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FACTSHEET

Exposing Price Gouging in Government Contracting

What is Price Gouging?

Price gouging occurs when a seller increases the prices of goods or services to a level considered excessive, unconscionable, or exorbitant. A typical threshold is 10 percent above prevailing market prices.

Taking Advantage of a Crisis

Unfortunately, the U.S. government and state governments have already lost millions of taxpayer dollars – and stand to lose more – to price gouging schemes from contractors. More than simply wasteful, such exorbitant prices mean fewer masks, ventilators, test kits and other critical equipment needed to respond to the coronavirus crisis.

Broad Support for Combating Price Gouging

Combating price gouging has garnered support from across the political spectrum – a rare instance of bipartisan agreement.

A Simple Solution

The 2014 Digital Accountability and Transparency Act (“DATA Act”) created a new public database for federal government procurement data. If Congress were to add one additional data point— “prices paid”— members of Congress and the administration would be able to use that information to determine if agencies, and thus U.S. taxpayers, were victims of price gouging. It would deter contractors from exploiting the crisis and would provide law enforcement with a powerful new tool to investigate wrongdoing.

- ✓ More than 30 states [prohibit](#) price gouging.
- ✓ Many governors in states without such laws have recently [issued](#) executive orders prohibiting price gouging for essential goods.

- ✓ A \$55 million federal contract for N95 masks [reportedly](#) went to a company that may have charged the U.S. government nearly eight times as much as other suppliers.
- ✓ The U.S. General Services Administration recently [warned](#) agency buyers to increase scrutiny of contractors—even for contractors who claim to be GSA-approved vendors.

- ✓ President Trump recently signed an [executive order](#) instructing the Department of Justice to investigate and prosecute price gouging of medical supplies.
- ✓ Congressional proposals aimed at banning price gouging have been sponsored by both [Democratic](#) and [Republican](#) lawmakers.

“Government contracts are ‘public contracts,’ and the taxpayers have a right to know...what the government has agreed to buy and at what prices.”
- [U.S. Department of Justice](#)

Legislative text is available upon request. For more information, please contact Scott Greytak at sgreytak@transparency.org.