



National Stockpiles: Background and Issues for Congress

The United States maintains several distinct stockpiles of supplies, equipment, and raw materials that may be used for a national emergency, military operation, or other natural disaster or manmade event where commercial supply and distribution are unavailable. Some of these stockpiles were established by Congress in law, while others began as policy-driven initiatives of federal departments and agencies. In general, there are two types of stockpiles that the U.S. government owns and manages: (1) those intended to support a subset of the general public in an emergency (i.e., public stockpiles) and (2) those intended to support the national defense during a war or other type of military operation (i.e., defense stockpiles).

Typically, a single federal department (including military departments) is responsible for managing each stockpile. Within departments, stockpiles are often supported by one or more logistics organizations that provide procurement, storage, transportation, disposal, and/or other technical services to stockpile managers. The degree to which stockpile managers store certain goods, instead of relying on pre-negotiated or rapidly executed contracts to deliver goods in an emergency, varies. Stockpile managers often consider several factors when making a decision to stockpile, including: statutory requirements, forecasted commercial availability of a product/material, anticipated loss of suppliers in a certain geographic area during an emergency, forecasted demand during peacetime and emergencies, the rareness or criticality of a material, and a department's overall stockpiling strategy.

Examples of Public Stockpiles

Federally owned public stockpiles are meant to be deployed when a domestic emergency overwhelms local or state supplies. Additionally, they may contain specialized assets, such as smallpox vaccines unlikely to be stockpiled locally.

The Strategic National Stockpile (SNS)

In 1999, the Department of Health and Human Services (HHS) established a stockpile of vaccines and antidotes to respond to biological or chemical agent attacks on the United States. In 2002, Congress named this initiative the "Strategic National Stockpile" and expanded its mission "to provide for the emergency health security of the United States ... in the event of a bioterrorist attack or other public health emergency" (see Title 42, U.S. Code [U.S.C.] §247d–6b). According to HHS, the SNS contains "potentially life-saving pharmaceuticals and medical supplies for use in a public health emergency in which local supplies have been or may be depleted."

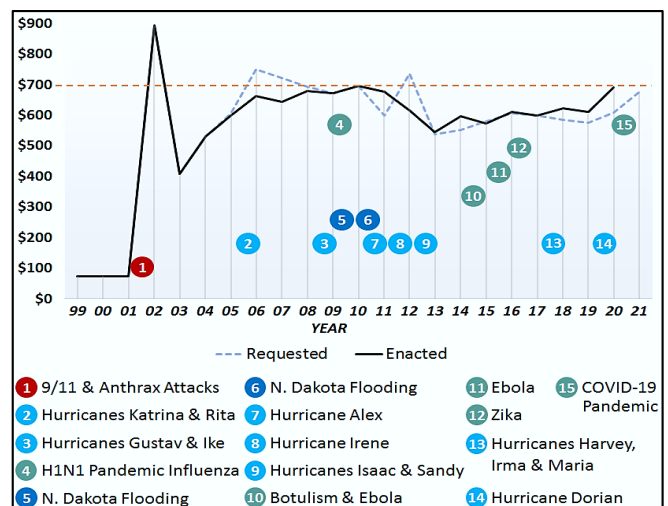
The HHS Assistant Secretary for Preparedness and Response (HHS/ASPR) manages the SNS, including procurement, storage, deployment, and replenishment of supplies (otherwise SNS *assets*). State and local authorities

request assets and are generally responsible for receiving, staging, distributing, and dispensing assets. However, in the current COVID-19 response, the Federal Emergency Management Agency (FEMA) is coordinating allocation and delivery of SNS assets. Examples of assets stockpiled include: antibiotics, anti-bioterrorism vaccines (e.g., smallpox and anthrax vaccines), personal protective equipment (PPE), and ventilators. SNS storage sites are geographically distributed across the United States to enable the delivery of initial assets within 12 hours of a request (typically made by a state governor). HHS provides SNS assets at no cost to receiving authorities.

Prior to the 2020 COVID-19 pandemic, the SNS contained about \$8 billion of medical assets. **Figure 1** shows SNS funding and asset deployment history.

Figure 1. SNS Funding and Deployments

In millions of FY2019 dollars



Source: Department of Health and Human Services; CRS Graphics.

According to 42 U.S.C. §247d–6b, HHS is required to provide Congress an annual threat-based assessment of the sufficiency of stockpile contents.

Veterans Health Administration (VHA) All-Hazards Emergency Cache (AHEC)

The Department of Veterans Affairs (VA) VHA maintains its own stockpile (otherwise *caches*) of drugs and medical supplies at VA medical facilities. Its contents are meant for local VA "facility Veterans and staff during the initial 48 hours of a major catastrophic emergency." These caches serve to bridge any gap between what might be available on-hand at local VA medical facilities, and what other resources such as the SNS could provide.

As established by VA policy, each cache (formally AHEC) is considered both a federal and community asset. The VA

Under Secretary for Health decides which medical facilities will have a cache—which consists of a standard supply of 38 drugs and 44 medical supplies—though quantities differ between large and small caches. Products generally available include: antibiotics, antivirals, chemical countermeasures, emergency medications, intravenous (IV) fluids, wound care, and PPE. In 2018, the VA reported there were 141 caches (91 large/50 small) located at VA medical facilities across the United States and its territories.

Examples of Department of Defense (DOD) Stockpiles

DOD maintains a range of stockpiles for defense needs in times of war and for other contingencies. These stockpiles vary significantly in types and quantities of Government Purchased Materiel (GPM) stored. In general, DOD has opted to apply a “just-in-time” logistics strategy across the Department for manufactured products, which reduces the amount of GPM stockpiled in favor of commercial-reliant solutions, such as direct vendor delivery, prime vendor contracting, and contingency contracts (i.e., “readiness contracts”) for times that military-held stocks are depleted.

The National Defense Stockpile (NDS)

Established under 50 U.S.C. §98 et seq., the NDS is a raw materials-based stockpile meant to decrease or prevent “dependence upon foreign and single points of supply for strategic and critical materials needed in times of national emergency.” DOD currently stockpiles in the NDS 42 commodities that are critical to defense needs. The Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) is the Stockpile Manager for the NDS and the Defense Logistics Agency (DLA) implements the NDS program (i.e., day-to-day management). DOD is required to provide to Congress a biennial report on stockpile requirements, and an annual report on stockpile operations and planning. Examples of materials stockpiled include: boron carbide, magnesium, vanadium, and yttrium.

War Reserve Materiel (WRM) Stocks

Each military service (hereafter “Service”), with support from DLA, maintains its own stock of war reserve materiel (WRM) to support the *immediate needs* of military departments across a spectrum of contingencies. DOD defines WRM as “mission-essential secondary items, principal and end items, and munitions sufficient to attain and sustain operational objectives in scenarios” authorized by DOD. Examples of WRM include: spare parts, medical supplies and equipment, fuel, clothing, and combat rations. According to the Government Accountability Office (GAO), WRM can be “prepositioned overseas or aboard ships, stored in DOD warehouses as part of general-issue stocks, or obtained from the commercial market.”

WRM that is pre-positioned (or PWRM) is “strategically located to facilitate a timely response in support of CCDR [combatant commander] requirements during the initial phases of an operation.” Pursuant to 10 U.S.C. §2229a, DOD must report the status of PWRM to Congress annually. The USD(A&S) is responsible for establishing DOD-wide policy and guidance for all WRM.

Army Medical Materiel Agreement (AMMA) Sites
Separate from the Service-maintained WRM, the Services may also enter into agreements to store other materiel. For example, the Department of the Army has a performance-based agreement with DLA called the AMMA. AMMA is “a formalized partnership between DLA and the Army Medical Command which grants designated army activities access to, and use of, DLA’s working capital fund.” This agreement allows the Army to use DLA funds to purchase medical materiel for storage at Army distribution sites (i.e., AMMA sites); however, ownership of the materiel remains with DLA. In a medical-related emergency, AMMA site stocks can be made available to support DOD. As of 2016, there are four Army hospitals designated as AMMA sites, three of which are overseas.

Issues for Congress

- **Limitations of Stockpiles.** In an emergency, stockpiled items are typically expended at a rate relative to the size of the demand. If the demand is beyond what a stockpile was designed to support over a set period of time, then stocks may be depleted at a rate higher than anticipated. In this case, the lead agency in an emergency may need to prioritize consumers of government stockpiles. In addition, procuring new items to replace expenditures, as well as maintaining an inventory of items that expire, requires regular congressional funding and oversight.
- **Just-in-Time (JIT) vs. Just-in-Case (JIC) Logistics.** Federal departments can have different management strategies for stockpiles. Two common ones are JIT and JIC logistics. JIT logistics is contractor-reliant and its credited benefits are increased efficiency and reduced costs. Its drawbacks are delayed delivery of goods when commercial stocks are exhausted and manufacturing disruptions if essential civilian workers are unavailable. Conversely, JIC logistics relies on purchased and stored reserves to satisfy demand and its benefits are direct possession and guaranteed delivery of goods. Its stated drawbacks are increased costs and personnel.

Relevant Statutes

Title 42, U.S. Code §247d–6b. [SNS]

Title 50, U.S. Code §98 et seq. [NDS]

Title 10 U.S. Code §2229 and 2229a. [PWRM]

CRS Products

CRS Report R46340, *Federal Response to COVID-19: Department of Veterans Affairs*, coordinated by Sidath Viranga Panangala and Jared S. Sussman

Other Resources

HHS, *Receiving, Distributing, and Dispensing Strategic National Stockpile Assets: A Guide to Preparedness, Version 1.1.*

VHA Directive 1047, *All-Hazards Emergency Cache Program*
DOD Instruction 3110.06, *War Reserve Materiel*

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