% of public. Healthcare agency decision-makers are more likely to believe IT modernization will increase (29%) than those at economic (18%) and public (22%) agencies.

Once the CARES Act funding to their agencies has been allocated, 32% of business decision-makers are planning for a return to normal funding levels and 33% are planning for a reduction from normal. Again, this answer varies significantly among types of agencies. Only 20% of healthcare agency respondents expect to return to normal funding, while 28% are planning for an *increase* in funding. For public agency decision-makers, those numbers are 40% and 15%, respectively, and for economic agencies they are 30% and 20%, respectively.

While respondents generally feel good about current funding levels and budget, there is uncertainty about where and how to spend the funds. For economic and public agencies, a lack of clarity in HOW to identify funds they can use is a serious/moderate issue, with 31% of respondents from economic agencies and 35% from public agencies identifying it as an issue versus only 18% for healthcare agency decision-makers. Lack of guidance on how additional funds are allowed to be allocated is also a serious challenge for one-third of respondents.

REMOTE WORK

The traditional workplace has evolved faster than anyone expected. The COVID response showed that government employees cannot only work remotely, they can be productive doing so. Over half of respondents overall feel they have been more productive teleworking since the pandemic (56%).

One respondent from an economic agency said: "I like it that I get to spend a lot of time with my family and my kids, it's making me happy and therefore I am able to give 200% to my work."

Another respondent said "I think I was overburdened before and so was not able to work efficiently. I am now free and mentally relaxed and I think my efficiency and productivity automatically went up to previous levels!"

Decision-makers from healthcare and economic agencies indicate they feel more productive at 61% and 62%, respectively, than those at public-facing agencies (49%). When asked why, multiple respondents said less time

spent commuting and fewer meetings led to more productivity. Healthcare respondents reported that they are now teleworking more than five days a week.

Overall, only 16% feel they have been less productive or unproductive. When asked why, the most common response was children and other family distractions. As one health agency respondent said: “I cannot focus at all with kids playing and running around in the home.” Another respondent said: “I am having a hard time keeping up with my work.”

Whether feeling more productive or not, the study found decision-makers expect their agencies to telework more in the future than they did pre-pandemic. That means agency IT modernization efforts will need to address capacity and security issues, which may become a challenge in light of respondents’ expectations for future IT modernization efforts. To start, the need for better tools to be able to work at a distance, with better security and speed, becomes even more important.

Despite the fact that many employees were already working from home one day a week before COVID, agencies did not have the capabilities, the tools, or the capacity for all employees to permanently work remotely. The notion of where and how you work has been forever changed (see Figure 2), which means agencies will need to continue addressing the IT and security challenges that come with remote working.

	AVERAGE	HEALTHCARE	ECONOMIC	PUBLIC
Before COVID-19	2.0	1.8	2.1	2.0
Currently/Recently	4.7	5.1	4.8	4.4
Future	3.4	3.4	3.5	3.4

Figure 2: Days spent telecommuting or working remotely before, during, and after the COVID-19 pandemic

Agencies that got CARES funding are finding the transition to a remote workforce is easier. When asked how they would grade their agency’s response to the ability to collaborate during the pandemic, healthcare agency decision-makers graded their agency 85% A/Bs while those from public agencies graded it at 69% A/Bs.

SECURITY

Although respondents rated security challenges low, nearly half (48%) cited a heightened risk of security breaches by malicious actors and by negligent employees (45%) to be a moderate to serious problem (Fig. 3)—indicating that security may have been overshadowed by other needs but will remain a priority.

	TOTAL	HEALTHCARE	ECONOMIC	PUBLIC
Accommodating a larger-than-expected number of teleworking employees	53%	48%	52%	56%
Heightened risk of security breached by malicious actors	48%	57%	42%	49%
Lack of appropriate teleconferencing software	48%	46%	47%	49%
Managing an aged IT infrastructure	46%	48%	42%	50%
Strained agency networks	46%	49%	44%	46%
Lack of laptops in an old desktop environment	45%	45%	39%	50%
Heightened risk of security breaches by negligent employees	45%	40%	45%	46%
Lack of collaborative tools	43%	39%	48%	41%
Adopting short-term fixes for IT modernization while staying on a long-term roadmap	42%	39%	41%	46%
Controlling access in a more remote-working environment	40%	40%	42%	39%
Determining authority in who has responsibility for which part of employee management	39%	33%	40%	42%

Figure 3: To what degree are these challenges a serious or moderate problem in your organization with regard to IT security and management?

In response to growth in remote work, agencies came up with triage actions that worked, but not seamlessly. For example, there were problems ranging from an inability to handle the workload to sending paychecks to the wrong people.

The result is that auditors have now found security issues.

That said, overall respondents rate security challenges relatively low. In fact, the only security challenge with a rating higher than half of respondents is related to accommodating the larger number of teleworking employees. In our view, the respondents may be overly optimistic on the magnitude of the challenge. Threats and vulnerabilities will evolve with the change to more virtual work environments, such as security concerns with worker-supplied user devices and home networks.

CONCLUSION

The magnitude of the response and the array of federal programs that the CARES Act and additional legislation brought was a monumental effort. The reality for many of these programs is that the need to manage these programs and the need to continue to modernize systems is not going away once all the money is handed out, because many of these programs will last for multiple years.

Rapid change and flexibility will be the status quo for the foreseeable future. There are changes required for the particulars of the lockdown, and there are changes that will result from the ability to work at a distance. The survey data shows agency decision-makers recognize that.

The good news is the data also indicates that government employees are committed to their agency missions and decision-makers recognize the need for modern cloud-based and secure tools for maintaining continuity of operations, reducing long term costs, and improving security as agencies continue to evolve and respond to COVID and beyond.

ABOUT THE STUDY

The blind, online survey of 300 federal IT decision makers included 95 percent federal civilian agency and 5% defense or military. The study cataloged responses by healthcare, economic and public respondents. All respondents have some involvement in their agency's selection of government contractor firms that provide mission support, IT and/or logistics services. Respondent's roles in agency include IT/MIS/IRM, Administration/Operations, Finance/budget/accounting, Procurement/contracting/acquisition, Technical and engineering, Program management, and Human Resources. Agency respondents were organized into three groups: Public health (e.g. Veterans Affairs), Economic (agencies directly involved in CARES Act and related economic stimulus, such as Small Business Administration) and Public (other public facing agencies such as Social Security Administration). The majority (89%) work outside the Washington, DC area.

ABOUT SAIC

SAIC® is a premier Fortune 500® technology integrator solving our nation's most complex modernization and readiness challenges across the defense, space, federal civilian, and intelligence markets. Our robust portfolio of offerings includes high-end solutions in systems engineering and integration; enterprise IT, including cloud services; cyber; software; advanced analytics and simulation; and training. With an intimate understanding of our customers' challenges and deep expertise in existing and emerging technologies, we integrate the best components from our own portfolio and our partner ecosystem to rapidly deliver innovative, effective, and efficient solutions.

We are a team of 25,500 strong driven by mission, united purpose, and inspired by opportunity. Headquartered in Reston, Virginia, SAIC has annual revenues of approximately \$7.1 billion. For more information, visit saic.com.

ABOUT MARKET CONNECTIONS

Market Connections delivers actionable intelligence and insights that enable improved business performance and positioning for leading businesses, trade associations, and the public sector. The custom market research firm is a sought-after authority on preferences, perceptions, and trends among the public sector and the contractors who serve them, offering deep domain expertise in information technology and telecommunications; healthcare; and education. For more information visit: www.marketconnectionsinc.com.