

**JOINT OVERSIGHT HEARING ON
MANAGING COSTS AND MITIGATING DELAYS
IN THE BUILDING OF SOCIAL SECURITY'S
NEW NATIONAL COMPUTER CENTER**

JOINT HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
OF THE
COMMITTEE ON WAYS AND MEANS
AND THE
SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT
OF THE
COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE
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**JOINT OVERSIGHT HEARING ON
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FRIDAY, FEBRUARY 11, 2011

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC.

The subcommittees met, pursuant to call, at 10:05 a.m., in Room 1100, Longworth House Office Building, the Honorable Sam Johnson [Chairman of the Subcommittee on Social Security, Committee on Ways and Means] presiding.

[The advisory of the hearing follows:]

HEARING ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

Chairman Johnson and Chairman Denham Announce a Joint Oversight Hearing on Managing Costs and Mitigating Delays in the Building of Social Security's New National Computer Center

February 4, 2011

U.S. Congressman Sam Johnson (R-TX), Chairman of the House Committee on Ways and Means Subcommittee on Social Security, and U.S. Congressman Jeff Denham (R-CA), Chairman of the House Committee on Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management, announced today that the Subcommittees will hold a joint oversight hearing on managing costs and mitigating delays in the building of the Social Security Administration's (SSA's) new National Computer Center (NCC). **The hearing will take place on Friday, February 11, 2011 in 1100 Longworth House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing. A list of invited witnesses will follow.

BACKGROUND:

Information technology (IT) is the foundation of the SSA's ability to serve the public. Over the past decade, the SSA has migrated 95 percent of its workloads from a paper-based system to an electronic processing system. This year the IT infrastructure supports the payment of over \$700 billion in benefits to 56 million people, completing an average of over 75 million business transactions per day. Along with maintaining earnings, benefit, and demographic information for most Americans, the SSA's computers also house the electronic medical records of millions who have filed disability claims. In addition, over 1 billion data files are exchanged annually between the SSA, Federal, State, and local government agencies and businesses in order to administer Social Security benefits and other programs.

Until January 2009, the SSA ran its nationwide computer operations from its Baltimore-based 30-year old NCC. Since then, a second state-of-the-art support center now runs approximately 35 percent of all workloads and is able to recover all critical systems and restore services within 4 days should a catastrophic failure of the NCC occur.

As time passes, the risk of a failure at the NCC is increasing due to its aging electrical and mechanical infrastructure. Should an NCC failure occur, lengthy service disruptions would severely affect service to the American public and cost taxpayers millions of dollars.

In February 2009, the *American Recovery and Reinvestment Act of 2009* provided \$500 million for the SSA to replace the NCC, the single largest building project funded under the Act. The General Services Administration (GSA) and the SSA are managing the development and construction of the new project, including the development of requirements for the new center and site selection. The project remains on budget but the projected date for complete commissioning of the new facility has been delayed one year to January 2015.

In announcing the hearing, Chairman Sam Johnson (R-TX) stated, **“Information technology is the most important element in driving Social Security to deliver 21st century customer service. Taxpayers are investing in a \$500 million upgrade and they will not tolerate cost overruns or further delays in another failed stimulus project. Neither will I.”**

“We need to hold the General Services Administration accountable for this half billion dollar project,” Chairman Jeff Denham (R-CA) stated. **“The agency needs to use the resources they were provided, stay on budget and get this project back on schedule.”**

FOCUS OF THE HEARING:

The hearing will focus on the progress made by the SSA and the GSA to replace the NCC, including progress to date and reasons for project delays. The Subcommittees will also assess how the SSA and the GSA plan to avoid further delays and stay within budget. Finally, the Subcommittees will examine the SSA's preparedness should an NCC failure occur.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Friday, March 4, 2011.** Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.

Chairman JOHNSON. Good morning. Welcome to the first hearing of the Ways and Means Subcommittee on Social Security in the 112th Congress. I especially want to welcome the new members of our subcommittee and our colleagues from the Committee on Transportation and Infrastructure, the Subcommittee on Economic Development, Public Buildings, and Emergency Management, especially the new chairman, Jeff Denham, who is sitting right here.

I also want to say how much I look forward to working with our new subcommittee ranking member and my good friend, Xavier Becerra. Thank you for being here.

As our nation ages, more Americans are depending on Social Security benefits and the services they paid for through their hard-earned wages. To deliver those benefits and services, Social Security needs technology that it can count on.

Because I take technology needs of Social Security very seriously, last year I toured the National Computer Center in Baltimore, Social Security's technological nerve center. This center allows the agency to process applications, pay benefits, and store secured data on most U.S. workers. Two weeks ago I also visited the second support center in North Carolina. Yet, as we know, Social Security's 30-year-old National Computer Center is past its prime, and that is why the Congress authorized \$500 million of taxpayer funds to build a new state-of-the-art data center.

Just over a year ago, our subcommittees held a similar joint hearing to check in on Social Security's and the General Services Administration's progress. Back then we couldn't get good answers—I hope we can today—as to why they decided to locate the new center away from Social Security's headquarters in Baltimore, which I found out just this morning that they have over a couple hundred acres up there. So I don't know still today why we couldn't have found a place there.

Now the project is already delayed a year, and that is before a single shovel has hit the ground. All the while, the more time passes, the higher the risk of the National Computer Center failing.

If any of you have ever been up there, it was a firetrap. And I think people fail to realize that if that place burned down, we would lose all our onsite Social Security records. That is why we built the second center down in North Carolina, which still hasn't got the capability to come up immediately.

While progress has been made, it would still take four days to restore critical operations, and that is not good enough, and Social Security knows it. Americans want, need, and deserve better, and today we will learn more about the plans to improve.

Taxpayers are investing in a \$500 million infrastructure upgrade. The last thing they deserve is another failed stimulus project due to further delays or future cost overruns. Social Security owes it to the American taxpayer to make good on this investment.

Today we need to find out whether GSA and Social Security are doing everything they know how to do to make this project right and on time, if not ahead of time. This project should have started yesterday. And I want to thank all the witnesses in front of me for joining us today and presenting their expert testimony.

I would like to at this time ask Ranking Member Becerra, would you care to make a statement, sir? You are recognized.

Mr. BECERRA. Thank you, Mr. Chairman.

This is a timely topic for our first hearing. I appreciate, Mr. Chairman, that you are continuing the tradition of this subcommittee of conducting bipartisan oversight of the Social Security Administration (SSA) in the interests of the American people.

The new data center that SSA is constructing in conjunction with the GSA, the General Services Administration, is vitally important to the continued operation of the Social Security Administration. Today, 54 million people rely on SSA to keep America's promises to all Americans and to deliver each month the money they have earned and expect from their Social Security system. They have contributed for years into the system from their own paychecks.

In addition, 160 million workers rely on SSA to keep accurate records of their earnings so, in the future, they will receive the full benefits they too have earned. We know they will receive the benefits they have earned because their contributions over the years have built up a trust fund with over \$2.6 trillion in Treasury bonds, the safest investment there is, sought after by investors throughout the world. Today it is not an exaggeration to say that Social Security, and the Social Security number, touch virtually every American in this country.

I think we can all agree about the importance of this data center, the replacement project itself, and of course, everything it means to the American people. SSA's existing primary data center is nearing the end of its useful life and is increasingly vulnerable to catastrophic failure. Congress acted wisely by responding swiftly to the needs for the replacement center by providing full funding for construction and a down payment on equipping the center in the Recovery Act.

This funding has allowed the project to get started immediately, which reduces the danger that SSA will be without full data center capability, and building the data center will create jobs that strengthen our economic recovery. I understand that there have been some delays in selecting a site for the new center, and I am pleased that things are once again moving ahead.

I hope our witnesses will give us more information on the project's timeline and budget, as well as their plans for preventing future delays. Keeping to project timelines is critical to ensuring that SSA can continue to effectively serve workers and beneficiaries today and in the future.

I look forward to hearing a progress report on the project today. Mr. Chairman, I yield back.

Chairman JOHNSON. Thank you, Mr. Becerra.

Chairman Denham, welcome aboard. Congratulations. Would you like to make a statement this morning? You are recognized.

Mr. DENHAM. Thank you. First let me start by thanking you, Mr. Chairman, for holding this joint hearing on managing costs

and mitigating delays in the building of the Social Security Administration's National Computer Center.

This is the second joint hearing of our subcommittees. We have had to provide oversight of this important project. The National Computer Center is critical to supporting all of SSA's functions, including storing data and processing billions of transactions annually.

The NCC must be reliable and operational 24/7, 365 days a year. However, the current data center is aging and outdated, lacking key redundancies and failing to meet current standards for data centers.

The Recovery Act, which included the \$500 million for the replacement of the NCC in SSA has engaged GSA in locating, designing, and building a new data center. Millions of Americans and employers rely upon the proper function of NCC every day.

Unfortunately, only last week did GSA select a site, more than a year after the original date for site selection, and we know that delays often produce cost overruns. We must ensure this project is completed on time and within budget. We cannot afford any further slip in the timeline, and we cannot afford any added cost. The operations of this data center are too critical for the American people, and this project is too costly, to allow any more delays.

The GSA and SSA must work together to identify risks in the process and either avoid or mitigate against them. I look forward to hearing from the witnesses today on this important issue. As well, I look forward to hearing what is going to happen with the current facility and the 260 acres that it sits on.

We will also be focused on liquidating any unused, excessive, or surplus properties and those properties which are not deemed excess, surplus, or underutilized yet. We want to have a good track record moving forward.

Thank you.

Chairman JOHNSON. Thank you. I appreciate your comments.

Ranking Member Holmes Norton, would you care to make a statement? You are recognized.

Ms. NORTON. Thank you very much, Mr. Chairman. And I am pleased to sit with you, Mr. Chairman, and with our friends on the Ways and Means Social Security Subcommittee again to examine the process for replacing the Social Security Administration's current data center.

Today's hearing is a followup to our December 15, 2009 hearing on whether to locate the NSC on the current campus in Woodlawn, Maryland or to ensure that a full and open competitive process is used for this significant project. The reason our subcommittee is here is that the Subcommittee on Economic Development, Public Buildings, and Emergency Management has jurisdiction over the General Services Administration now.

This project was able to begin at all because it received \$500 million in a direct appropriation to the Social Security Administration, so urgent was the need. And indeed, this is the largest single building funded under the Recovery Act.

GSA assists agencies in construction when they get direct appropriations because these agencies are not in the business of building or developing. And we are pleased that GSA is indeed deeply in-

volved in this project. It is very, very rare that there is a direct appropriation to an agency rather than to the GSA in order to do the work for the agency because of its expertise.

After our last joint hearing and at our request, GSA conducted a feasibility study of the Woodlawn campus that examined the budget and schedule risks the project might face staying on or leaving the Woodlawn campus. As a result of the feasibility study, the GSA and SSA decided on an offsite location—away from the campus, that is—for the NSC because that option posed the least risk to both budget and schedule, they believe.

The existing NCC, originally constructed in the 1970s, is housed in an antiquated building that is very energy-inefficient and otherwise in urgent need of replacement. A 2008 study commissioned by the SSA concluded that the NSC is an aging facility with significant electrical and mechanical challenges, including several single points of failure, that could force the NSC to point down should any of these points fail.

This near-emergency situation requires GSA and SSA to stay on schedule. Both SSA and its inspector general believe that the present structure is inadequate to meet the service needs of a 21st century computer facility, and that it poses a significant risk to operations. In the present structure, the security of 460 million records of earnings and benefits data for almost 57 million beneficiaries and the continuity of operations are both at significant risk.

After the decision was made to locate the NSC offsite, GSA narrowed the available sites to two locations, a new site in Woodlawn, Maryland and a site in Urbana, Maryland. Last week SSA and GSA notified Congress of their decision to locate the NSC at the Urbana, Maryland site 33 miles from SSA headquarters.

The SSA IG believes that the site selected for NSC is acceptable because of its existing infrastructure and proximity to highways, although he apparently, in his latest report, has some compunctions.

Today we will look closely at the site selected and will examine whether the critical project can stay on schedule and how GSA and SSA will mitigate risk. Among the most obvious questions is why GSA and SSA selected this site out of 150 sites that were initially considered, and why the agencies felt that this is the best site for the NSC.

I look forward to learning more about this project from today's witnesses, and I thank you, Mr. Chairman.

Chairman JOHNSON. Thank you.

Before we move on to our testimony, I want to remind our witnesses to limit their oral testimony to five minutes. And without objection, all written testimony will be made part of the permanent record.

We have one panel today. Our witnesses are seated at the table: the Honorable Patrick O'Carroll, Inspector General of Social Security Administration—he made me coffee down in Carolina; David Foley, Deputy Commissioner of the Public Buildings Service, U.S. General Services Administration; and Kelly Croft, Deputy Commissioner, Systems, Social Security Administration. Thank you for

being here today, all three of you, and we appreciate your testimony.

Mr. O'Carroll, you may proceed for five minutes.

**STATEMENT OF THE HONORABLE PATRICK P. O'CARROLL, JR.,
INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION**

Mr. O'CARROLL. Good morning, Chairman Johnson, Chairman Denham, Congresswoman Holmes Norton, Congressman Becerra, and members of both subcommittees. Thank you for the invitation to testify today. I would like to welcome the new members of the 112th Congress and the new members of both subcommittees.

The replacement of SSA's National Computer Center, or NCC, is the agency's most critical IT investment over the next five years. Several factors make building a new data center imperative for SSA. Those factors are: increasing agency workloads, expanding communication and data services, and structural and electrical capacity issues at the current NCC.

The NCC is more than 30 years old and might soon be unable to support SSA's operations, and as time passes, the risk of a lengthy outage at the aging data center increases. An extended outage at the NCC could have devastating consequences affecting the lives of Americans who depend on Social Security.

Given the infrastructure concerns of the NCC, SSA has three main challenges to plan for over the next five years. Those challenges are: delivering the agency's new National Support Center, or NSC, on time; maintaining the current NCC with repairs and improvements; and further developing reliable backup options if an extended NCC outage occurs.

SSA and GSA recently announced it would locate the agency's new NSC in Urbana, Maryland. GSA said it anticipates completing construction of the NSC by September 2014, and SSA expects to complete the IT migration of the facility by July 2016.

For the project to be completed on time, GSA and SSA need to plan for contingencies that can arise during the construction and IT migration. Solutions to such contingencies should be determined in advance before the project stalls. These possible project delays might include: excavation challenges, problems with utility installations, or weather-related issues. SSA and GSA must also ensure that builders meet construction due dates.

SSA's timeline for project completion means relying on the current NCC for at least another five years. Therefore, SSA must do all it can to mitigate the risk of an extended NCC outage.

Since 2009, SSA has taken many steps to address the structural and technical issues at the NCC. Those actions include: replacing electrical feeder cables and electrical panel breakers; replacing the NCC roof; monitoring the building's foundation, plumbing, and HVAC system; and performing annual building inspections with technical experts. SSA performs proper maintenance of the NCC. For the facility to be maintained through 2016, the same level of management and oversight should continue until the new NSC is built and operational.

If the NCC sustains an outage before the new data center is completed, the agency would then rely on the Second Support Center, or SSC, until data and applications are recovered. The SSC is a co-

processing center, but SSA has purchased equipment and is performing tests so the SSC will be able to operate as a fully functional backup data center within the next two years.

Recent disaster recovery tests at the SSC show that SSA can recover critical operations in a little less than five days. Over the next year, the agency has said it plans to reduce that five-day period to about one day.

SSA has also indicated it is exploring several options if an extended outage occurs at the NCC, including using generators or entering into a contract with alternate hot-site vendor.

In conclusion, the sustainability and expansion of SSA's IT systems are critical to the agency's ability to meet its goals and fulfill its mission. That mission affects nearly all Americans every day. GSA and SSA need to present a clear strategic vision on how they will deliver the new data center on time and how to mitigate the risks of relying on the aging NCC.

With long-term planning and proactive management, we should be able to avoid a repeat of the current situation at the NCC. My office will continue to work with you and SSA to make sure that this vitally important project is completed timely and efficiently.

Thank you again for asking me to testify today, and I will be happy to answer questions.

[The prepared statement of Mr. O'Carroll follows:]

This testimony is embargoed until Friday, February 11, 2011, at 10:00 am

U.S. House of Representatives

Committee on Ways and Means
Subcommittee on Social Security

Committee on Transportation and Infrastructure
Subcommittee on Economic Development,
Public Buildings, and Emergency Management



Statement for the Record

**Joint Oversight Hearing on Managing Costs and Mitigating Delays
in the Building of Social Security Administration's
New National Computer Center**

**The Honorable Patrick P. O'Carroll, Jr.
Inspector General
Social Security Administration**

February 11, 2011

**Statement of the Honorable Patrick P. O'Carroll, Jr.
Inspector General, Social Security Administration**

Testimony before the Subcommittee on Social Security
of the House Committee on Ways and Means
and the Subcommittee on Economic Development, Public Buildings,
and Emergency Management
of the House Committee on Transportation and Infrastructure

February 11, 2011

Good morning, Mr. Chairman, Mr. Chairman, Mr. Becerra, Mrs. Holmes Norton, and members of both Subcommittees. I would like to welcome the new members of the 112th Congress, along with new members of both Subcommittees. It is a pleasure to appear before you, and I thank you for the invitation to testify today. I have appeared before the Subcommittee on Social Security many times to discuss issues critical to the Social Security Administration (SSA) and the services the Agency provides to American citizens. Today, we are discussing SSA's progress in constructing a replacement facility for its National Computer Center (NCC), SSA's aging national computer processing and data storage facility.

I last spoke to both Subcommittees about the replacement of the NCC at a hearing in December 2009. At the time, there was much debate among the Subcommittees, SSA, and the General Services Administration (GSA) regarding the location of a new data center—on the grounds of SSA Headquarters in Woodlawn, Maryland, or at a location away from the Agency campus. After more than a year of consideration and discussion between GSA and SSA, the decision was made to locate the Agency's new National Support Center (NSC) at the Urbana Research Center in Urbana, Maryland, just south of Frederick, Maryland. We understand that OMB has approved that site selection and that SSA finds it to be functionally acceptable.

While SSA's Office of the Inspector General (OIG) is pleased with the site selection for the NSC, it is a matter of some concern that GSA and SSA to this point have taken longer than anticipated to follow their timeline for the project. During the December 2009 hearing, GSA said it anticipated selecting and acquiring a site for the NSC in March 2010, with a design-build contract awarded in March 2011. According to GSA, the project will not be completed by its original target completion date of October 2013.

The importance of the NCC to SSA's operations cannot be understated. The NCC houses about 460 million records of Americans' earnings, as well as current benefit data for about 57 million beneficiaries, supporting SSA programs provided to the public and other services provided to government agencies. Ensuring the continued operation of the NCC while properly planning for the transition to a new NSC is critical; were there an extended outage or another issue that caused the NCC to become unavailable, the Agency would be unable to process tens of thousands of retirement, survivor, and disability claims, as well as Social Security number verifications. This type of service interruption would severely affect the American public, delaying the delivery of benefits to citizens who depend on these funds in their day-to-day lives, and likely hindering people's ability to obtain employment, driver's licenses, and even loans and mortgages.

In recent years, we have called on SSA to develop a long-term overall information technology (IT) strategic plan, with a critical focus on the replacement of the NCC and the proper and timely transition to the NSC. In a September 2007 OIG report, *The Social Security Administration's Information Resources Management Strategic Plan*, our office said, "Because SSA's Information Resources Management (IRM) strategic planning does not go beyond two years, its IRM does not provide a clear strategic vision of what the Agency needs or plans to do over the next few years to address its critical challenges."

The replacement of the NCC with the NSC is SSA's most critical IT challenge over the next five years. The NCC, located at SSA Headquarters in Woodlawn, was constructed in 1979, and the building in which it is housed is nearing the end of its useful physical life. The chance of a potentially crippling outage at the NCC increases as time passes; an NCC feasibility study completed by Lockheed Martin in 2008 estimated the NCC would reach maximum capacity in three to five years. The effort to replace the NCC gained momentum when Congress passed and the President signed the *American Recovery and Reinvestment Act of 2009 (Recovery Act)*, which provided \$500 million for SSA to replace the NCC. The OIG was provided \$2 million for the oversight of SSA's use of *Recovery Act* funds. We have said and maintain that swift and efficient planning for the replacement of the NCC is necessary for the Agency to provide benefits without delay to those who need and are entitled to them.

While the planning for the construction of the NSC continues, there are risks involved in the ongoing reliance on the aging NCC to handle SSA's daily operations. In its 2008 study, Lockheed Martin identified several structural and technical deficiencies with the NCC. Lockheed Martin identified, and SSA said it has taken action on, the following issues:

- Lockheed Martin identified the NCC electrical feeder cables as the only point of imminent failure at the data center, as degraded insulation could potentially result in loss of power, leaving SSA with only batteries as a power source to potentially accomplish a controlled shutdown. In February 2009, SSA spent \$1.9 million to replace the deteriorating feeder cables between the Utility Building and the NCC.
- In 2008, the NCC operated with an outdated electrical panel breaker design that violated safety codes and could have caused overheating or fire damage and resulted in a data center outage. On Lockheed Martin's recommendation, SSA spent \$2.7 million to replace the electrical panels over three NCC shutdowns between 2009 and 2010. SSA also increased the number of circuits of per panel, allowing for additional IT equipment growth and technology changes.
- Lockheed Martin recommended SSA begin exploring options to address the overall risk of continuing to rely on a 30-year-old Uninterruptible Power Source (UPS), including extending its NCC maintenance contract through 2014. SSA said current terms of its maintenance contract will expire in September 2012, and the Agency plans to establish a new contract by that time that extends the maintenance service through 2018.

However, as of January 2011, SSA's maintenance contractor stated its intent to provide NCC service through 2015, with a "Best Efforts" extension based on equipment available through 2018. Because of the vagueness of the contractor's "Best Efforts," we believe SSA should not depend on the same level of NCC maintenance from the contractor past 2015.

- Lockheed Martin said SSA had the ability to add electrical distribution panels at the NCC. SSA in January 2011 spent \$2 million to install two new electrical risers for the NCC to provide capacity for additional cooling equipment on the data center floor, if needed.
- The feasibility study in 2008 recommended roof repair for the NCC and the Utility Building. SSA spent \$1.2 million and replaced the Utility Building roof in 2007 and the NCC warehouse roof in 2009. The Agency said it has also increased routine maintenance inspections on both building roofs.
- SSA said it is also monitoring NCC plumbing conditions, performing foundation inspections, and monitoring HVAC ductwork, on recommendations from Lockheed Martin.

Lockheed Martin said it found NCC maintenance practices were managed and executed properly, but for the facility to be sustained through 2014, the same level of facility management and oversight needed to be continued. SSA said its staff performs regular tours of the NCC and facility equipment, with an "annual building walk-around" with technical experts to determine repairs or future replacement projects on the building, grounds, and equipment. The cost for preventative maintenance at the NCC is projected to be \$17 million in Fiscal Year (FY) 2011, and anticipated costs in FY 2014 are \$18 million with a 10 percent annual increase through FY 2020, according to SSA.

We acknowledge that SSA has taken necessary steps to address structural and technical issues at the NCC identified by Lockheed Martin. Nevertheless, the longer the construction and transition to the NSC is delayed, the risks to the systems at the aging NCC will increase, as many of the building's systems reach and surpass their lifecycle age. Proper planning and efficient plan execution is critical for the Agency so that the NSC is delivered before significant problems arise at the NCC and affect SSA operations.

Should NCC outages occur at any time during the NSC building process, SSA will rely on its Second Support Center (SSC) as its backup data center and recovery site. As GSA and SSA continue the process in building the NSC, we are well aware of the challenges and delays that SSA faced in creating the SSC. The SSC was initiated in response to Agency vulnerabilities first identified in a 2002 Lockheed Martin assessment of SSA's disaster recovery plan. The assessment concluded that no backup facility existed that could meet the Agency's data processing needs in the event of a disaster that rendered the NCC unavailable. It was not until three years later, in 2005, that SSA worked with GSA to acquire a second data center.

SSA encountered a number of delays during the acquisition and construction of the SSC. We determined it took six years, starting in December 2002, for SSA to plan, construct, and occupy the co-processing center. The Agency spent the first 26 months analyzing disaster recovery solutions, then 14 months selecting a site, then 32 months obtaining permits and constructing the new data center. In May 2006, the SSC lease was awarded, with an anticipated completion date of August 2007. Delays in construction pushed the SSC occupancy date to January 2009.

SSA has said the SSC will not be "fully functional" until 2012, due to the time needed for efficiency testing and additional equipment and data connections. When we say "fully functional," we mean that SSA will be able to meet its disaster recovery objectives by restoring critical functions within 24 hours of a disaster with less than one hour of data loss. Previously, SSA's backup and recovery strategy relied on a vendor hot site, an alternate facility equipped

with the technological capacity and personnel required to recover critical business functions or information systems, but SSA's contract for its commercial hot site expired in September 2010. Rather than renew the contract, the Agency decided to purchase IT equipment in FY 2011 to enable the recovery of the disability systems at the SSC.

Given the importance of the Agency's current efforts to build the NSC, we believe SSA should learn from its experience with the SSC and take the necessary steps to ensure proper planning to mitigate project delays and cost increases. In our September 2009 report, *Processing Capacity of the Social Security Administration's (Second) Support Center*, we made several recommendations regarding the NSC planning process. Specifically, we recommended that SSA:

1. Accelerate the use of the SSC as a fully functioning data center, with particular emphasis on using the SSC as the disaster recovery site for the NCC.
2. Develop a comprehensive, long-range IT strategic plan that includes possible constraints and challenges on all aspects of IT projects.
3. Formally document the Agency's plan to accelerate the use of the SSC as part of SSA's overall disaster recovery plan, and continually update the disaster recovery plan as the SSC and NCC replacement become fully functional.

At the time of the OIG report, SSA agreed with all of our recommendations. Recent disaster recovery tests at the SSC show that SSA has improved the time it takes to recover operations from 10 days in 2009 to a little less than five days in 2010. Over the next 12 months, SSA has indicated plans to reduce the five days down to about one day. Once SSA has demonstrated a process for recovering NCC workloads at the SSC, the Agency said it would update its disaster recovery documentation accordingly.

The NSC will be built on a 63.5-acre site located between a data center operated by another Federal agency and Interstate 270 in Urbana, about 40 miles from both Baltimore and Washington, D.C., allowing SSA to maximize data-sharing speed and to limit the commute for relocated NCC staff. Both Baltimore Gas & Electric Co. (BGE) and Allegheny Power have indicated they can provide electrical infrastructure to the site. An OIG contractor, Strategic e-Business Solutions (SeBS), visited the site with SSA and GSA officials in November 2010 and did not discover any major obstacles to data center construction. We deem the NSC site selection acceptable because the infrastructure is in place for a new data center, as it would be located next to an existing Federal data center and it would be easily accessible via highways.

However, according to GSA, the timeline for completing the build-out of the NSC will go beyond the original anticipated completion date of October 2013. We understand that the new schedule sets a September 2014 date for building completion, and a January 2015 date for the commissioning of the building. SSA estimates that data migration could take an additional 18 months. Because there are many risks involved if this project were to fall further behind schedule, it is critical that GSA and SSA identify and develop plans for foreseeable construction delays, including excavation challenges and weather-related delays; and negotiate contracts with suppliers and builders to ensure materials are delivered and the work is completed on time.

As previously stated, SSA has already allocated significant funds for repairs and maintenance at the aging NCC, where the possibility of an outage increases as time passes. Also, a number of

delays occurred in selecting a site for the SSC and building the SSC, and data recovery testing at the facility is still ongoing; GSA and SSA have now taken longer than anticipated to select a site for the NSC. And while the SSC has the capability to function indefinitely as a backup facility in the case of an NCC outage, SSA should not rely on the SSC indefinitely if there are delays in the construction of the NSC, because the Agency does not have a backup facility should the SSC become unavailable.

Should the NCC's UPS sustain an outage before the NSC is operational, SSA has said power can be fed directly to the data center from either its generators or BGE to maintain facility operations, though the IT equipment would then be susceptible to a shutdown because of any electrical surges or spikes. SSA said it is exploring other backup options, including:

- Limiting UPS usage by relocating office functions on non-data center floors, and/or limiting non-data center floors to using local power;
- Systematically shutting down data center operations to install new UPS systems for the data center only;
- Purchasing a new UPS, estimated at \$17 million, to service the entire building;
- Renting a mobile UPS; and
- Contracting for space at a host data center or renewing its disaster recovery hot site contract.

We have done, and continue to do, significant and wide-ranging oversight of SSA's planning of the transition to the NSC. Our most recent review, *SSA's New Data Center Site Alternatives*, evaluated the appropriateness of the short list of potential sites selected by GSA and SSA for the new data center.

We also have additional reviews planned. One review will determine whether SSA followed best practices in developing its overall program of requirements for the new data center. Another review will evaluate the building plans for SSA's new data center and determine whether the Agency followed building design best practices to provide a data center that meets SSA's requirements. Going forward, we also plan to have our contractors evaluate how well GSA and SSA plan for contingencies and mitigate the risk of any further delays in the project.

SSA's Response to Congressional Inquiry Concerning New Data Center Site Selection, released in August 2010, was an independent assessment of whether building the NSC on or off SSA's Woodlawn campus was the most cost-effective and best solution for SSA's requirements. OIG's contractor, SeBS, concluded that a GSA contractor did not address all NSC construction costs or the costs of transition to the NSC, and it did not provide an analysis of alternatives available in the event of potential schedule delays of the NSC. SeBS recommended SSA and GSA move forward with an off-campus site selection and assess the impact of NSC construction delays.

In April 2010, we released two reviews, *SSA's Use of Site Selection Industry Best Practices for its New Data Center*, and *SSA's Data Center Alternatives*. The best practices review evaluated the appropriateness of the potential sites selected for the new data center and determined whether best practices were followed in the development of the project plan. The SeBS evaluation found that in general, SSA developed a highly sophisticated set of selection criteria to evaluate geographic areas of consideration and prospective properties.

The Social Security Subcommittee requested our review of SSA's data center alternatives in December 2009. The SeBS evaluation indicated that in general, SSA had conducted a sophisticated evaluation of its data center requirements, timeframes, and options in planning to replace its NCC facility. However, at that time, SeBS said additional due diligence efforts might be warranted. In particular, there were questions about the costs and the risks that were assigned to the different options for building a new data center.

In conclusion, the sustainability and expansion of SSA's IT systems are critical to the Agency's ability to meet its goals and fulfill its mission; that mission affects nearly all Americans every day. The NSC project status shows it is imperative that the Agency have a clear IT vision that anticipates current and future needs. SSA's current IT plans are short-term and do not provide a detailed description of how the Agency intends to address its IT processing needs 10 to 20 years into the future. The construction of the NSC in a timely fashion is SSA's most critical IT investment over the next five years, to mitigate risks associated with relying on an aging NCC. With long-term planning and proactive management, we should be able to avoid a repeat of the current situation with the NCC.

My office is dedicated to working with SSA to ensure that the construction of and transition to the NSC follows best practices and is carried out based on sound planning and management. We look forward to continuing to assist in this vitally important undertaking. I thank you again for the invitation to speak with you today, and I would be happy to answer any questions.

Chairman JOHNSON. Thank you, sir. I appreciate it.
 You indicated that—I know I am not supposed to ask questions yet, but I am going to.
 [Laughter.]

Chairman JOHNSON. You indicated that their recovery time is five days. And when I was down there, Mr. Croft, you indicated to me you thought they could do it in two.

Mr. CROFT. Sir, we are at four days now, and we are working towards one.

Chairman JOHNSON. Okay. Thank you.

Mr. O'CARROLL. And when we did our report on this, sir, we observed the testing, which is what we are reporting. That was when they were at four-plus days, which is why we rounded it to five, but from talking to the agency, they have brought that five down to four. But at the time, it was still almost five days.

Chairman JOHNSON. Okay. Four legislative days is five.

Mr. Foley, you are recognized for five minutes.

**STATEMENT OF DAVID FOLEY, DEPUTY COMMISSIONER OF
THE PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES
ADMINISTRATION**

Mr. FOLEY. Thank you. Good morning, Chairman Johnson, Chairman Denham, Ranking Members Becerra and Norton, and Members of the Subcommittees. I am pleased to have the opportunity today to discuss the considerable progress GSA has made in delivery of the new SSA National Support Center.

I am glad to report the project is on budget, and GSA and SSA have recently reached two significant project milestones in the site selection and procurement for the data center. After an extensive due diligence process, we recently announced the site selection of the new Support Center at Urbana in Frederick County, Maryland. Last month GSA also issued the first phase of our design/build construction solicitation.

GSA and SSA are working closely together to ensure we achieved our new project milestones while remaining on budget and minimizing risks to deliver an efficient, modern, and secure data center to support SSA in meeting their mission goals and providing the best value to the taxpayers.

GSA diligently sought locations that would meet SSA's unique requirements for a data center. We conducted an extensive evaluation of potential sites within a 40-mile radius of Woodlawn, Maryland. We reviewed government-owned properties, contacted local communities, and requested expressions of interest through Federal Business Opportunities online.

These efforts resulted in over 150 potential sites that were evaluated against specific criteria, including: site characteristics, location and accessibility, energy and utilities, security and operations, environmental impacts, local planning and development, land and site development costs, and schedule risks.

In 2009, at these committees' request, GSA conducted a study to examine the possibility of locating the new data center at the current campus. In April of the following year, we delivered this study which showed that building on the SSA campus would present significant concerns and high risk, including the possible disruption of mission-critical operations.

Although GSA and SSA remain committed to the presence of SSA at the Woodlawn campus for current mission needs and future expansions, the study showed that the data center would be better

served at a new site where risk and cost would be minimized, and the data center could be completed more quickly.

Upon the completion of this study and with the support of these committees, GSA continued to press forward with our review of potential sites. Our deliberative process led to a short list of two sites: Johnnycake Road in Baltimore County and Urbana in Frederick County.

Given the importance of this project and the potential impacts of a site selection decision, GSA initiated an environmental assessment last August that we completed in January where the GSA solicited public comment and assessed all environmental impacts and advantages and disadvantages for each site.

After a full and fair analysis and in coordination with SSA, GSA selected Urbana as the site for the new data center. This site will most effectively meet SSA's needs and best serve the interests of the taxpayers.

Urbana not only meets SSA's requirements but offers a variety of benefits, including its physical site characteristics, available infrastructure, and favorable environmental conditions. Additionally, Urbana is most favorable in minimizing risks, cost, and schedule impacts.

Now that we have announced the site, we are initiating the acquisition of the property, which we anticipate to be completed this June. We are also moving forward with the next phase of this project with the procurement for the design and construction of the facility.

GSA and SSA worked collaboratively, consulting with leading data center experts to develop a program of requirements for a design/build solicitation. This POR was completed last August. The project will meet all of SSA's requirements and all of the appropriate security and IT redundancy standards for a data center of this type, as well as achieve a minimum of LEED Gold certification and the goals of the executive orders for sustainability and energy.

The National Support Center project is based on an integrated design/build delivery method that includes a design firm and a constructor contractor. GSA is using a two-phase procurement process that evaluates the contractor's qualifications first to establish a short list of most highly qualified bidders, and then considers technical proposals and price in the second phase to achieve the overall best value for the government. This process began last month when GSA issued a request for qualifications, inviting contractors into the bidding process.

We look forward to the next major milestones on this project. Phase 2 of the design/build solicitation is scheduled for April, site acquisition is scheduled for June, and award of the design/build contract is on track for next January, with substantial completion in September of 2014.

GSA appreciates the opportunity to come here today to highlight the considerable progress we have achieved on this project. We look forward to continuing to work with you on the successful delivery of this data center.

Chairman Johnson, Chairman Denham, Ranking Members Becerra and Norton, and Members of the Subcommittees, this con-

cludes my statement, and I will be pleased to answer any questions you may have.

[The prepared statement of Mr. Foley follows:]

**STATEMENT OF DAVID FOLEY
DEPUTY COMMISSIONER
PUBLIC BUILDINGS SERVICE
U.S. GENERAL SERVICES ADMINISTRATION**

BEFORE THE

**SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
AND
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC
BUILDINGS, AND EMERGENCY MANAGEMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

U.S. HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 11, 2011



Good morning Chairman Johnson, Chairman Denham, Ranking Members Becerra and Norton, and Members of the subcommittees. My name is David Foley and I am the Deputy Commissioner of the General Services Administration's (GSA) Public Buildings Service. I am pleased to have the opportunity today to discuss the considerable progress GSA has made, on behalf of the Social Security Administration (SSA), in the delivery of a new Social Security Administration National Support Center.

We have reached significant project milestones in the two critical paths of site selection and requirements development for a design/build construction solicitation. After an extensive due diligence process, we announced at the beginning of this month the site selection of the new support center site at Urbana in Frederick County, Maryland. Last month, GSA also issued the first phase of our design/build construction solicitation. GSA and SSA are working closely together to ensure we achieve our new project milestones, while remaining on budget and minimizing risks in order to deliver an efficient, modern, and secure data center to support SSA in meeting their mission goals and providing the best value to taxpayers.

Site Selection

GSA diligently sought a location that meets SSA's unique requirements for a National Support Center. We conducted an extensive evaluation of potential sites located within a 40 mile radius of Woodlawn. We reviewed Government-owned properties, contacted local economic development and planning groups, and requested expressions of interest from land owners and authorized agents through a Federal Business Opportunities¹ online notice. These efforts resulted in over 150 potential sites that were evaluated against project specific criteria. These factors included:

- Site characteristics;
- Location and accessibility;
- Energy and utilities;
- Security and operations;
- Environmental impacts;
- Local planning and development;
- Land and site development costs; and
- Schedule risks.

We followed a deliberative process of reviewing sites against the initial criteria, paring down the list, and then conducting further due diligence to select a final site.

In 2009, at the committees' request, GSA also conducted a study to examine the possibility of locating the new data center on the current campus. In April 2010, we delivered this study, which showed that building on the SSA campus would present significant concerns and unacceptably high construction risk, including the possible disruption of the mission-critical operations at the existing National Computer Center.

¹ www.fbo.gov

Though GSA and SSA remain committed to the presence of SSA at the Woodlawn campus for current mission needs and future expansions, the study showed that the National Support Center would be better served at a new site, where risk and cost would be minimized and construction could be completed more quickly.

Upon the completion of this study and with the support of these committees, GSA continued to press forward with our review of new sites. This iterative process led to a short list of two sites, Johnnycake Road in Baltimore County and Urbana in Frederick County. Given the importance of this project and the potential impacts of a site selection decision, GSA initiated an Environmental Assessment in August 2010. During this recently completed process, GSA solicited public comment and assessed all environmental impacts, evaluating the benefits and potential drawbacks for each site.

After this thorough analysis, we announced the selection of Urbana as the site that will most effectively meet SSA's needs and best serve the interests of taxpayers. This site fully meets the technical requirements for this unique mission-critical data center facility; offers a variety of benefits including its physical site characteristics, available utility infrastructure, and favorable environmental conditions; and the site is the most favorable in terms of minimizing risks, costs, and schedule impacts. Now that we have announced the site, we are moving toward acquisition, which we anticipate in June 2011.

Requirements Development

Successfully moving forward with the next phase of this project, which is the construction portion, required that we develop the right Program of Requirements (POR) for a design/build solicitation to meet this mission. GSA and SSA worked collaboratively, consulting with leading experts in data center construction to develop this POR, completed on schedule in August 2010.

GSA has worked with SSA to ensure this facility serves the SSA's information technology needs, and the needs of taxpayers, for the long term. With the help of consultants, we developed a growth model for equipment requirements, which takes into account both SSA historical data, as well as industry trends for newer equipment technology. The project will be designed to meet the initial 10-year requirements, with expansion capabilities based on 20-year projections.

The project will also meet Interagency Security Committee Level IV standards and Tier III Certification by the Uptime Institute. A Tier III Certification ensures continued operations and redundancy of system facilities. Furthermore, GSA is committed to achieving a minimum of a Gold certification under the Leadership in Energy & Environmental Design program of the U.S. Green Building Council, as well as achieving the goals outlined in the current Executive Orders for sustainability and energy.

Design/Build

The National Support Center project is based on an integrated delivery by a design/build team, including a design firm and a construction contractor. This is a two phase process which first evaluates the contractors' qualifications to establish a short list and then considers technical proposals and price in the second phase. GSA has begun the first phase of selecting a design/build contractor to construct this critical facility. A Request for Qualifications, inviting contractors into the bidding process, was posted on the Federal Business Opportunities website on January 26, 2011.

We anticipate award of the contract for design and construction by January 2012. Substantial construction completion is scheduled for September 2014, at which time the building will be turned over to begin commissioning and IT migration.

Budget and Schedule

The project remains on budget, though the due diligence conducted in our review of sites has pushed back the construction completion from October 2013 to September 2014.

We look forward to the next major milestones on this project, including Phase 2 of the design/build solicitation (April 2011), site acquisition (June 2011), award of the design/build contract (January 2012), and finally substantial completion of the project (September 2014), at which time commissioning and IT migration will begin. Commissioning will be completed in January 2015 and, we understand from SSA, IT migration will be completed by August 2016.

Risk Management

While we move forward on this critical project, we are taking a number of steps to minimize risks and ensure the budget and schedule stay on track.

GSA has developed bidding strategies that maximize competition and alternative design solutions. We are performing market research prior to award and developing independent government cost estimates. These techniques will increase the probability of receiving bids within budget. As with the site selection, we have adopted detailed criteria for the design/build contract and will consistently apply them to the evaluation of offers. This process will limit procurement schedule risks. We also will employ consultants and contractors with data center experience for quality assurance reviews during the design, construction management and inspection stages. Finally, GSA will continue to work closely with SSA to monitor and evaluate and minimize scope changes and ensure that they will be managed within the project budget and schedule.

Conclusion

GSA appreciates the opportunity to come here today to highlight the considerable progress we have achieved on this project. We look forward to continuing to work with you on the successful delivery of this data center.

Chairman Johnson, Chairman Denham, Ranking Members Becerra and Norton, and Members of the subcommittees, this concludes my statement. I will be pleased to answer any questions you may have.

Chairman JOHNSON. Thank you, sir. We appreciate your comments.

Mr. Croft, thank you for being here, and you are recognized. And I appreciate your help down south.

Mr. CROFT. Thank you.

Chairman JOHNSON. Pleasure.

**STATEMENT OF KELLY CROFT, DEPUTY COMMISSIONER FOR
SYSTEMS, SOCIAL SECURITY ADMINISTRATION**

Mr. CROFT. Chairman, Ranking Members, and Members of the Subcommittees, thank you for the opportunity to share information about our data center replacement project. My name is Kelly Croft, and I am the Deputy Commissioner for Systems at Social Security Administration (SSA). I have worked at the agency for 28 years and have been in my current job since January of 2010. I am responsible for safeguarding the information assets of Social Security, and also delivering information technology (IT) services across the agency.

At Social Security, our reliance on technology has dramatically evolved since I joined the agency as a front-line public service worker in the 1980s. In those days, I took retirement and disability claims on paper forms and assembled cases in thick paper folders.

Today, the vast majority of our work is electronic, and we are extraordinarily more efficient because of it. Our claims process is virtually paperless. We have a number of highly regarded Internet applications for public use, and it is not unusual for us to process over 150 million computer transactions in a single day.

To be blunt, if our computer systems are down, then we are pretty much out of business. We can still talk to people in person and on the telephone, and we do have contingency arrangements to ensure established payments go out. But we cannot do things like compute and pay new claims, change direct deposit accounts, issue Social Security cards, or even answer specific questions about beneficiary records. Pretty much all we do relies on high availability computer systems.

Even an hour of computer outage for us is a very big deal, and at the massive scale we operate on, with over 50 million seniors and disabled people to serve, an extended outage of multiple days would have national implications.

The hubs for our entire IT infrastructure are our two data centers, one in Maryland and one in North Carolina. Data centers are special buildings that require significantly more security and mechanical features than normal office space. For example, data centers should have sophisticated electrical systems and generators. They should also have advanced fire suppression systems. In addition, the equipment in data centers produce large quantities of heat, so they need extremely robust air conditioning.

Our North Carolina center opened in 2009, and it is a modern, well-designed facility. On the other hand, our Maryland center is 30 years old, and the building is fraying. I want to emphasize that the computers inside our Maryland center are modern; but if the building fails because of a plumbing, heating, ventilating, and air conditioning, or electrical breakdown, it won't matter how capable the computers are. They simply won't work.

Both of our centers function 24/7 and process a portion of our daily computing workload. Both also have the reserve capacity to run the critical systems of the agency in the event of a long-term outage at the sister facility. If we lost our Maryland data center, it would currently take us four days to recover critical operations in North Carolina. We are working to lower our recovery time to just one day.

As bad as any days of national outage would be, we would also be left with just one remaining data center and no viable backup for that. In light of the wake-up call that came with 9/11 and for something as important to the country as the delivery of Social Security services, it is crucial that we always have a viable backup position.

We were relieved when Congress appropriated \$500 million in 2009 to replace our aging Maryland facility with a state-of-the-art data center, a facility that we expect will faithfully serve the American public for decades, just like our old building has.

We are relying on the expertise of our General Services Administration (GSA) colleagues to manage the process for acquiring land and building our replacement data center. We provided our requirements to GSA, and I assure you we seek only a safe, energy-efficient, and modern data center that will be sized to handle current and projected computing workloads for the agency.

As a final note, we all worry about the length of time a large government building project like this takes. The current schedule will not provide me keys to the new center until January of 2015, and then it will take my staff up to 18 months to safely move all of our extensive operation out of the old building and into the new.

In Social Security, we will do everything we can to ensure our old building continues to function while we wait. Although we cannot do large-scale building improvements without unacceptable impact to our operations, we will continue to undertake smart, cost-effective maintenance work.

We strongly appreciate the support we have received from the Congress. I look forward to your questions, and will do my best to answer them. Thank you.

[The prepared statement of Mr. Croft follows:]

This testimony is embargoed until Friday, February 11, 2011, at 10:00 am



JOINT HEARING BEFORE

THE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY

AND

THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2011

STATEMENT

OF

KELLY CROFT

DEPUTY COMMISSIONER FOR SYSTEMS
SOCIAL SECURITY ADMINISTRATION

Introduction

Chairmen, Ranking Members, and Members of the Subcommittees:

Thank you for this opportunity to share information about our data center replacement project.

Many good things are happening at Social Security. Despite large workloads caused by the economic downturn, we have cut the wait for a disability hearing from a high of nearly 18 months in August 2008 to just over a year as of January 2011. We have significantly reduced busy signals and wait times for telephone service, and wait times in field offices are down slightly. Productivity, program integrity work, and employee satisfaction are all up. Our 20 highly regarded Internet applications give the public convenient access to our services while alleviating traffic in our offices.

None of these improvements would have been possible without smarter use of information technology (IT), and that technology relies on a smoothly functioning core computer system that is one of the largest in Government. It certifies the payment of more than \$60 billion each month to over 50 million seniors and disabled people, money that is pumped into the national economy. Jobs and lives depend on Social Security doing its job without interruption.

For over 30 years, the National Computer Center (NCC) has housed our core computer systems. Many of the NCC's facility infrastructure systems are well past their designed life cycle. Without a long-term replacement, the NCC will deteriorate to the point that a major failure to the building systems could jeopardize our ability to handle our increasing workloads without interruption. Recognizing the urgency of the situation, Congress provided us with \$500 million in 2009 toward constructing and partially equipping a new data center.

We refer to the new data center as the National Support Center (NSC). Once complete, the NSC will meet our anticipated IT workloads for the next 20-plus years. Throughout the project to construct the NSC, we have worked attentively to ensure that the building will meet our requirements. We developed our requirements based on our expertise in data center design and operations and in consultation with outside experts such as the Uptime Institute and the Lawrence Berkeley National Laboratory. We also used best practices and lessons learned from our recently completed Second Support Center (SSC) in North Carolina.

Congress has provided the General Services Administration (GSA) the authority to lease, purchase, or build facilities for most Federal agencies, including our agency. GSA has broad-ranging experience exercising this authority, and we support its efforts on our behalf. Guided by the functional requirements, GSA recently selected a site for the NSC. As required by law, we notified the Committees on Appropriations of the House of Representatives and the Senate that GSA had selected a site for our new data center and would proceed with its process to purchase it following a 10-day notification period. GSA will also manage the design and construction of the building at the selected site.

Currently, GSA estimates that the NSC project is about a year behind its original schedule. The estimated date for construction completion is September 2014 and for final commissioning of the building is now January 2015. Complete IT migration could take as long as 18 months after commissioning. GSA has expressed that there may be future opportunities to make up lost time without cutting corners. We support GSA's efforts to identify and capitalize on those opportunities.

As responsible managers, we have taken assertive action to ensure the continuity of our operations through extensive risk mitigation and disaster planning. These improvements should help keep the NCC viable through the point of transition to the NSC. The SSC, which assumed production workloads in May 2009, already serves as a co-processing center for a significant portion of the NCC's workloads. In the event of an NCC failure, we can currently recover all critical workloads at the SSC within four days. Next year, we anticipate being able to reduce that recovery time to one day.

While our risk mitigation and disaster planning activities provide a bridge between now and the NSC's completion, by no means do they eliminate the dire need for a new data center. Despite all of our best efforts to preserve the NCC for as long as necessary, there is always the potential that a critical facility infrastructure system could suddenly fail. While the SSC could serve as our sole data center in an emergency, there would then be no backup for the SSC. This scenario would place the Nation in an extremely vulnerable position. Social Security is too important to the national economy and to the lives of a huge number of Americans to rely on a single data center.

Background on the NCC

We designed and built the NCC in the 1970s. Industry standards and best practices for data centers, along with technology, have changed radically since

then. Modern data centers now have redundant electrical and cooling systems to provide continuous IT operations during essential preventative maintenance activities on facility systems or in the event one system fails or needs replacement. The lack of redundancy in the NCC's cooling and electrical systems complicates our efforts to maintain and preserve the building.

Until recently, simply getting additional power to our IT equipment in the NCC was one of our biggest problems. Out of necessity, we mitigated this problem by adding more electrical risers or pathways to deliver power to the data center. This improvement came at significant expense and required three data center shutdowns between 2009 and 2010.

Each time we need to add IT equipment, we increase the likelihood of needing more cooling. The computer room air conditioning and overall heating, ventilating, and air-conditioning (HVAC) systems on the data center floor may prove insufficient to accommodate those cooling needs in the future. Moreover, the NCC's HVAC system is already well beyond its expected life cycle and is impossible to replace while keeping the data center running.

A related NCC design problem is that employee office spaces in other areas of the building share the same power lines and HVAC system as the data center. This design problem means that a potentially isolated issue in an area outside the data center, such as a minor receptacle overload at someone's workstation, could temporarily shut down some power to the data center and HVAC system.

However, the biggest power concern at the NCC is the building's Uninterruptable Power System (UPS). The UPS is not an off-the-shelf product; it was designed specifically for the building. It is critical to maintain clean, uninterrupted power to the data center at all times. While we have extended our service contract with the UPS maintenance vendor over the years, the vendor recently advised us that it could not guarantee repairs in the near future. The necessary parts are simply no longer available. If the UPS failed, we would have to bypass the system and deliver unconditioned power to the data center equipment, which could quite potentially damage the equipment. Replacing the UPS would require significant downtime at the NCC.

We face even more fundamental problems at the NCC, such as tangled and overcrowded telecommunications and electrical cables underneath the data center floor.

Figure 1: Under-Floor Cabling Conditions in the NCC Data Center



Tangled cables can block the under-floor airflow that cools our servers, and we cannot work on the cables safely without shutting down the affected systems. Similarly, troubleshooting problems is difficult when we cannot isolate cable pairs easily to determine whether problems exist in the cables or in the IT equipment. There is also an elevated risk of data corruption, because electro-magnetic interference from the electrical wires that are located too close to the telecommunication wires can distort data transmission.

Another basic threat to the data center is the NCC's pipes for both the water supply and fire suppression systems. The pipes are original to the building. Many of the pipes are clogged and corroded. Failure of the pipes could result in extensive water damage.

Figure 2: Clogged and Corroded Piping in the NCC



A recent incident illustrates how a problem as basic as failing pipes can affect the data center's operations. Last year, our facilities staff noticed water on the floor of one of the large battery rooms in the NCC. They quickly traced the source to a leaking water pipe in the room. Any water in close proximity to high-voltage batteries presents a serious hazard to the building and its personnel.

In order to fix the leak, plumbers needed to expose the pipe and cut off the water supply. Unfortunately, without redundant systems, cutting off the water supply to the pipe also required cutting off the water supply to the large air handling equipment that is responsible for cooling our computing space. Since the air handling equipment had to be turned off, we had to actually shut down a portion of our national computing operations while making the repairs.

Thankfully, we did not experience serious service disruptions because we managed to complete the repair in the early morning hours of a weekend. Nonetheless, just to fix a seemingly simple leak ultimately required extensive planning, work staging, and a major IT shutdown. If the leak had been caused by a pipe that burst in the middle of a business day, we would have experienced major IT service disruptions.

As the NCC has aged, we have continuously upgraded and repaired facility infrastructure systems to the best of our ability. Similar to how we maintain our homes, incremental improvements are an industry best practice for maintaining facility systems beyond their life cycle. We must incrementally repair these infrastructure systems, where possible, because we cannot totally replace them in the existing NCC. To replace them, we would have to shut down the building completely for an extended period of time.

Figure 3: Sample of Major Agency Workloads Affected by an NCC Shutdown

Workloads	FY 2010	Average/Work Day
Retirement and Survivors Claims Completed	4,700,990	18,804
Initial Disability Claims Completed	3,161,314	12,645
Hearings Completed	737,616	2,950
Continuing Disability Reviews Completed	956,182	3,825
SSI Non-Disability Redeterminations Completed	2,465,878	9,864
800 Number Transactions Handled	67,544,780	270,179
New and Replacement Social Security Cards Issued	17,250,208	69,001
Field Office Visitors	45,000,000	180,000

Following consultation with Congress, we concluded that building a new, state-of-the-art data center was the best way forward. In support of our efforts, in 2009, Congress provided us the funds to construct and partially equip the NSC. We have provided GSA with our requirements for the NSC's design and operations.

NSC Project Update

There are several important milestones along the way to full completion of the NSC. GSA, working closely with a team from our agency and outside experts, has completed three of those milestones within the past six months. We are encouraged by the recent project developments, and continue to work with GSA to complete this key investment in a timely manner.

In August 2010, GSA achieved its first important milestone with completion of the Program of Requirements (POR). The objective of the POR is to provide the

necessary business requirements, including space, power, cooling, and design guidance for a Design/Build (D/B) contractor to successfully engineer, design, construct, and deliver the NSC. We worked closely together with GSA to develop the POR in collaboration with the GSA contractor, Jacobs. We ensured that the POR met our technical requirements for data center design and operations.

GSA completed a second important project milestone in January 2011 when it posted online the first of two Requests for Proposal (RFP) from D/B contractors. The first RFP requested that interested D/B contractors provide information concerning their prior experience on relevant projects, past performance on relevant projects, and project team qualifications and approach. The second RFP, which GSA plans to issue in April 2011, will request that qualified D/B contractors provide design developments, project management and delivery plans, oral presentations, project labor agreements, and pricing.

The third major project milestone completed within the past six months is site selection. GSA recently informed us that it selected a site for the NSC. We accept GSA's site selection decision because the selected site meets our functional requirements. Those published requirements include that the site:

- Is contiguous and within 40 miles of our headquarters in Woodlawn, Maryland;
- Provides geometry and topography suitable for development;
- Has no known landfills or hazardous waste, soil, or water contamination, on or near the site, for which cleanup would significantly impact project cost or schedule;
- Has developable area that is not located within the 100- or 500-year flood plain or does not have other geological or environmental impairments;
- Has reasonable access to electrical power, water, telephone, satellite and fiber optics; and
- Shall not significantly affect the project schedule if assemblage of multiple sites is required.

We look forward to the timely completion of the remaining milestones on GSA's revised project timeline. Following the issuance of the second RFP in April, GSA anticipates purchasing the selected site in June 2011. It also plans to award the

D/B contract in January 2012 and finish constructing the NSC in September 2014. GSA estimates final building commissioning by January 2015, at which point it may take up to 18 months for us to migrate all of our IT from the NCC to the NSC.

Risk Mitigation and Disaster Preparedness Plans

Social Security has a history of providing excellent service to the public. Over our 75-year history, we have demonstrated that we meet challenges, including emergencies such as Hurricane Katrina when, within days of the storm, we established makeshift offices at evacuation centers and shelters along the Gulf Coast to issue payments to our beneficiaries.

Our engineers and technical staff maintaining the NCC are no exception to this proud tradition of service. They work every day to manage and maintain the building. They diligently continue to explore ideas and opportunities to overcome or work around the limitations of the NCC's infrastructure systems.

In 2007, we commissioned an independent study to examine the condition of the NCC and identify options to accommodate and support our data processing operations into the future. The study found that we had managed and executed our NCC maintenance practices in an excellent manner and that we would need to continue these efforts to sustain the facility. The study recommended that we build or lease a new data center on an accelerated schedule.

To help us sustain the NCC until the new data center would be operational, the study identified specific areas of risk for us to address. Where economically and operationally feasible, we have implemented most of the study's recommendations.

For example, we replaced deteriorating electrical feeder cables, which deliver power into the NCC from outside, and repaired or replaced roofs and lightning protection grids. As mentioned earlier, we increased electrical distribution capacity to the data center by adding electrical risers. We also procured available spare parts needed to maintain and repair our UPS and worked with our UPS maintenance vendor to extend our service contract. When the current UPS contract expires in 2012, we will negotiate a new agreement with our vendor through 2015; however, the vendor recently informed us that it would be able to provide only a "best effort" extension from 2015 to 2018. Accordingly, we have already begun discussing options for obtaining and installing UPS support to the

data center in the event of a catastrophic failure. Those options may include extreme measures like machining spare parts not otherwise commercially available, bringing in a portable UPS to provide power, or replacing the entire UPS.

Of course, we know there are limitations to a comprehensive and aggressive program of preventative maintenance and disaster preparedness at the NCC. Many of the building's primary infrastructure systems such as the HVAC and plumbing need replacement but are impractical to replace while the NCC is active.

Realizing that we will have to rely on the NCC for at least the next 5 years, we will do what we can to extend the life of the building. Therefore, we are working with GSA to complete a Building Engineering Report and a feasibility study to provide an updated assessment of the NCC facility systems and structure. Specifically, we will work with GSA in:

- Evaluating the current condition of all major systems within the NCC;
- Reevaluating all of the prior study recommendations for the NCC;
- Determining how to maintain the NCC as a viable and functional data center for critical IT equipment through 2020, including a project schedule and cost information on any recommendations; and
- Formulating methods to perform necessary renovations or repairs with little or no downtime at the NCC until we migrate the data center's critical IT equipment to the NSC.

We remain hopeful that our on-going best efforts to extend the life of the NCC provide us a bridge between now and the NSC's completion. Still, we know that the longer we must rely on the more than 30-year-old structure, the higher the risk is that a significant building failure may require us to move all of our IT operations to the SSC.

The SSC building opened two years ago and it has grown to become a fully functioning data center that shares a portion of our daily IT processing load with our aging NCC. The two facilities work in tandem. Both serve as primary computing locations for important IT functions and both have the reserve computing capacity to recover all the critical functions from the other site in the event of a disaster.

Before the SSC came online, our disaster recovery strategy relied on the use of a commercial data center. There were many weaknesses with the old strategy. It assumed we would always be able to occupy the commercial site even though we shared it with other organizations on a first-come, first-serve basis. The commercial site was not large enough to handle our operation at reasonable performance levels, and it lacked specific technology that we required. Even if everything went well at the commercial site, our recovery time was at least a week.

However, even one day of potential IT service outage would cause a major disruption to our customers and cost approximately \$25 million in lost agency productivity. In addition, if we lost use of the NCC before completing the NSC, we would be forced to revert to an unsatisfactory reliance on a commercial facility as a backup.

Completion of the NSC will allow us to move all IT activities out of the existing NCC and will add significant stability to our IT enterprise since both the NSC and SSC would be modern, efficient, and well-designed facilities. We will still face IT disaster risks, but not as much from a major facility failure, which is much more likely to occur in an older building like the NCC.

Conclusion

The investment Congress has made in the construction of the NSC is a good decision for the country. The American people and the overall economy depend on the benefits we provide. Securing the continuity of our agency's operations and the very fabric of this country's safety net require that we replace the NCC as quickly as possible.

We continue our work to provide the necessary support and input to GSA so that it can effectively manage the NSC site procurement, design, and construction processes. In keeping with our stewardship responsibilities, we have taken assertive action in the area of risk mitigation and disaster preparedness. We will continue to pursue creative preservation of the NCC. We will also use the SSC's capabilities to assist the NCC and take over in the event of a failure at the NCC. However, these are only temporary solutions. Any outcome other than the completion of the NSC will result in increasing risk of significant disruption in the delivery of Social Security services.

Chairman JOHNSON. Thank you, sir. I appreciate your testimony. I want to thank you all for your testimony. We appreciate you being here today.

To make sure everyone has a chance to ask questions, I am going to limit my time for questions to five minutes, and ask Chairman

Denham and the ranking members to limit their time to five minutes.

Mr. Foley, Social Security is supposed to get the keys to the new center in January 2015, and that is a year later than originally planned. And the way you talk, it sounds like to me you are about to delay it another year. Can you talk to that question?

Mr. FOLEY. We are on schedule to turn the keys over to them. As I mentioned, construction would be complete in September of 2014. There is some commissioning of the major building systems, as Mr. Croft, my colleague, testified.

The data center is a complicated operation and complicated building system, so we have to do all the testing to make sure that it will work and support their operations. But we don't anticipate any further delays as we move forward on the project.

Chairman JOHNSON. Well, why can't you move it faster? I mean, you know where the site is. Why are you waiting until June to purchase it?

Mr. FOLEY. We are actually in the acquisition for the site phase. We are moving forward on the procurement for the construction. So we are moving forward on all of those. It will take us, we think, that long to actually complete the acquisition.

I should say, though, that GSA is committed to looking for every opportunity to accelerate the project wherever possible. We are looking at multiple avenues to do that, whether it is exploring incentive clauses, potentially, in the construction contract.

Once we have a contractor on board, we can clearly work with them to look at phasing and sequencing, delivery of long lead items to see where we can actually cut time out of the construction schedule, although I should note that as you look at reducing time frames, that also increases, potentially, project risk. So we have got to make sure we do our due diligence and look for those tradeoffs.

But we do recognize the urgency of this facility, and are committed to looking for every way we can to accelerate.

Chairman JOHNSON. Okay. Well, I just wonder why you are waiting until July to confirm the site and, you know, get it bought. Why is it taking you that long?

Mr. FOLEY. Well, we are actually in the acquisition phase right now, so we are working to acquire—

Chairman JOHNSON. You just think it would take that long to get it done?

Mr. FOLEY. Well, there are a couple of things that have to happen with the site. We actually have to do some of the subdivision of the site. They have to bring some of the infrastructure in before we can actually acquire the site and actually transfer the deed to the Federal Government. We will have a purchase agreement in place prior to that.

Chairman JOHNSON. You got a fixed price?

Mr. FOLEY. We are in negotiations now.

Chairman JOHNSON. Okay. Mr. O'Carroll and Mr. Croft, do you see how we can make up for lost time any other way?

Mr. O'CARROLL. Well, Chairman, as you are well aware, we are very concerned with the parallel issues that are coming up with the aging NCC, and we are encouraging both SSA and GSA to look for

any opportunity they can to trim down on the time it takes to do this.

But at the same time, we don't want any corner-cutting or any degradation in terms of the services or the quality of the work. So I can assure you we have a contractor who is going to be taking a look and making sure that they are staying on schedule, and any opportunity to cut that time will be encouraged.

Chairman JOHNSON. So we have a contractor already?

Mr. O'CARROLL. We have a contractor. It is called Strategic e-Business Solutions, that works for us. One of our concerns was at the beginning, when we began our oversight, we didn't—we have IT expertise on our audit staff, but we don't have experience with state-of-the-art IT, or data facility construction.

So we went to Strategic e-Business, and they have a subcontractor called Fortress International that they are using, both of which have done a lot of work with computer centers and redundant computer centers. We are going to have them taking a look.

We don't know whether we are going to put it out to them or to another contractor. But we will have a three-stage process taking a look at the next several years out.

Chairman JOHNSON. Do we know when construction will begin?

Mr. FOLEY. We are looking at award of the design/build contract next January. Depending on the design period, one of the advantages of design/build is it actually allows us to streamline the process, and they can begin some of the site work and construction prior to the final design.

But until we actually have some of the preliminary design and know what it looks like, we don't have an exact date on when we will begin moving dirt on the site.

Chairman JOHNSON. Is there any reason why we can't duplicate the site down in Carolina?

Mr. FOLEY. I am not familiar with all of the specific characteristics, but I think Mr. Croft can talk to some of the differences.

Mr. CROFT. Yes. First, sir, to your overall question about speeding it up and making sure it goes well, I will say we are committed to keeping up with David and his team. I think it is a really good team. They have some very good people on it, as do we. And we are going to keep a lot of oversight on this.

But I would also say we want to be careful we don't bottleneck it by continuing to second-guess all the decisions that the experts have made as they have been working through this process.

Regarding whether we can duplicate North Carolina, I believe we will end up looking something like what you saw in North Carolina. And, by the way, we very much appreciated your time to come down and look at the facility. I think the computer space will be about the same size.

I think this building will have some more robust infrastructure to it. You may remember going down in those industrial rooms in the basement of the building in North Carolina. I think the new one will have more size and heft in the industrial part. But ultimately, I think it will look a lot like what you saw in North Carolina.

But we are really going to rely on the expert designers and architects. Also, we are looking for a lot more energy efficiency in this building, even more so than what you saw in North Carolina.

Chairman JOHNSON. Well, do they have all the equipment to fit the building out when we get it done?

Mr. CROFT. Well, no. We will have to go through a very long process to actually move all that equipment that you saw in Baltimore into—

Chairman JOHNSON. You are not going to use that old stuff, are you?

Mr. CROFT. I am going to use some of it. Right. I am not going to use stuff that is obsolete. But some of it is very current and very modern, and it would cost a lot of money just to set aside equipment that still runs well.

Chairman JOHNSON. Well, it is going to cost to move it, too. Thank you for your comments.

You are recognized, Mr. Chairman Denham.

Mr. DENHAM. Thank you.

Mr. O'Carroll, the uninterrupted power supply system that supports the power of the current facility is over 30 years old. Many of the parts are no longer manufactured, and the service contract expires in 2012, well before the new data center will be completed.

You described the importance of the UPS system in the SSA plans to do—what are you going to do after 2012?

Mr. O'CARROLL. Chairman, on the technical part of it, I am going to defer to Mr. Croft.

But on the oversight part of it, which is what we have been doing, Lockheed Martin did a study on the NCC. They identified the uninterrupted power supply as an issue. There is a single source of power going to the NCC at the moment, which is another risk.

And what we are concerned with is the aging of the uninterrupted power supply that they have. I am told that SSA has engaged with a contractor that is going to be able to extend the life of the uninterrupted power supply that they have.

And then also, we are monitoring SSA's progress in getting an alternate source of power, which we highly support.

And I will let Mr. Croft give you more of the technical details on the uninterrupted power supply.

Mr. CROFT. Yes, Mr. Chairman, just a general comment. We have done an awful lot of things to the building that have extended the capacity, if you will, of electrical distribution in particular, which was the main concern with that 2012 date that you referenced in your question. We have taken action to mitigate that. So that is not one of our major concerns at the moment.

But our major concerns are things like uninterruptible power supply, the plumbing in the building, the HVAC in the building, the fire suppression. These are original to the building, and we will do what we can to maintain them, but the longer we go, the higher risk there is that they will fail.

Mr. DENHAM. And if the system does fail, how long would the North Carolina system be able to fully support the entire process?

Mr. CROFT. It will be able to support us indefinitely. The issue then, Mr. Chairman, would be that we would be left without a

backup to that. So we would have to be scrambling to come up with a viable backup to North Carolina at that point.

But the center in North Carolina is big enough now—has enough capacity—to be able to run the critical systems of the agency. And with a little bit more time, we would even be able to bring back our non-critical systems in the agency. So it is our ultimate risk mitigation.

Mr. DENHAM. Thank you.

And Mr. Foley, I thought you said in your testimony that this project would be on budget and on time?

Mr. FOLEY. We will meet our milestones from this point forward. Obviously, there have been some delays, and we are looking to make up the time. But as far as budget, yes. We are still on budget.

Mr. DENHAM. And time, even after the one-year delay? So you don't plan on making up the one-year delay, but you do plan on being on time this point forward?

Mr. FOLEY. Yes. As far as physical construction of the factory, we are about 11 months behind our original schedule. But we believe we can make that, and we are looking for every opportunity to accelerate, if possible.

Mr. DENHAM. So final completion of construction?

Mr. FOLEY. September of 2014.

Mr. DENHAM. And up and running completely, 100 percent transition?

Mr. CROFT. We would take keys to the building—to use my term—in January of 2015 because, as David said, there would need to be testing of the building systems to make sure that they were ready to accept the equipment.

And then we will transition in phases. We have said it will take us up to 18 months to transition the entire facility over. We will be running out of both facilities for some period of time. We will do everything we can to beat that 18-month period, and as we get closer, we will do a lot more precise planning and see how well we can do to beat 18 months.

Mr. DENHAM. And at what point was this project started, or the need identified?

Mr. CROFT. I believe it tracks back to a study that would have come out in early 2008.

Mr. DENHAM. So nearly a decade, by the time it was identified and the new system will be up and running.

Just a couple quick followup questions to Mr. Foley. In your site selection, any other existing properties that you identified that are existing public properties today?

Mr. FOLEY. We did screen for available public properties. The Woodlawn campus, obviously, was the most logical choice, and we did study that. But as I mentioned in my testimony, because of the additional risk due to schedule, cost, and disruption of critical services for SSA, we decided that a new site would be more appropriate and would allow us to deliver the facility more quickly.

Mr. DENHAM. No other public properties anywhere in the area?

Mr. FOLEY. We did screen through them. I don't know the specific sites that we looked at.

Mr. DENHAM. I would like to see a list of the specific sites and how you went about that process.

Chairman JOHNSON. Thank you.

Mr. Becerra, you are recognized for five minutes.

Mr. BECERRA. Thank you, Mr. Chairman.

And thank you to the three of you for your testimony and constant vigilance on this issue. I want to say that we appreciate that you have been very forthcoming in the constant efforts that we have engaged in within this committee to try to work hand in hand with you to move forward with this project.

I think everyone understands how important it is to get it done right. We can't have any kind of failure, the way we saw with the IRS with its computer system, because in your case, people on a monthly basis depend on you being able to operate. So we thank you for the work you have been doing.

I also want to mention that I know that we worked hand in hand with you in the whole process of site selection. We were somewhat concerned that you go forward with the best site, and so I know that especially in 2009, we were constantly asking, are you sure you are going to do it the right way? Are you sure you are going to have good sites to select from?

So I want to thank you for having gone through the additional analysis that you undertook. And I suspect we probably feel more confident today that the site that was selected was the best site that we could go with. Is that the case? Yes?

[A chorus of ayes.]

Mr. BECERRA. Good. Do you have the funding that you need to continue to move forward? Yes? So if we could just say that for the record. Mr. Foley? Mr. Croft?

Mr. FOLEY. Yes. For the construction phase, we do.

Mr. CROFT. Yes, sir. We do.

Mr. BECERRA. Are you still on budget? I think I heard you, Mr. Foley, say that you are still on budget?

Mr. FOLEY. We are.

Mr. BECERRA. So because we took a while on that site selection, that moved us back a ways, about a year, in terms of when you would complete the project. But in terms of the budget, you feel like we are still on budget?

Mr. FOLEY. Yes.

Mr. BECERRA. Good. And the consequences: If you didn't have your money, what would happen if you didn't have the money to move forward?

Mr. FOLEY. I mean, obviously, if we didn't have the money to move forward and award construction, the project would grind to a halt. I think as far as the consequences on operations, I would leave that to Mr. Croft to discuss.

Mr. BECERRA. Mr. Croft.

Mr. CROFT. Well, sir, if the project came to a halt, the risk would just continue to grow of a significant failure with the current building. It is that simple. It is a risk-based decision. It gets worse and worse the longer we go.

Mr. BECERRA. And I know the initial estimates of the first data center were that by 2013, you would max out on capacity. And I

know you have done some things to gain some additional capacity there, and we now have the second site, which helps us.

But even then, you need to have that redundancy so you can move forward. So if you have collapse at one site, while you could continue after, as you say, four days to get back up and running, you are still not running the way, operationally, we would want to have a center that controls so much data would have to.

Mr. CROFT. Yes. In the four-day time frame, we use the term "critical systems." And these are the core systems that, in your districts, your field office staffs use to process the claims and do all the things that the public is really looking for.

We have other activities and systems that are important to us but would not be in that four-day critical period of recovery. For example, we would bring up some of our management information systems and things like that.

But yes, we do have the capacity in the second site now to be able to recover all of that.

Mr. BECERRA. Not only would you go down, I suspect pretty much every one of our district offices would go down as well because I doubt that there are many offices that don't handle, as a significant part of their work, these Social Security claims, disability and otherwise.

Mr. CROFT. Right. They could still interact with the public. If the outage was going to be for a full four days, they could take claims, conceivably, on paper the way we used to in the olden days. But then they would have to transcribe it back—

Mr. BECERRA. Don't take us back to those olden days, please.

Mr. CROFT. Right. I mean, they could. We wouldn't be shut down. They would still talk to the public. They just wouldn't be able to actually transact anything.

Mr. BECERRA. Let me ask one last question, and I think, Mr. Foley, you probably can answer this best. Given the extensive work that was done in selecting the site, do you anticipate any protests at this stage on the selection itself?

Mr. FOLEY. I believe we learned last night that there has been a GAO protest filed. I think the important part for us to focus on is that the site selection is not on the critical path at this point for the procurement. We are moving forward with a two-phase source selection, and so the first phase is all about finding qualified contractors who can design and build this facility. So we can narrow that down to the most qualified candidates.

So we do anticipate—and I believe there has been a protest filed. Based on the process that we used, we are confident we will prevail on that protest and that it won't impact the schedule at this point.

Mr. BECERRA. Do you mind, please, keeping this committee informed about the progress on that protest and any protests that may come along the pike?

Mr. FOLEY. Absolutely.

Mr. BECERRA. Thank you very much.

I yield back, Mr. Chairman.

Chairman JOHNSON. Thank you, sir.

Ms. Holmes Norton, would you care to comment?

Ms. NORTON. Thank you, Mr. Chairman.

Last thing we want is more delay on this project. But remembering that what concerned both subcommittees before was site selection, I am concerned with the report that we got just yesterday from the inspector general and with reconciling what is in that report with the testimony of Social Security; specifically, the change in the criteria used in site selection, which you, Mr. O'Carroll, indicate is somewhat problematic.

For example, the three finalists, three final sites, have one, two, and even three secondary criteria, while several of the unsolicited sites had only one documented secondary criteria conflict. Now, you changed, apparently—the team changed some mandatory to secondary.

Now, to keep us from talking jargon, Mr. O'Carroll, Mr. Croft, explain what secondary and mandatory are, and why the team in the process of selection would change from one category to another, or recategorize in the way you did.

Mr. O'CARROLL. Congresswoman, I will take the first crack at it before I turn it over to Mr. Croft.

There are a couple issues, and you said that probably the biggest one is documentation. And our concern, as we have been monitoring this project throughout, is with a couple things.

One, we don't sit at the same table with GSA and SSA as these decisions are being made. And that is probably good for the sake of independence. We are not part of the process. We are just evaluating it.

One of the biggest concerns with regard to evaluating it is the timely receipt of the information. And then also, the documentation that we get. And that is where a couple of our issues have come up—the documentation on the decision-making. Many times the documentation has been lacking.

And another issue is that we try to be ahead of the curve. One of the biggest complaints about inspectors general is what they call the "gotcha" mentality, that we wait until things go wrong and then we point it out. What we are trying to do here is point out issues before they go wrong.

We have had a couple instances where by the time we got the information, a decision has already been made. And that is what happened with this report—the decisions had been made. The site had been selected. And subsequent to the decision, we issued our report where we flagged the issue. A year ago there were 14 different sites that were being evaluated, and they were being discarded based on different secondary criteria and primary criteria that were being considered. They kept narrowing it down. And then it got down to the three sites.

And what our concern was, was there any one of the ones that were discarded beforehand that would have been better than the three that were selected? And that is what the substance of our report was.

Ms. NORTON. Well, it raises a question, and maybe Mr. Croft and Mr. Foley can make us understand it. It raises some question when you change the criteria. You know, you change the criteria in the middle of the game and you can get any site you want.

So changing criteria is very bothersome. And I would like to know why the criteria for site selection would change in the midst

of site selection. I mean, that is pure and simple what I am interested in.

Mr. FOLEY. I will answer first because I think a lot of the site selection process falls under GSA.

Ms. NORTON. Yes.

Mr. FOLEY. As far as changing the primary and secondary criteria for the site selection, it was done very early on the process—

Ms. NORTON. So give us examples of primary and of secondary.

Mr. FOLEY. Primary are sort of the critical go/no-go. So does the site have the appropriate infrastructure? Can it provide the utilities to the site? All of those sorts of things. Secondary criteria are things like access to the site and other criteria that are nice to have but not critical to the operation of the factory.

And so as we were beginning the process and before we began evaluating any of the offers, we recognized that some of the criteria that we had as primary criteria were narrowing the number of available sites. We wanted to maximize competition, and we looked for other ways to mitigate some of the risks that were raised by some of these primary criteria.

So before we did any evaluation of any of the sites, we did change one of the criteria to a secondary. But that was really done so we that could maximize the number of available sites and the competition and find the most appropriate site with the least amount of risk so we could deliver it as quickly as possible for SSA.

Ms. NORTON. Generally, when GSA builds—am I out of time?

Chairman JOHNSON. You can go ahead and ask one more.

Ms. NORTON. I will just ask this remaining question, then, and I thank you for your indulgence, Mr. Chairman.

Generally, of course, when GSA puts out an RFP, one of the criteria is proximity to mass transportation. Is there any proximity to mass transportation? Do these workers have proximity to mass transportation where they are now located? How will they get to the site?

Mr. FOLEY. I would defer to Mr. Croft on the current mass transportation. We did evaluate all of the sites. The data center is a little bit of a unique facility in that the density and utilization and number of employees is less than, say, a typical office building that GSA—

Ms. NORTON. How many employees?

Mr. CROFT. In the new facility, my staff would be about 79, and then there would be additional facility staff, guards, things like that. And remember, these are three shift, 24/7 operations.

Chairman JOHNSON. Tell you what, the gentlelady's time is expired. Can you submit that answer in writing?

Mr. FOLEY. Certainly.

Ms. NORTON. Thank you, Mr. Chairman.

The projected number of employees for rotating shifts at the national Support Center (NSC) to provide coverage 24 hours a day, 7 days a week, and 365 days a year is 208. Of these, 97 will be Federal employees and 111 will be contractors.

Chairman JOHNSON. Mr. Brady, you are recognized.

Mr. BRADY. Thank you, Chairman Johnson, Chairman Denham. Thank you for hosting this hearing. Nice to see you again,

Mr. O'Carroll. Appreciate it. Look forward to working with you again this session. Mr. Foley, Mr. Croft, thanks for being here.

You know, our seniors just depend upon getting their checks on time and accurately, plus Social Security and the data you have play a critical role with other federal, state, and local agencies. So this is a critical issue.

When natural disasters in California collapsed roads and bridges, when the Minneapolis bridge, an I-35 construction flaw, collapsed, the Federal Government worked with remarkable speed, knowing that truly they didn't have an option and they needed to move quickly.

I am not saying we have a natural disaster on our hands. But obviously, we are on borrowed time with the aging NCC system as it is today. Mr. Foley and Mr. Croft, why can't we apply those principles to getting this project back at least to its original timetable in moving forward just to ensure that we have bought ourselves again more time to prevent anything from happening that really would have pretty critical impacts? Mr. Foley?

Mr. FOLEY. Certainly. As I said, we are committed to looking for every avenue to accelerate, and we are exploring all those. I think we have an aggressive schedule for the delivery of the data center on the construction side. And, you know, as with any project, there are clearly components of risk as we move forward through the procurement phase and through the construction phase.

But we are taking every step we can to mitigate those. So on the procurement side, we have detailed criteria, and we have a well-established process for the procurement, and we are confident that we can move through that quickly without any delays.

On the construction side, the two components, typically, where you see opportunities for delay are when you have an issue with the contractor. And so by going for the two-phase source selection where we get only the most qualified contractors, we think we are mitigating that risk as we move forward. The second phase or the second place where you often see delay is in changes in requirements, and we have worked extremely closely with Social Security to ensure that we have a well-developed program of requirements.

And so I think we are—we don't anticipate any further delays. And as I said, we are looking at all avenues we can to accelerate on the construction side, and I think on the migration side as well.

Mr. BRADY. On the construction side, of the elements that go into, both acquiring the site, designing and building, construction, as you said—and obviously, Mr. Croft, you have got the installation as well—what are the greatest risk factors for further delay in your experience with other projects? Where do we see the most risk in something slowing us down further?

Mr. FOLEY. I mean, I think I mentioned them previously. The two places where we see risk are during the procurement, where you have a risk, potentially, for a protest among the unsuccessful bidders—

Mr. BRADY. And how much could that delay it?

Mr. FOLEY. I think we are hopeful that we can move through that process fairly quickly. You know, it could be a matter of months to just a matter of weeks. We know we have got a good

process in place, so we hope to keep that to a minimum and we hope we wouldn't have any protest on the award.

On the construction side, the biggest risk is typically where you have changes of requirements. So as you get through the design and into construction——

Mr. BRADY. And does that hinge, really, on the coordination between Social Security and GSA?

Mr. FOLEY. Absolutely. And that is where our close working relationship has proved beneficial. We have a well-detailed program of requirements, and we are working in close coordination to make sure that we don't have any delays as we move through the construction side.

Mr. CROFT. Mr. Brady, I echo what David said. We have invested massive amounts of time working with the GSA team to make sure that that program is complete and will not be an impediment to this project.

So we are very, very much in the middle of this, and we will commit to keeping up with our colleagues from GSA.

Mr. BRADY. Thank you. What is the degree of certainty that we will get this building to Social Security in January 2015? And what is the degree of certainty we will finish the IT and systems 18 months later?

Mr. Foley, is it 100 percent? Ninety percent? Eighty percent? Seventy percent? Your experience with other projects, what should we expect?

Mr. FOLEY. Based on my experience, we do have an aggressive schedule, in part because we recognize the criticality of this. I think because of all the coordination and in part because of some of the environmental work and things that we need to know a little extra time up front, we are fairly confident that we can certainly deliver within the schedule we currently have and because of the risk mitigation that I mentioned up front.

Mr. BRADY. How comfortable?

Mr. FOLEY. We are very comfortable we could deliver that.

Mr. BRADY. Eighty percent comfortable? A hundred percent comfortable?

Mr. FOLEY. I would say at least 80 percent and more.

Mr. BRADY. I knew you didn't want to give that number.

[Laughter.]

Mr. BRADY. But for our own sake, I wanted to know just what this comfort level was.

Mr. FOLEY. I had to try.

Mr. BRADY. I am over time, Mr. Chairman. Do you want to answer quickly, Mr. Croft?

Chairman JOHNSON. Thank you. Go ahead.

Mr. CROFT. Well, for IT migration, I am extremely comfortable that we can make it within the 18-month time frame. And I am not a betting person, but I would bet we will substantially beat it.

Chairman JOHNSON. Well, I am concerned that you are moving some of the equipment from the old facility to the new one, and I don't know how you are going to make that transition on time. I hope you can.

Mr. Stark, do you care to question?

Mr. STARK. Not at this point, Mr. Chairman.

Chairman JOHNSON. Thank you.

Mr. Paulsen, do you care to—

Mr. PAULSEN. Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you.

Mr. PAULSEN. I just have maybe a couple of questions. Part of it has been the reassurance, obviously, of the members of this committee, and I am just learning about the timelines that are around the data centers that are out there. But let me just understand, maybe, some more of the impact because I am learning exactly all about the Social Security and the data that is kept there.

But Mr. Croft, knowing that what you are doing right now, you are doing everything possible, right, that you can to prevent the aging NCC from failing, if it were to fail this year—let's just say it failed. And I know there is a four-day backup plan that comes up. And I visit my local Social Security office the next day.

I mean, what would I find if I went in there the next day after a failure? Would I be able to file a claim? Would I be able to change the bank to where my checks get sent? Would I be able to do that? Would I be able to file an appeal that day if a claim was denied, for instance, or would it take a long period of time? Just help me sort out what might happen.

Mr. CROFT. Yes, sir. I appreciate the question.

First, if we had a situation like that, one of the first things we would be doing, of course, is communicating, not only to our own management team and workforce but also to the communities. We would be sending out information about the likely outage and the impact on operations. And for people that can wait to come file a claim or do things with us, we would be encouraging them to wait until we are back up and operational.

If you came into the office, though, and our systems were down, you could file a claim. We couldn't process it, though. You could file a claim on paper. We might take information from you to protect your filing date to make sure you don't lose any benefits and so forth.

We could take information from you related to changing a direct deposit, but we couldn't actually process that, either. We would wait until the system was up, and then we would have to work to key that information in and process it at that time.

So we would be there. We would be able to talk to people. We could take information from people. We could actually take paper claims and things like that. But we could not process them until the system was back up.

Mr. PAULSEN. So it sounds like essentially you are going to have a backlog occur until everything starts up again?

Mr. CROFT. A tremendous backlog would build up very quickly.

Chairman JOHNSON. Mr. Croft, can I interrupt you a minute? I thought you told me that a certain percentage of the system was running in Carolina now.

Mr. CROFT. It is. That is correct.

Chairman JOHNSON. And those would not be affected, would they?

Mr. CROFT. Yes. The things that are in Carolina would not be affected. That is correct, sir.

Chairman JOHNSON. So take the State of Texas, for example, which you are doing down there. If the main center went down, Texas would not be affected. Is that true?

Mr. CROFT. What we showed you there was the printing of Social Security cards for Texas. We could still print Social Security cards if we had the new information coming in. The main thing that is in North Carolina is all the medical evidence associated with our disability process, which is a huge growth area for us. That would still be up and operational.

But a lot of the online types of system and the claims systems that the question referred to, they are dependent on the National Computer Center at this time. So they would be down under the scenario that the question—

Chairman JOHNSON. For four days, according to you, five according to him?

Mr. CROFT. Four days to me, and working towards one.

Chairman JOHNSON. Thank you.

Mr. PAULSEN. Mr. Croft, let me just follow up, too. So if I am a business owner and I am using the E-Verify system, participating in that—that is the voluntary program that allows me to verify work authorization of my new hires—will I be able to verify new hires during that time frame?

Mr. CROFT. Yes, you will. That is one of the redundant systems between the two data centers. If it happened tomorrow, it would require some additional work from our colleagues at the Department of Homeland Security (DHS) to point their system to North Carolina. But we are all set up and ready to do that.

Mr. PAULSEN. And if I was going to call on like the 800 number, for instance, would I get an answer on the phone? Would I be able to conduct business or be a part of that?

Mr. CROFT. Yes. Yes, sir. Our phones would work, but our staff would have limited ability other than to talk to you and take information from you. For example, they would not be able to pull up your master beneficiary record to answer questions with specificity about your claims or your benefits.

Mr. PAULSEN. And maybe just I will close here. But let me ask you this, too. With the timelines, and you say you are reasonably sure that you can meet the current timelines even though we have already been delayed, but if everything is completed with the new center and there was an outage, is it going to be the same four-day backup? Or is it going to be we are going to have a backup now and we are not going to have that time frame to meet an emergency if there was an outage?

Mr. CROFT. Yes. We are at a four-day recovery time now, and we have an active project, irrespective of the replacement data center project, to drive that down to one day. And we will make that, as we have said, by the end of fiscal year (FY) 2012. And I believe we will actually beat that one as well, Mr. Johnson.

But we will be driving that down. So we will be at a one day recovery time if either of our centers fail.

Mr. PAULSEN. Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you.

Ms. Berkley, do you care to question?

Ms. BERKLEY. I do indeed, and thank you very much for holding this hearing. And thank you, gentlemen, for being here.

We are in the process of building a VA medical center in my congressional district. There are three buildings 147 acres, and it is the first new construction in the VA in 20 years. It is a massive undertaking. So I very much appreciate what you are doing and how you are doing it.

One of the questions that many people in my community would ask when we got the timeline on how long it would take to build these facilities was if we could build a 5,000-room hotel in Las Vegas in 18 months, how is it that this is going to take so long?

But now that it is nearing completion and I see what went into creating these buildings, I understood why it took as long as it did. So I fully appreciate your need to do your due diligence and produce a building that is going to not only be functional and safe, but will be with us for many decades to come.

I also realize how challenging site selection is because I grew up in my congressional district. I know every inch of it. And I had many suggestions for the appropriate site for this VA medical center. And as each one of my suggestions was shot down, I also came to appreciate that even though it was not even on my radar screen, the site that we chose was perfect for the function of these buildings. And we are going to be creating a whole new city within a city once this is up. So I want to thank you for doing your work.

We were able to build this VA center with a \$600-million earmark. And I am a great proponent of earmarks, although they seem to have fallen out of fashion lately. But what I was astounded is when we were talking about it being on time and being on budget, and I thought that was just great.

A few years after the start, I came to realize that there was another \$100 million that was needed for equipment and furniture and training and hiring, because we are going to be hiring a thousand people.

Do you need additional resources from the Federal Government? Do we have to appropriate it? Is it now up to your Social Security Administrator to come and make the request? Where are we in that process?

Mr. CROFT. Yes. Thank you. Out of the \$500 million that have been appropriated for this project, \$100 million is to be used as the down payment, if you will, for the actual outfitting of the building with IT, the transition of the IT, and so forth.

And at the time that this was done, we estimated that it could cost upwards of \$350 million altogether to do a full transition from the old building to the new. So what we will be doing is making requests as part of our budget process.

I believe you will start seeing requests from us, based on current timeline, in FY 2013/2014/2015, possibly 2016 as well, to cover the additional costs associated with transitioning all of the IT from the old building into the new and establishing that as a fully functioning new data center.

Ms. BERKLEY. And I am glad you brought that up because there have been a couple of questions asked about the effectiveness and the cost-effectiveness of transferring existing equipment from the old building to the new.

I am sure you have done a cost study on this, and is it less expensive to do this than purchase new?

Mr. CROFT. It will be for equipment that still has a lot of—
Ms. BERKLEY. Life?

Mr. CROFT. Correct. That is right. And we will be doing much, much more precise planning, actually starting later this year and getting into next year, as we actually are getting closer and closer to being able to take over this facility.

We will develop a master plan. We will start working through our budget cycles. We buy a lot of things, a lot of hardware, a lot of IT equipment anyway. What we're trying to do is time our regular refreshments of equipment.

If we can extend some of our equipment a little bit longer in the old building so that we can just ride our normal budget cycles for equipment that we were going to replace anyway and have it go directly into the new facility, that will be a way for us to cut down on that cost and make it go smoother.

Ms. BERKLEY. Thank you.

Mr. O'Carroll, in my final moments, seconds, you know the situation in my district, with the unprecedented growth and the amount of backlog we have and the lines that we have. If we roll back our budgets to 2008 numbers, what will that do to the people in my congressional district that depend on Social Security?

Mr. O'CARROLL. Congresswoman, I think that is an issue that Social Security is looking very hard at—what is going to happen to customer service. When you take a look at the last two years, the growth that SSA has had, the expectations now of the public are higher because backlogs have dropped, service has improved. If there are going to be budget cuts obviously it is going to have an effect on customer service.

One other thing we are always very concerned with is stewardship. One of my concerns is that stewardship not decrease. SSA should do its due diligence to make sure that the right people are getting the right benefits, and that that doesn't suffer, because oftentimes stewardship suffers whenever customer service gets higher priority.

Ms. BERKLEY. So penny wise and pound foolish?

Mr. O'CARROLL. Yes.

Chairman JOHNSON. The gentlelady's time has expired. Thank you.

Mr. Smith, you are recognized.

Mr. SMITH. Thank you, Mr. Chairman, and thank you to the panel for sharing your expertise and insights here. It has been interesting to listen to this now that the 2008 spending levels have been injected into this hearing and the stimulus funds and so forth.

But I can't help but think that the whole process—and I am fairly new to this project—but looking at the delays, and then the extra funds being directed to that and maybe not even speeding things up—and I don't want to go there necessarily. I am curious as to how the process could be streamlined in the future. I have talked to private contractors who say that government projects tend to take a long time, therefore cost more money, or vice versa.

And so if you could speak to something that could be done, perhaps—and maybe not even being able to respond to that today, but

for the record in the future—how can we get to the bottom of some of these things, the delays? And I am not faulting any one particular person or agency.

It is just that there seems to be so much placed into the decision that it becomes so burdensome. Then it is delayed. It is more expensive. Service perhaps could suffer, and efficiency overall is lost.

Can any of you speak to that in a brief moment?

Mr. FOLEY. I will take the first shot at it. I think there are unique requirements to building a federal facility. In particular, the data center is a complicated facility unlike a traditional or typical office building, even the ones that GSA builds for many of our other customer agencies.

So the timeline on this project is longer just simply because of the type of facility. When you are building a \$400- or \$500-million project, including equipment and all the technology that has got to go into there, the building mechanical systems are much more complicated. The phasing and sequencing is much more complicated. And so it does take a longer period of time.

There are also requirements that the Federal Government has for additional security—redundancy on the systems, which I defer to my colleague at Social Security to discuss a little more—but that are more complicated, require more due diligence than perhaps a typical private sector facility might go through. So I don't know if you—

Mr. CROFT. I appreciate your question. I am not an expert on this process. I do find it daunting, and I really respect my colleagues for the way they maneuver through it. It is an extensive process, and I don't have words of wisdom about it, to be honest, Congressman.

Mr. O'CARROLL. Mr. Smith, I am also in that same position—what we are doing is monitoring. What we are trying to do with our monitoring process is not to impede, not to delay the project, and do everything that we can to keep it on schedule.

But we have the same role of oversight. So I guess the best thing I can say, Mr. Smith, is I can assure you that the oversight role isn't going to be a lag indicator on the future of this project.

Mr. SMITH. Okay. Thank you. Thank you, Mr. Chairman.

Chairman JOHNSON. Just know that I understand duplication in effort in these kind of buildings. And there is a lot of technology going in there, and backup power, backup generators, backup this, backup that. And it is great that you are considering all those things.

Mr. Rangel, do you care to question?

Mr. RANGEL. Mr. Chairman, thank you, and Congressman Norton for having this hearing. I only want—

Chairman JOHNSON. Microphone.

Mr. RANGEL. I only want to take advantage of this moment to thank the panel of the great job that they are doing for hundreds of millions of Americans that we don't say thank you enough. But their lives and their families have been affected.

And I think the Social Security Act is one of the highest moments of our nation and the Congress. And continue your good work, and count on our support.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, sir. You lost your words, huh? You can talk longer if you want to.

Mr. RANGEL. No, no. I really think, when you are hearing things positive, progress is being made, you don't go backwards. You just thank them and move on.

Chairman JOHNSON. They do do good work in my view.

Mr. Berg, you are recognized.

Mr. BERG. Thank you, Mr. Chairman. Again, I want to thank you for all the work you put into this. In my real life I am involved in commercial real estate, and so I am somewhat familiar with the private sector.

And I just had a couple of just big picture questions. How big is the facility, and what is our cost per square foot in the new facility?

Mr. CROFT. I believe the building will be approximately 400,000 gross square feet.

Mr. FOLEY. I think it is, 400,000 square feet. And I think the overall total construction cost, including management and inspection and the design services, is about \$381 million. So I don't have my calculator here to do the quick math, but we can certainly provide the estimated construction cost per square feet for you.

Mr. BERG. Well, obviously, one of the things that is of concern to everyone here is what might be in jeopardy if we have a crash in the current facility, and really what is going on.

The other thing that I see is obviously our economy is in a slump now. And we look at this project and we say, when will the bulk of the jobs actually be out there receiving paychecks, and how can we speed that up?

And I am not going to go through all the timetable and everything you are doing because again, as you look at that, we can argue about that and talk about that. But in my experience—and I am just going to kind of lay out an analogy. I don't know if this is true or not.

But I think when it comes to government projects, there is kind of a private sector construction world out there, and there is kind of a way they do things, whether it is a data center or office building or warehouse, that they have timetables and what they go through.

And to some degree, it seems like through the government, when we are doing construction projects, we are saying, okay. We don't really care about how the industry normally does this. We are the government, and here is how we do this, and we are so concerned about having everything accounted for and everything competed for that we end up, in my opinion, sometimes taking twice as long for a construction project that ultimately costs us more because of the delays.

My other concern is in our effort to make everything fair for every contractor, we end up not having that many contractors compete because they are like, I don't want to do all that paperwork and spend hundreds of thousands of dollars to get in the game when there is only a 10 percent chance that I will get it. Instead of doing that, I am just going to do my normal work.

So maybe just—again, I am kind of stepping back. And not to pick on this project, but if we were going to kind of rethink how

we do major construction projects like this in a way that would be, again, two years rather than five years, I am asking for ideas or what you might think could be done differently from our standpoint to deliver, again, the same results, but faster.

Mr. FOLEY. Sure. I think that first I should note we have brought in expertise from the private sector, from folks who build data centers all the time, because this is a unique, highly complicated project.

So we are using our expertise, SSA's expertise of their requirements, and we have brought in consultants who are experts in terms of data centers to help with that, to make sure that we aren't adding things to the process and help make sure that we do that.

As far as your concern about how do we make sure that we get competition because of the process and all of that, that is one of the benefits of our two-step source selection, where we don't require as much detail up front before we narrow the list down.

So you get to a short list of folks, so they know I am not one of 50 competing. I think, based on our experience with other Recovery Act projects, we are confident that we are going to get good competition on this project.

And so I think there are differences between private sector and government, but we are always looking for opportunities and ways that we can streamline, and do it in the most efficient manner. But we do have certain rules, regulations, and a certain duty as the Federal Government to make sure that there is a fair opportunity for all entities to compete in this.

Mr. BERG. Mr. Chairman, let me reask that question. First of all, I am not asking you to defend anything.

Mr. FOLEY. Okay.

Mr. BERG. I trust that you are making a good decision. I trust that you have great contractors. I understand the process, and someone can have a dispute or a protest and it screws things up.

My question to you is, again, on the big picture, if we said this had to be done in two years rather than five years, is there anything that you can think of that says, you know, we could streamline this by removing some of these obligations or requirements? That is my question to you.

Mr. FOLEY. I mean, I think the longest parts in the process are through the environmental phase, which you are well aware of, you know, through any private development as well. Through the procurement, there are additional rules and regulations that do take a little bit longer for the government because we do have to have full and open competition as opposed to being able to go out to two or three contractors and say to do that. And so that does add time to the process.

As far as construction goes, we are hiring a private sector contractor to build the building, and so I hope that our actual construction time frame and the process we are using, design/build, is—it is common practice in private sector real estate. And so I think that portion of the process is fairly similar. So I think it really is on the front end where it is a little bit different.

Mr. BERG. Thank you. Just one followup? Or am I out of time?

Chairman JOHNSON. Go ahead. What have you got?

Mr. BERG. My question is, what is the plan for the property that you are going to be moving out of?

Mr. FOLEY. Sure.

Mr. BERG. And that may have been already addressed. If so, I apologize; you don't need to respond to that. But we don't want to wait.

Mr. CROFT. No. It hasn't been asked, sir. We are going through a master planning process on the campus. The building will stay in use. It probably will need to have some renovations once the IT is out of it. Again, the plumbing and all that stuff is original to the building.

My speculation would be it will be an office building for Social Security workers in Baltimore.

Chairman JOHNSON. Yes. That is another issue we need to look at. Thank you for bringing it up. Your time is expired.

I am going to allow Mr. Denham, the chairman, to ask one more question.

Mr. DENHAM. Thank you, Mr. Chairman. Actually, my question is the same as Mr. Berg's question, which I don't think was fully answered. I understand that there is going to be tenant improvements on the facility, on the building itself. But this is a 260-acre piece of property, is it not?

Mr. FOLEY. I believe that is correct. Yes.

Mr. DENHAM. What are we going to do with the rest of that property?

Mr. FOLEY. The Woodlawn campus has multiple SSA facilities on it, you know, as far as the operations there. But we have an operations center that we have just recently completed a major renovation on. There is the Altmeyer Building as well.

And so there are multiple other uses for the SSA headquarters. We are utilizing the site in a multiple of capacities. We are, as Mr. Croft said, in the master planning——

Mr. DENHAM. Is it 100 percent utilized?

Mr. FOLEY. I believe so, yes.

Mr. DENHAM. 260 acres, no vacant land out there?

Mr. FOLEY. Oh, there is additional land.

Mr. DENHAM. So it is not 100 percent utilized?

Mr. FOLEY. The buildings themselves are, yes. But there is additional land.

Mr. DENHAM. And what are we doing with the land?

Mr. FOLEY. Right now, I mean, it is just buffer area around the campus.

Mr. DENHAM. Could it be utilized for something other than buffer?

Mr. FOLEY. As a part of the study, one of the things we did look at was the ability to build on some of these portions. The topography and other things create some challenges. But as a part of the master plan, we will be looking at how we can better utilize the facility and the possibility for future growth and expansion of SSA at the Woodlawn campus.

Mr. DENHAM. Are there houses on that property?

Mr. FOLEY. I believe there are.

Mr. DENHAM. Individual dwellings?

Mr. FOLEY. I believe there are contiguous——

Mr. DENHAM. I believe there are, too. Any reason why we couldn't utilize the rest of the 260 acres to develop that area, put houses on there, and sell it off to some private developer that may be able to provide housing for that community?

Mr. CROFT. Well, part of the issue, Congressman—and we would love to have you come out to the campus if you want to look at it.

Mr. DENHAM. I would love to visit.

Mr. CROFT. A lot of it is parking, parking lots and so on.

Mr. DENHAM. 260 acres of parking lots?

Mr. CROFT. But there is also quite a lot of woodland area. But a lot of that has been buffer around the computer center, the National Computer Center.

Mr. DENHAM. But we are now moving the computer center. Correct? So we would not need the large buffer zone, and we would be able to develop that property, sell the property off. I am curious of what the timeline is to sell the property and to better utilize the existing facilities.

It is also my understanding that a number of the facilities on there we lease from private individuals for SSA. Correct?

Mr. CROFT. Not on the campus, no.

Mr. DENHAM. Obviously, which is even a bigger problem. We are leasing property outside of the campus even though we have got 260 vacant acres there. We are leasing property. Are we going to now move those individuals into the location that we are moving out of once the tenant improvements are done?

Mr. FOLEY. That is part of the master planning process. So we are looking at the best way to accommodate the overall needs on the site.

Mr. DENHAM. I would like to take a look at the entire plan and have that available to our committee. My assumption is that we are not going to fully utilize the 260 acres, so I would like to see what the opportunities would be to sell off that property and what it could be used for.

And then finally, I am assuming——

Chairman JOHNSON. I would like for you to respond to both committees in that regard, please.

Mr. DENHAM. Thank you.

Contingency on the overall project, I assume, is 10 percent contingency?

Mr. FOLEY. I believe so, yes.

Mr. DENHAM. So \$50 million, there could be an opportunity to reprogram \$50 million, assuming you come in on budget.

Mr. FOLEY. At the end of the process, yes.

Mr. DENHAM. Just as a statement, it is my understanding that in the past, when money is reprogrammed, it does not always go back through this committee, even though you have the obligation to bring it before this committee. This committee will make sure that we follow up on every project to make sure that every contingency comes through this committee as well as Appropriations.

Thank you for my time.

Chairman JOHNSON. Thank you, sir. I appreciate the question.

And thank you all for your presence here today and your comments. Thank you all, and the subcommittees will continue to mon-

itor your progress, both of us, to make sure the project is done right, within budget, and completed on time, if not ahead of time.

I appreciate all of my members who joined us. At this time, the committee stands adjourned.

[Whereupon, at 11:34 a.m., the subcommittees were adjourned.]

[Questions for the record follow:]

SSA National Support Center: Questions for the Record

1. *What specific controls has the GSA built into the process to prevent further delays and stay within budget for the National Support Center?*

GSA has implemented several controls designed to reduce the risk of further delays and exceeding the project budget and will continue to mitigate schedule and cost risks through the design/construction delivery.

Scope Management: GSA worked closely with SSA to prepare a thorough Program of Requirements (POR) that outlines the scope of the project to ensure SSA's requirements will be met with the completed project. GSA involved industry recognized data center experts in the development of the POR and compared its cost estimates to the baseline budget set by the feasibility study, as well as industry cost benchmarks. GSA will use a change management plan in the design and construction phases to include a detailed schedule and cost impact analysis prior to approval of potential changes.

Construction Management: To ensure continuity among the POR, design, and construction, GSA will exercise a negotiated option to provide construction management (CM) services with the same firm that worked with the SSA and GSA to develop the POR. This firm, Jacobs Project Management Company of Arlington, Virginia, will be involved with design reviews to ensure the requirements stipulated in the POR are met. The contractor will employ a dedicated staff of construction experts located at the construction site to monitor the design/builder's performance on a daily basis and will notify the GSA Project Manager and Contracting Officer upon discovering any deficiencies. GSA will include a detailed schedule of requirements as part of the design/build contract, and the CM will help enforce these requirements. GSA also has stipulated government review times in the overall project schedule and the contract's Statement of Work to help manage the timeframes for government decision making. The contractor, the construction manager, and GSA will use diagnostic and analytical tools throughout design/construction to track and manage the project budget and schedule.

Design/Build Contract: GSA chose a design-build delivery approach to minimize risks related to design and construction coordination by having a single point of accountability for both components. This delivery method will allow for early phases of construction and long lead equipment orders to commence in advance of the full design completion. To ensure a high quality design/build contractor is hired, GSA is using a two-phased source selection approach in which contractors are evaluated based on past performance on similar data center projects as well as on their price proposal.

By using these controls, GSA is confident we can prevent cost overruns and further delays. However, there may be unforeseen risks that are beyond GSA or SSA's control. One such risk is potential protests to the award of the design/build contract. GSA has built time into the procurement schedule to allow for more detailed reviews of the contract file to help eliminate schedule and cost risks associated with a potential protest.

2. *How much of the American Recovery and Reinvestment Act of 2009 funding has been spent to date? What additional funds will be spent before the end of the fiscal year and for what purposes?*

As of March 18, 2011, SSA has obligated \$385,881,201 to GSA in reimbursable work agreements (RWAs).

As of April 8, 2011, GSA has obligated \$3.7 million and outlaid \$3.2 million from those RWAs. GSA anticipates site acquisition by September 2011, with costs totaling approximately \$25,000,000 for acquisition and related costs.

3. *What are GSA's latest projections for how much the building is going to cost and will the cost come in under budget?*

The budget for design, construction, and site acquisition is approximately \$400 million. GSA's projections are still on target to complete the project within that budget.

4. *In Mr. Foley's written testimony, he referenced future expansions of the Woodlawn campus. Please explain what expansion this refers to and provide all related details as to content, timelines, and planning.*

Mr. Foley stated during his testimony:

"Though GSA and SSA remain committed to the presence of SSA at the Woodlawn campus for current mission needs and future expansions, the study showed that the National Support Center would be better served at a new site, where risk and cost would be minimized and construction could be completed more quickly."

GSA and SSA remain committed to the presence of SSA at the Woodlawn campus. We are looking for opportunities to bring SSA functions currently in leased space to the Woodlawn campus. To the extent that there could be new future requirements to SSA's mission that warrant increases in space, GSA will first look for ways to locate those requirements on the Woodlawn campus rather than in privately owned leased space.

5. What is the status of the Social Security Administration (SSA's) Master Planning Process that the GSA is working with the SSA to complete? Please provide all related details as to content, timelines, and planning.

GSA's real estate portfolio strategy for the Woodlawn SSA Campus has focused on phased building renovations to meet SSA's long-term facility needs. In addition to the federally-owned facilities located at Woodlawn, SSA also occupies considerable leased space in the Woodlawn area. Co-location of some of these leased office functions onto the campus is one of the housing solutions that will be evaluated as part of an upcoming master plan study of the SSA government-owned campus, either through construction of new office space, or through more efficient use of existing space. The master plan study also will provide a planning roadmap for needed rehabilitation of the buildings on campus.

In general, the master planning process has two phases. The first phase was a housing and leasing study that analyzed the owned and leased SSA building inventory and assessed the potential growth in SSA's mission and facilities needs. That study was completed in February 2011.

The second phase of the process is the master plan study. The master plan study will further evaluate future SSA headquarters requirements and devise conceptual housing solutions to meet those requirements. The evaluation will explore various housing alternatives, including new space and consolidation of leased space. The Woodlawn campus contains areas of developable land that has the potential to support a future SSA need. GSA has begun scoping and developing the requirements and plans to begin the procurement process for the master plan study this summer. We anticipate the master plan study to be completed by early 2013.

Concurrent with the master plan, a feasibility study will also be undertaken to analyze the condition and potential future use of the existing National Computing Center (NCC). This feasibility study will evaluate the repair and alteration requirements needed to continue housing the non-data center functions that will remain in the NCC building after completion of the new Data Center (NSC) and how the vacated space can best be reused by SSA after the IT functions in that building are relocated to the new NSC.





March 31, 2011

The Honorable Sam Johnson
Chairman, Subcommittee on
Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Johnson:

Commissioner Astrue has asked me to respond to your March 10, 2011 letter requesting additional information to complete the record for the hearing held on February 11, 2011, *Managing Costs and Mitigating Delays in the Building of Social Security's New National Computer Center*. Enclosed is our response to your questions.

I hope this information is helpful. If we may be of further assistance to you or your staff, please do not hesitate to contact Scott Frey, Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

I am sending a similar letter to Representative Jeff Denham.

Sincerely,

G. Kelly Croft
Deputy Commissioner

Enclosure

Enclosure – Page 1 – The Honorable Sam Johnson

MAJORITY QUESTIONS FOR THE RECORD

1. **What specific controls has the SSA built into the process to prevent further delays and stay within budget for the National Support Center?**

We regularly confer with the General Services Administration (GSA) on each step of the building process. Our principal control to ensure timely performance within budget is to thoroughly research and consider the requirements for the new facility, and complete those tasks on time. However, please note that GSA is responsible for timely project completion. We defer to GSA for further description of the controls it has established or plans to establish for the project.

2. **How much of the *American Recovery and Reinvestment Act of 2009* funding has been spent to date? What additional funds will be spent before the end of the fiscal year and for what purpose?**

As of March 18, 2011, we have obligated \$385,881,201 and outlaid \$2,954,741. GSA will report separately those outlays it will spend during the rest of the fiscal year (FY) and its purpose. We also intend to spend additional funds on Information Technology (IT) activities in FY 2011. We hope to have precise information on the IT expenditures in the next 60 days.

3. **The Commissioner has an advisory group of information technology experts known as the Future Systems Technology Advisory Panel. What recommendation has the panel made regarding the building of the new data support center and what actions has the SSA taken in response?**

At the Commissioner's request, the Future Systems Technology Advisory Panel (FSTAP) conducted a high-level review of our plans to replace the National Computer Center. FSTAP examined the physical and technological considerations related to the project, as well as the planning assumptions for workload capacity and risk management. In January 2010, FSTAP issued a report of its findings, entitled *Data Center Migration*. (See attachment 1)

Some of FSTAP's major recommendations for minimizing operational risks until the National Support Center (NSC) is complete included developing robust contingency plans in the event of future construction delays, utilizing virtualization at the National Computer Center, and installing new applications and equipment at the Second Support Center.

FSTAP also made recommendations for the NSC itself, such as utilizing "green" data center technologies only where there are tangible energy savings or substantial cost avoidance opportunities.

We generally concurred with FSTAP's comments, observations, and recommendations. On May 4, 2010, we provided our feedback to the FSTAP report at a meeting open to the public in Philadelphia, Pennsylvania. For more information, please find attached the full FSTAP report and minutes from the May 4, 2010 meeting. These documents are also publicly accessible on the Internet at www.ssa.gov/fstap. (See attachment 2)

Enclosure – Page 2 – The Honorable Sam Johnson

4. In his written statement, Mr. Foley from the General Services Administration referenced future expansions of the SSA's Woodlawn campus. What expansion is he referring to? Please provide all planning documents that detail these plans.

Over the years, GSA has worked with us to develop and periodically update a master housing plan for the Woodlawn campus. The current plan is outdated. In consultation with us, GSA is currently in the process of developing a new master housing plan. We would be glad to provide the Subcommittees the new master housing plan when it is complete.

5. In his testimony before the Subcommittee on Social Security in 2009, Mr. Gallagher included a chart outlining disaster recovery capability and timeline. Please provide a similar updated chart with as much detail as possible.

NCC Disaster Recovery Capability Timeline
(Updated March 2011)

Timeframe	Location	Data Restore	Data Loss	All Critical Systems	Ability to Recover All Non-Critical Systems	Capacity for Daily Transactions
Pre - 2010	SunGard	7 days	1-3 days	No	No	25-30%
1/2010	SSC	7 days	1-3 days	Yes	No	100%
Current	SSC	4 days ¹	1-3 days	Yes	Yes ³	100%
10/2012	SSC	24 hours ²	1 hour or less	Yes	Yes ³	100%

¹ The 4-day recovery time applies to critical systems only.

² The 24-hour recovery time applies to critical systems only.

³ Presently, we have the data center infrastructure (computing space, electrical power, and HVAC) to recover all non-critical systems and process 100% of their daily transactions but we do not have the necessary IT equipment. Procurement and installation of the necessary IT equipment to support non-critical systems will begin after critical systems are up and running.

Attachments (2)

Attachment 1 - FSTAP report, entitled *Data Center Migration*

Attachment 2 - FSTAP report and minutes from the May 4, 2010 meeting

**FUTURE SYSTEMS TECHNOLOGY ADVISORY PANEL (FSTAP)
 “DATA CENTER MIGRATION”
 Report
 January 2010**

Introduction

The Commissioner of Social Security asked the panel to conduct a high level review of the agency's plans to replace the current National Computer Center located on the main campus in Baltimore, Maryland. He asked that the panel examine the physical, and technological, considerations, as well as the planning assumptions for workload capacity and risk management. This report is a result of briefings made to the FSTAP members by SSA, GSA, and contractor personnel involved in the planning stage of the project; a review of reports and discussions on anticipated workload trends; and deliberations of the FSTAP subcommittee on the Data Center Migration, and the review and approval by the members of the full FSTAP panel.

The panel makes the following recommendations based on their knowledge, expertise and experience in the areas of information technology, large scale project management planning and oversight and data center construction.

Commissioner's Concerns with Existing NCC Architecture

The existing NCC is nearing 30 years in age. Although state of the art at the time, today this facility is severely limited as to the amount of power that can be distributed to each floor.

SSA received Congressional funding (\$500 million) to construct a new National Computer Center (NCC) and in partnership with GSA, SSA is planning to construct it and have it operational by 2014. However, with current workload growth rates SSA projects it will run out of electrical distribution capacity in approximately 2012. Unless SSA takes some remedial action, SSA will be unable to add more computer processing capacity to handle their increasing workloads.

Commissioner's Scope of Recommendations to be addressed by the FSTAP

1. Other than building renovations to upgrade the existing NCC, what other recommendations and viable options can the panel offer as to how the agency can remain operational and efficiently support the increased IT demands during the period from 2012 until 2014? How can SSA bridge the gap and minimize the risks until the new building is operational?
2. What recommendations can the panel offer so that SSA avoids mistakes other organizations have made in planning for a data center replacement? What are the best strategies and options to make a computer center flexible to accommodate future technologies, new business processes, and workload growth?

3. If the panel has additional recommendations they would like to make that are not included in items 1 and 2, the Commissioner asked that the panel provide them as well.

FSTAP's Observations and Suggestions Regarding the NCC

1. ***How can SSA bridge the gap and minimize the risks until the new building is operational - Recommendations to maintain operability and efficiency from 2012 - 2014.***
 - The development of robust contingency plans is essential. This contingency planning should encompass the potential for delays in the construction of the new facility and ensure that no existing programs or planned programs are impaired during the gap from 2012-2014, or while the agency is migrating from the current NCC to the new NCC. The agency should assess the possible pitfalls, delays and identify "worst-case scenarios" with the appropriate mitigation actions to be taken for each. The agency should have these recovery plans in place should any one of the possibilities occur and be ready to execute them.
 - The adoption of increased virtual computing environments to save space and power are strongly encouraged.
 - New applications and/or equipment should be installed in the Durham Center where possible.
 - The agency should examine their applications portfolio with the goal of determining potential candidates for retirement or outsourcing.
 - Create a master project plan for the data center initiative. This plan should reflect critical path milestones needed to meet dependencies of all the other major IT initiatives underway concurrent with the data center project.

2. ***What recommendations can the panel offer so that SSA avoids mistakes other organizations have made in planning for data center replacement?***

Recommendations based on Best Practices – Panel Experience

- "Cloud computing" is useful for certain business applications, however, at this state we do not believe the agency should deploy any mission-critical applications to a public "cloud computing" platform.
- We encourage the agency to examine a Software-as-a-Service offering for its email needs.
- Data Center Design and Construction
 - a. Plan for hot/cold aisles and "in-row" water cooling.
 - b. Eliminate disk storage in servers; storage area networks are more robust and space efficient.

- “Green” Data Center Technologies
 - a. These should be considered only where there are tangible energy savings or substantial cost avoidance opportunities.
 - i. Consider the use of cheaper power sources that may be available in some geographic locations.
 - ii. Utilize Plate heat exchangers to exploit more efficient use of ambient air temperature.
- New Data Center Operating Concepts
 - a. Consider having an extremely limited staff in the center. We recommend the provision of adequate space for emergency IT staff that may need to locate there in the event a disaster situation occurs.
 - b. The location of the command center for the new NCC can be housed at a different geographic location. This can provide security and labor cost benefits. Remote access technologies are sufficiently mature for this to be undertaken.

3. Additional Recommendations for the New Data Center Initiative and IT

- Strengthen overall plans
 - a. Establish one organizational owner responsible for the execution of all the IT activities associated with this project.
 - b. Align the overall strategic plan for the agency with the different IT activities that are in process or contemplated.
 - c. The agency’s business plan should ensure that each of the IT programs supports and delivers the capabilities the agency plans to provide to the public and other stakeholders
 - d. Identify a single technology executive in the agency who is accountable for alignment and execution of all of the IT functions.
 - e. Factor in plans to expand and increase capacity for growth, to process larger workloads, and advances in technology.
 - f. Ensure continuity-of-funding remains once the project begins. Determine how the agency will handle and plan for cost overruns.
 - g. Align all government organizations involved in the new NCC construction project activities with the agency’s overall business goals. Determine and agree on who is responsible for each aspect of the project, schedule, and outcome.
 - h. Plan for potential loss of key personnel and staff retirement by creating succession plans for a smooth transition without any gaps in knowledge.
 - i. Constantly oversee contract expirations and key vendor renegotiations which may impede the schedule, change resources or increase costs

- Assessing costs and estimates
 - a. Examine benchmark data to determine how the planned data center costs compare to similar Tier 3, Level 4/5 security data centers elsewhere in government. Also consider comparisons to comparable private sector projects.
 - b. Reconcile project cost differences between the Lockheed-Martin and GSA studies. These should be normalized for:
 - i. Additional security measures
 - ii. "Buy American"
 - iii. Use of union labor sources
 - iv. LEEDS certification
 - c. Strive to accelerate land acquisition to capitalize on current "buyers market".
 - d. The new location should take into account factors such as:
 - i. sources for power and telecommunications infrastructure
 - ii. Avoidance of I-95 and DC metro area traffic congestion
 - iii. Distance limitations associated with certain technology components (e.g., synchronous disk mirroring, etc.)
 - iv. Power needs of the future may exceed the 13,200v feeder capacity currently under consideration

3. *Long-Range Issues for Data Center Planning*

- Selecting a viable number of enterprise Data Centers
 - a. Reduce the need for space by exporting some "compartmentalize-able" applications. Buy a managed service application where possible, instead of adding equipment capacity at the NCC. Data privacy is a crucial factor to the applicability of this approach.
 - b. Develop the Data Center with a clear link between the agency's business plan and growth drivers.
 - c. A "hot-site" may still apply in multi-data center environments.
- Life span of Data Center
 - a. The lifecycle of the new NCC should encompass a horizon of 20+ years.
 - b. The upgrade or expansion of computer equipment should have as one of its goals the reduction of floor space, and the use of this space capacity for other purposes.
- The decision making consideration for future technology should consider 5 years as the normal limit of usable forecasts.
 - a. The agency should work with key vendors to obtain non-disclosure briefings on their product and service roadmaps.

Future Systems Technology Advisory Panel

May 4, 2010
Hotel Palomar
117 South 17th St, Philadelphia, PA 19103

Minutes

1. The Future Systems Technology Advisory Panel held its seventh meeting on May 4, 2010 from 9:00 A.M. to 4:00 P.M. in the Burnham Ballroom of the Hotel Palomar in Philadelphia, PA . The meeting was open to the public from 9:00 A.M. to 4:00 P.M..
2. Attendees included:
 - a. Future Systems Technology Advisory Panel members
 - **Alan Balutis**, Panel Chair and Director of the North American Public Sector, Cisco Systems' Business Solutions Group
 - **Phil Becker**, Associate Commissioner for the Office of Telecommunications and Systems Operations, Social Security Administration
 - **Andy Buckler**, Special Advisor to the Deputy Commissioner Services & Enforcement, Internal Revenue Service
 - **Gregory E. Buoncontri**, Executive Vice President and CIO, Pitney Bowes, Inc.
 - **John D. Halamka**, MD, MS, Harvard University, CIO, Harvard Medical School, CIO, Beth Israel Deaconess Medical Center. Dr. Halamka was available by telephone only.
 - **Blaise Heltai**, Founder, Genus2 Technology
 - **Henry C. Lucas, Jr.**, Department Chair and Smith Professor of Information Systems, University of Maryland
 - **David McClure**, Associate Administrator, Citizen Services and Communications, U.S. General Services Administration
 - **CJ Moses**, Senior Manager, Amazon Web Services..
 - **Frank Reeder**, Founder, The Reeder Group.
 - **Steve Sullivan**, Vice President of Global Technology Services, T. Rowe Price Group, Inc.
 - b. Social Security Administration Officials
 - **Michael J. Astrue**, Commissioner of Social Security
 - **Frank Baitman**, Chief Information Officer
 - **Betsy Bake**, Associate Commissioner, Office of Facilities Management
 - **Jim Borland**, Associate Commissioner, Office of Electronic Service and Strategic Information, Office of Disability Adjudication and Review
 - **Kelly Croft**, Deputy Commissioner, Office of Systems.
 - **Ephraim Feig**, Associate Chief Information Officer for Vision and Strategy

- **David Foster**, Assistant Deputy Commissioner for Quality Performance
- **Michael Gallagher**, Deputy Commissioner for Budget, Finance, and Management.
- **Eric Kressman**, Regional Chief Counsel, Philadelphia
- **William Martinez**, Deputy to the Special Advisor for Health Information Technology
- **Greg Pace**, Deputy Chief Information Officer
- **Ron Raborg**, Deputy Commissioner for Quality Performance
- **Debbi Russell**, Associate Commissioner, Office of Automation Support

c. Social Security Administration Staff

- **Ginny Skiest** for Dianne Rose, Designated Federal Officer (DFO)
- **Devin Fensterheim**, Hardy-Apfel IT Fellow

d. Members of the Public who presented oral or written statements

- None

e. Other members of the public

- Several members of the public attended the meeting

3. Description of matters:

Tuesday, May 4, 2010

- a. Meeting Kick-Off: Alan Balutis, panel Chairman, made welcoming remarks. Panel members and SSA officials introduced themselves.

Ginny Skiest introduced herself and members of the panel support staff. She discussed the meeting agenda, completed action items, and documents provided to the Panel.

The panel unanimously approved the meeting minutes of the sixth panel meeting.

- b. Data Center Migration Report and Data Center Trends and Best Practices Discussion – Agency Feedback was presented by Frank Baitman, Kelly Croft, Michael Gallagher, and Betsy Bake.

The panel heard the agency response to the Panel's report on data migration. The agency generally concurred with the panel's comments, observations, and recommendations.

The panel heard, as background information, that SSA's existing data center will soon need replacement, and that there is a need to continue operations at the existing data center through the anticipated production date of the new center in 2015. The agency is retrofitting the existing center to bridge this gap, for instance, by purchasing spare parts for the uninterrupted power supply system. . There is also a need for additional data consumption; an additional servers are added each month, resulting in power delivery becoming an issue.

The panel heard that the agency strongly agrees with the panel's recommendation for hardware virtualization, and it heard that the agency has an active virtualization plan. The agency also agreed with the panel's recommendation that hardware refreshment be focused primarily at the second site while refreshment at the existing NCC is minimized.

The agency indicated that the panel's recommendation for application portfolio management could warrant future requests to the Panel. SSA maintains over 500 production legacy applications, and has an existing process to manage the portfolio and to evaluate business value and maintenance costs. The panel heard that the process of developing the portfolio and preventing migration of unneeded applications is expected to be an ongoing process and that it may be an area in which the agency may seek future support. The panel also heard about the revamped IT investment process which produced SITAR (Strategic IT Assessment and Review). SITAR was designed to develop more strategic IT investment, and it divides IT investment among eight Portfolios Executives across the enterprise. The panel heard that analysis indicates that over 40% of IT spending is used on maintenance activity. The agency said that this is an area of concern that the SITAR process will be used to address.

The panel heard the agency concurs with the recommendation to limit the number of staff in the new data center. Mr. Buoncontri indicated that the agency utilize remote access to the data center. Mr. Moses concurred, indicating that legacy systems may require a higher onsite workforce, that office space is much less expensive than data center space, and that data centers are generally unmanned except when access to hardware is needed. Mr. Buoncontri recommended that the agency choose a staffing target and adhere to that limit.

The panel heard the agency's response to observations from the panel regarding the silo nature of the business approach. This response indicated that the agency endeavors, through the SITAR process, to move from a silo to a matrix management approach in order to increase accountability. The panel heard that the SITAR process involves making investments that span the enterprise and represent the correct investments for the entire agency.

The agency updated the panel on the data center acquisition and reported that the agency is currently engaged with GSA to build a program of requirements for award of the contract. The agency indicated that the recommendation that one person be in charge has great appeal. The agency reported that SSA and GSA meet quarterly with Congressional staff, and that SSA takes questions and responds quickly to Congressional inquiries.

The agency reported initial plans to move certain workloads to the cloud to realize the resulting process efficiency. E-mail was suggested as a potential initial cloud-based application. The panel heard that the agency would consider placing additional applications in the cloud, but that doing so requires a baseline for risk assessment. Several panel members offered feedback, indicating that while responsibility is transferred, risk is not, and that due diligence in selecting a provider is necessary.

Mr. Gallagher indicated that power consumption is a concern, and asked the panel for additional recommendations. The panel discussed mechanisms for reducing power consumption, including running the data center at a higher temperature, placement of hardware in separate rooms in contrast to a large open space, and reducing unnecessary code. Mr. Buoncontri offered to coordinate further discussion on this topic.

- c. Data Center Construction – A First-hand Experience was presented by panel member Steve Sullivan.

Mr. Sullivan presented on T. Rowe Price's experiences in the construction of a data center for disaster recovery of about 350 applications. The data center is a 60,000 square-foot facility including two separate 10,000 square-foot data centers.

The panel heard that T. Rowe Price was experiencing several of the issues in the disaster recovery space as SSA is experiencing in its primary space, including power supply and data center space issues. The panel heard that outsourcing and co-location were considered as possibilities; the costs for co-location or keeping the data center inside were about equal, and the firm decided to maintain control.

The panel heard that the selected location met the distance and infrastructure requirements.

The panel heard that T. Rowe Price engaged in a nine-month site selection process. Verizon was contracted to evaluate the site and to evaluate risks. The site was ultimately selected due to available infrastructure, low risk of natural or human disasters, carrier coverage, and proximity to the production site.

The panel saw a series of photographs documenting the construction of the data center between July, 2009 and April, 2010.

- d. Re-Imagining SSA Subcommittee Report was presented by panel member Henry Lucas.

Dr. Lucas presented the findings of the Re-Imagining SSA Subcommittee. The subcommittee used a scenario from SSA on agency processes, and attempted to imagine that process in a different environment. The subcommittee attempted to develop a sufficiently radical report and to push frontiers, to effect observable change.

The subcommittee recommended that online customer service model be the primary interaction channel for most of the US population. The panel heard that where there are many fewer points of face-to-face contact, such transition requires a major change in the organization itself. The subcommittee recommended moving away from paradigm where we serve people by meeting face-to-face, and presented the objective that 90% of all service transactions be completed electronically by 2015. Mr. Buckler indicated that IRS electronic filing, introduced in 1990, is currently about 70% and expressed concern that the 90% goal is too high. Commissioner Astrue indicated that there is something to be said for a difficult goal, and that currently 80% of people are using electronic wage reporting, and direct

deposit transactions may increase significantly with upcoming treasury initiatives. The Commissioner indicated that the agency is likely to make major transactions accessible on line and then set objectives that are aggressive but achievable. The agency is also engaged in cost effective advertising campaigns to advertise suites of services that encourage family members to help those needing access to SSA services.

Mr. Reeder expressed fundamental concern speaking of service delivery as though there is an expectation that people come to SSA as opposed to reaching out to the customer. Mr. Reeder indicated that it is counter-intuitive that people would come to SSA for a once-in-a-lifetime transaction, and argued that it would not be possible to exceed 20% without utilizing different channels including the nation's financial infrastructure.

Dr. Lucas reported that the use of HIT is very promising in reducing the length of time to process a disability claim. The panel learned earlier that MetLife uses a program to automatically determine disability, and reviews only the denials. Commissioner Astrue said that electronic records are problematic since they produce a significant number of false positives from 2.2 million filings; for instance, the text "We ruled out ALS" might be recorded erroneously as ALS.

Dr. Lucas recommended that all applications need to be accessible on cell phones. Mr. Astrue said that some third world nations are issuing payment through cell phones as an alternative for those who don't have traditional bank accounts.

Dr. Lucas proposed the implementation of a physical one-stop shop for government services, similar to the Australian CentreLink, which could use video kiosks and involve multiple state and federal agencies. Mr. Buckler indicated that the costs to maintain video kiosks are excessive, and instead organizations typically place workstations in walk-in office, encouraging customers to use web-based services. IRS has worked through volunteer organizations for tax preparation, and can consider such organizations as an extension of the workforce; and that while kiosks in public areas are appealing, physical security, maintenance, telecommunications, and information security issues tend to make this approach infeasible. Commissioner Astrue also noted that kiosks tend to not be used, and indicated as an example an unused kiosk observed in a Seattle field office waiting room that had not been used for several weeks. Dr. Lucas suggested that the waiting-room population might be self-selected, and that the agency may have skimmed out the kiosk-using population.

The panel heard discussion of disruptive future technologies. Dr. Lucas reported that a single breakthrough to eliminate the backlog was unlikely, and suggested the move to the Internet for as many transactions as possible and to utilize third parties.

Mr. Balutis suggested some minor changes and additional research on the use of mobile devices. Mr. Heltai and Mr. Balutis volunteered to provide assistance. Contingent on these final modifications, the panel unanimously accepted the report.

- e. Legacy Systems Subcommittee Report was presented by panel member Andy Buckler.

Mr. Buckler provided a summary of the subcommittee report. The subcommittee discussed the transfer from MADAM to DB2, and found mainframe based DB2 to be a reasonable technology solution.

The subcommittee suggested that the Agency bring in outside help to ensure the robustness of the data model. The subcommittee also made suggestions around the planning process in aligning the business strategy with application process, and found the SITAR process to be consistent with these recommendations.

The Panel approved the report without objection.

- f. Privacy, Authentication, and Fraud Detection Subcommittee Update was presented by panel member Frank Reeder.

Mr. Reeder provided a summary of the draft subcommittee report. The subcommittee reported that the ability to move from face-to-face to electronic access is important, and that the agency is constrained by two sets of concerns: the necessary authentication methods through the National Institute of Science and Technology, and a very low tolerance for risk from both a financial and reputational standpoint.

The panel heard that the Agency has developed an authentication strategy. The agency is in the process of implementing a solution for Level-3 authentication. The subcommittee found that the strategy, based on its observations, is sound.

Mr. Reeder reported that the subcommittee's main concern was from a reputational risk perspective, and recommended a more extensive consultation with affected groups from a privacy and usability perspective.

The panel heard that the agency had expressed an interest in having the views of the Panel on alternative means to provide Level-3 credentials. Mr. Reeder asked the panel for additional thoughts on balancing the need for authentication while simultaneously achieving the agency objectives for electronic services usage.

Mr. Moses expressed concern that the proposed use of credit card validation would subject the Agency to payment card industry security standard certification, and recommended against its use.

Mr. Balutis inquired about earlier efforts to implement a government-wide PKI solution. Mr. McClure reported that this effort is ongoing that there is some consensus around a federal PKI standard.

The panel discussed whether to appoint panel members with experience and background in this area. Mr. Baitman agreed to work with the panel to identify the exact nature of the request.

The subcommittee agreed to finalize the report and present a final copy to the panel at the next quarterly meeting.

- g. Marketing Online Services to a Spanish-Speaking Population – Follow-up was presented by Devin Fensterheim, Hardy-Apfel IT Fellow, SSA.

The panel heard an historical perspective of this issue and a discussion of guidelines and vision as well as an assessment of operational drivers and future challenges. The panel also heard discussion of the agency's Retirement Estimator, the use of social media, the flexibility of e-services infrastructure.

- h. Disability Backlog and HIT Subcommittee Update was presented by panel members Blaise Heltai and John Halamka.

Mr. Heltai and Dr. Halamka presented an update on the merged Disability Backlog and HIT subcommittee. The panel heard that the committee has moved toward broader process and governance issues. The panel heard that a paper will be delivered at the next quarterly meeting.

- i. Agency-Wide Strategic Planning Status Update was presented by Frank Baitman and Ephraim Feig.

Mr. Baitman discussed the agency's strategic planning process and the schedule for completion of the Agency Strategic Plan. The panel heard that the plan, whose targeted completion date is December 2010, will envision human resources, infrastructure and technology needs over a 5 to 10 year period and that it will include achievable, grand challenges as well as the use of metrics and short-term goals.

Mr. Feig discussed taking action in an evolutionary way to make substantial gains in service delivery while reducing the cost of operations. He recommended clearly identifiable goals and practical methods. He said that an outreach program will begin immediately, stakeholders will be engaged, and that regional meetings and online forums will be held.

Mr. Balutis recommended that the strategic planning process not be schedule driven and that it should be created in a very open, collaborative, communicative way that includes customers, constituents, citizens and other interested parties.

Mr. McClure recommended that strategic planning be done in a quick rapid cycle and that the results be inculcated in the business planning and governance processes. He added that the agency should be rapidly re-engaged.

The panel discussed development of a series of goals and Mr. Baitman asked for the panel's advice on metrics which can be used to drive the strategic vision.

- j. New Subcommittee Discussion

The panel created a subcommittee specifically designated to work with the Office of the Chief Information Officer in the area of strategic planning. The panel also created a joint subcommittee combining governance and policy with innovation and open government. Members were selected for both of these subcommittees.

4. Certification

I, Dianne Rose, Designated Federal Official for the Future Systems Technology Advisory Panel ("FSTAP Panel") hereby certify that the above minutes accurately describe the seventh meeting of the FSTAP panel, held on May 4, 2010 from 9: 00 A.M. to 4: 00 P.M. in the Burnham Ballroom of the Hotel Palomar, 117 South St., Philadelphia PA 19103.

Dianne Rose *Dianne L. Rose* 08/05/2010



March 21, 2011

The Honorable Sam Johnson
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Attention: Kim Hildred

Dear Chairman Johnson:

This is in response to your March 10, 2011 correspondence asking questions for the record, further to my testimony on February 11, 2011 before the Subcommittee on Social Security and the Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, at a joint oversight hearing, *Managing Costs and Mitigating Delays in the Building of the Social Security Administration's New National Computer Center*. I appreciate the opportunity to provide additional information regarding this critical issue. Below are responses to your specific questions.

1. Should the National Computer Center (NCC) fail, do you have any concerns with the Second Support Center's (SSC) ability to run both its workloads and the NCC's workloads at the same time? Has this ability been adequately tested?

With minor exceptions, we believe the SSC has the ability to run both its workloads and the NCC. If the NCC should become unavailable, the SSC can recover all mission-critical workloads with the exception of some disability-related workloads. Per SSA, the Agency has purchased and configured the equipment to enable it to recover all disability-related workloads. Due to budget constraints, SSA has not tested the equipment to date; however, the Agency plans to test the equipment as part of its July disaster recovery exercise.

In our Congressional Response Report: *The Social Security Administration's Disaster Recovery Capabilities* (A-14-11-21138), we stated, "until SSA tests and validates the critical NCC applications restored at the SSC at a level of processing that represents the daily workload levels of the Agency, there is a risk that the systems will not fully function if the NCC is unavailable." SSA responded that it believes, based on its capacity analysis, there is limited risk that the systems will not fully function if the NCC is unavailable.

2. Please provide your assessment of how the Commissioner is utilizing the Future Systems Technology Advisory Panel (FSTAP). Are there recommendations that have not been implemented that you think deserve further consideration?

Page 2—The Honorable Sam Johnson

To date, the Commissioner has asked the FSTAP to conduct various reviews and provide recommendations on how the Agency could improve its Information Technology investments and operations. The FSTAP has issued four reports since its inception in May 2008:

- *Low Hanging Fruit Quick Victories*, September 2009
- *Data Center Migration*, January 2010
- *Legacy Systems Conversion Report*, May 2010
- *Re-Imaging Social Security*, June 2010

The Commissioner requested three of the four reports. One report, *Low Hanging Fruit/Quick Victories* was a byproduct of initial briefings and site visits to various Social Security offices. The FSTAP has made over 50 recommendations or suggestions to SSA to help improve its systems and operations. We have not received information from SSA on the status of these recommendations. We do agree with most of the recommendations made by the FSTAP and believe SSA should develop an appropriate and timely action plan to implement them.

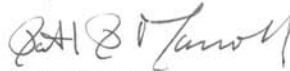
3. What is your understanding of the controls built into the National Support Center project by both the U.S. General Services Administration and the Social Security Administration which seek to prevent further delays and make sure the project stays within budget? Do you have any concerns with these controls?

We have not seen the controls built into the National Support Center project; however, we plan to review GSA/SSA's contingency planning. At this point, we are concerned that no contingency plan exists to prevent further delays and make sure the project stays within budget.

We are currently negotiating with our contractor to conduct our review, in which we will 1) determine if SSA has contingency plans to keep the NCC operational until the new data center is operational; 2) compare SSA's contingency plans to industry best practices; and 3) make recommendations to resolve weaknesses in SSA's contingency plans. We plan to initiate this review shortly.

Thank you for the opportunity to clarify these issues for the Subcommittee on Social Security. I trust that I have been responsive to your request. If you have further questions, please feel free to contact me, or your staff may contact Misha Kelly, Congressional and Intra-Governmental Liaison, at (202) 358-6319.

Sincerely,



Patrick P. O'Carroll, Jr.
Inspector General