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RECOVERY ACT PROJECT TO REPLACE THE SOCIAL SECURITY ADMINISTRATION'S NATIONAL COMPUTER CENTER

HEARING

BEFORE THE

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

JOINT WITH THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

DECEMBER 15, 2009

Serial No. 111–39

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE

63–031 WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
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RECOVERY ACT PROJECT TO REPLACE THE SOCIAL SECURITY ADMINISTRATION'S NATIONAL COMPUTER CENTER

TUESDAY, DECEMBER 15, 2009

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
JOINT WITH THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT,
Washington, DC.

The Subcommittees met, pursuant to notice, at 9:31 a.m. in room 1100 Longworth House Office Building, the Hon. John Tanner [Chairman of the Subcommittee on Social Security], presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

Chairman Tanner and Chairwoman Holmes-Norton Announce a Joint Oversight Hearing on the Recovery Act Project to Replace the Social Security Administration's National Computer Center

December 9, 2009

Congressman John S. Tanner (D–TN), Chairman of the House Ways and Means Committee Subcommittee on Social Security, and Delegate Eleanor Holmes-Norton (D–DC), Chairwoman 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 the progress made to replace the Social Security Administration's National Computer Center. **The hearing will take place on Tuesday, December 15, 2009 in the main Ways and Means Committee hearing room 1100 Longworth House Office Building, beginning at 9:30 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.

BACKGROUND:

In February, Congress passed and the President signed the American Recovery and Reinvestment Act of 2009 (ARRA, Pub. L. 111–5), which provided $500 million for the Social Security Administration (SSA) to begin the process of replacing its national computer processing and data storage facility, the National Computer Center (NCC). This amount is expected to cover the cost of building a new facility and part of the cost of equipping it. Replacement of the NCC is the single largest building project funded under the Recovery Act.

The NCC houses 450 million records of Americans' earnings and benefit data for almost 56 million beneficiaries. It performs a billion electronic transactions annually in the administration of benefits and data-matching agreements with other federal, state and local agencies. As reliance on electronic processing and technology has grown, the ability of the current NCC to function effectively is deteriorating. The NCC is nearly thirty years old and the building in which it is housed is nearing the end of its useful physical life. The NCC's capacity is inadequate to meet anticipated future needs, and deterioration of the facility is posing increasing risks to SSA operations.

For these reasons, Congress provided SSA with necessary funds to begin the process of constructing and equipping a new facility. The General Services Administration (GSA) is managing the process of locating, designing and constructing the building which will house the new data center. In addition, the SSA Office of Inspector General (OIG) was assigned additional oversight duties under the Recovery Act, including oversight of the NCC project.

SSA also has completed construction of and has transferred some computer operations to a secondary data center in North Carolina. This secondary data center was initially designed to support a portion of the work done at the NCC, but is now being developed as a comprehensive backup facility in case of failure of the NCC. It is unclear whether this secondary center will be fully operational in time, or if it will have sufficient capacity, to provide full backup support in the event of failure of SSA's primary data processing facility.

In April, the Subcommittee on Social Security held a hearing on the initial plans and progress on this complex project. In May, the Subcommittee on Economic Development, Public Buildings, and Emergency Management also held a hearing on GSA's plans to execute the Recovery Act.

This hearing will continue Congressional oversight of this critical project. It will provide a general update on the status of the project, including an examination of the decisions made thus far, and on the planning and next steps being taken by SSA

and GSA. It will also provide an update on the agencies' plans for avoiding delays in the project's completion, and contingency plans in the event of catastrophic failure of the existing NCC prior to completion of the new facility.

In announcing the hearing, Chairman John Tanner (D–TN) stated, "Many of us strongly support the unprecedented transparency requirements for projects in the American Recovery and Reinvestment Act, including the construction of a new and updated Social Security data processing facility. This investment is urgently needed to ensure continued smooth operation of a program that is so crucial to 56 million Americans. Our subcommittee is committed to making sure that the decisions made in pursuit of replacing the Social Security Administration's (SSA's) primary computing facility are fiscally and technically sound and help continue SSA's improvements in service to beneficiaries and other taxpayers."

Chairwoman Eleanor Holmes-Norton (D–DC) stated, "I am pleased to hold this joint hearing on the General Services Administration's SSA primary computing center. Our committee has held four stimulus tracking hearings and believes that focusing on this project, with its many unique environmental and technical aspects, will serve as an excellent way to drill down into one project to highlight and explore the process and progress across the GSA portfolio."

FOCUS OF THE HEARING:

The hearing will focus on the progress to date of SSA and GSA in using ARRA resources to replace the NCC, including the development of requirements for the new center, and the site selection process and criteria. The hearing will also evaluate SSA's and GSA's management of the potential for unexpected cost and delay. Finally, the hearing will examine SSA's preparedness in case of catastrophic failure of the existing NCC, including the role of the new data support center in North Carolina.

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://democrats.waysandmeans.house.gov, select "Committee 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, complete all informational forms and click "submit" on the final page. ATTACH your submission as a Word or WordPerfect document, in compliance with the formatting requirements listed below, by close of business Tuesday, December 29, 2009. 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.

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 or WordPerfect 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://democrats.waysandmeans.house.gov*.

Chairman TANNER. We will come to order. I am informed that Mr. Johnson is entering the premises now. I have been assured—we have a slight time problem here—that he has no objection to us going ahead. I know Ms. Holmes Norton's Ranking Member, has previously told us they would be running a little late.

We will get started with our opening statements and then by that time hopefully Mr. Johnson will arrive.

This is a joint oversight hearing that we have called. I want to welcome warmly Chairwoman Holmes Norton, who is our colleague on the Subcommittee on Economic Development, Public Buildings and Emergency Management, the House Committee overseeing GSA.

I told her a while ago she may be the only one in Congress who is home for Christmas. The rest of us will be in our dreams, I am afraid.

This is a critical project. It is the largest and one of the most needed construction projects funded by the American Recovery and Reinvestment Act.

This is the second hearing the Subcommittee on Social Security has had concerning the project. I want to welcome again Chairwoman Holmes Norton and thank her for all her work in this regard.

We have some real questions. I am not going to read all of my opening statement because I want to give this panel an opportunity and Ms. Holmes Norton an opportunity to talk about their interest in it.

I want to know why we are in such a time crunch here and what has happened. I want to ask about some of the decisions that have been made and why they were made as they were.

We are up against a time line here because in January I am told we will have a decision made on a location for the new data center.

I hope we have a productive hearing this morning. I think we will.

[The prepared statement of the Honorable John Tanner follows:]

Opening Statement of Chairman John Tanner
Joint Hearing of the Subcommittee on Social Security, Committee on Ways and Means, and the Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure
December 15, 2009

Today's joint oversight hearing is intended to provide a status report on the effort to replace the Social Security Administration's (SSA's) National Computer Center (NCC), which is the largest and one of the most critical construction projects funded by the American Recovery and Reinvestment Act of 2009.

This is the second oversight hearing the Subcommittee on Social Security has held concerning this project, which will improve SSA's ability to efficiently serve 56 million beneficiaries and 150 million working Americans.

We are joined today by our colleagues from the Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management, who have jurisdiction over the General Services Administration. We welcome Chairwoman Holmes Norton and thank her for her continued interest and insight.

Congress recognized that replacing the existing NCC had become an urgent matter and provided adequate funding to SSA to begin that process as quickly as possible. At the same time, our responsibility to the taxpayer as well as our obligations as stewards of Social Security require transparency and fiscal soundness in every decision being made to replace the NCC.

Early next year, the decision on a preferred location for the new data center will be made. We wanted to take the opportunity before this year ends to receive an update from the agencies about the progress and decisions made to date.

I understand that even prior to the Recovery Act, SSA had decided that a new data center would need to be located away from its headquarters campus. But the rationale for this decision was not entirely clear until this Subcommittee requested and received just recently an independent and thorough analysis from GSA of the feasibility of building on the campus. I expect GSA to explain some of this analysis today.

The Subcommittee is also concerned about the gap between the time when the existing NCC is expected to run out of capacity, and when the new data center is projected to be completed. I understand SSA expects that the new, secondary data center built in North Carolina can help carry the load and fill this gap. We are eager to learn more about this expectation.

I thank Mr. Johnson, our colleagues and the witnesses for participating in this hearing at this very busy time of the session.

Ms. Holmes Norton, do you have an opening statement?

Ms. NORTON. Thank you, Mr. Chairman. Mr. Chairman, I am going to simply synopsize my opening remarks and ask that my full statement be placed into the record.

I want only to say how pleased I am to sit with Chairman John Tanner and with the Ways and Means Committee in what amounts to a partnership between two agencies, General Services Administration, which comes under the jurisdiction of my Subcommittee, and of course, the Social Security Subcommittee.

To have what amounts to a discussion of something that rarely happens in the Federal Government, where an agency gets a direct appropriation to do construction.

The GSA is the Federal Government's expert construction and real estate agency. When it does, the agency which usually does not have particular expertise in construction, turns to the GSA, and the GSA is pleased that the Recovery Act has provided half a billion dollars to the Social Security Administration for a new National Computer Center, which we understand is very much needed.

You are in an overloaded facility. You are in an energy inefficient facility which is costing the taxpayers needless dollars.

I also want to say how important this large and important center is for job creation, which is an important element of the stimulus package. We are sure in Maryland where this is to be built and in the surrounding area, that part of the mission of these funds will be fulfilled.

I thank you very much, Chairman Tanner. I yield back.

[The prepared statement of the Honorable Eleanor Holmes Norton follows:]

STATEMENT OF
THE HONORABLE ELEANOR HOLMES NORTON
DECEMBER 15, 2009
Joint Oversight Hearing with the Committee on Ways and Means on the
Recovery Act Project to Replace the
Social Security Administration's National Computer Center
Woodlawn, Maryland

I am pleased to sit with the Ways and Means Committee Members and John Tanner, Chair of the Social Security Subcommittee concerning the National Computer Center at Woodlawn, MD. The Subcommittee on Economic Development, Public Buildings and Emergency Management has jurisdiction over the GSA, which has been allocated $5.5 billion by The American Recovery and Reinvestment Act of 2009 (P.L. 111-5) ("Recovery Act"), to convert federally owned GSA buildings into high performance green buildings.

Because the GSA is the federal government's expert real estate and construction agency, GSA also assists other agencies in construction projects in the rare case when these agencies receive direct appropriations for construction. Today's hearing will focus on a partnership formed by two federal agencies, the General Services Administration and the Social Security Administration, to provide a new facility for the Social Security Administration, using a full and open competitive process. The Recovery Act provided $500 million for the Social Security Administration (SSA) to replace the National Computer Center (NCC), its national computer processing and data storage facility, located in Woodlawn Maryland. This amount is expected to cover the cost the new facility and part of the cost of equipping it. The existing Center is nearly thirty years old, is housed in an antiquated building and is very energy inefficient. This facility is inadequate to meet the

service needs of a modern 21 century computer facility in addition to significant energy issues inherent in an old facility. The security of 450 million records of earnings and benefit data for almost 56 million beneficiaries is severely compromised in the present structure.

The Recovery Act provisions for energy efficient repairs and construction is a classic example of stimulus spending by government that has the best record for meeting the three stimulus tests simultaneously: (1) to provide jobs; (2) to stimulate the economy broadly; and (3) to meet the existing responsibilities of government for infrastructure. This job creation bill is helping to revive the construction sector of our economy, and the infrastructure jobs created, in turn, are feeding and helping revive other sectors down the line.

The National Computer Center is an example of the best and most efficient use of Recovery funds. Not only will this construction support job creation, but in addition the Federal Building Fund will benefit from annual rent payments from the facility to help keep federal buildings in good repair, while the SSA will benefit from a highly efficient and modern facility whose operations are vital to the American people.

We will look closely at the GSA-SSA partnership for lessons that can assist us with similar federal agency partnerships. I look forward to learning from today's witnesses and to being of assistance with this project.

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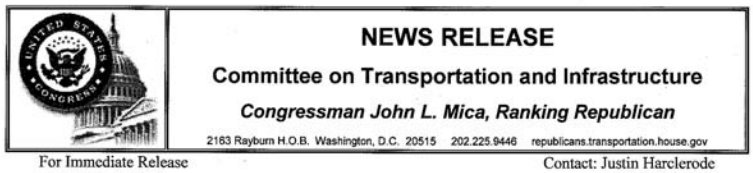
Chairman TANNER. Thank you, Madam Chairman.

Mr. Johnson has joined us. Before I recognize him, I would like to ask unanimous consent that all opening statements be entered in the record in their entirety.

[The prepared statement of the Honorable Mario Diaz-Balart follows:]



NEWS RELEASE

Committee on Transportation and Infrastructure

Congressman John L. Mica, Ranking Republican

2163 Rayburn H.O.B. Washington, D.C. 20515 202.225.9446 republicans.transportation.house.gov

For Immediate Release
December 15, 2009

Contact: Justin Harclerode
(202) 226-8767

Rep. Mario Diaz-Balart (R-FL), Ranking Member
Subcommittee on Economic Development, Public Buildings and Emergency Management
Hearing Statement
"Recovery Act Project to Replace the Social Security Administration's National Computer Center"

The National Computer Center is critical to supporting all of SSA's functions, storing data and applications and processing billions of transactions annually. The NCC must be reliable and operational 24/7, 365 days a year.

Unfortunately, the facility that currently houses the NCC is aging and must be upgraded to meet the needs of new technology, redundancies, and the current requirements for data centers.

The Recovery Act included $500 million for the replacement of the NCC and SSA has engaged GSA in locating, designing and building a new data center.

While the hearing today is focused on the NCC project, it is important to mention that the Recovery Act was touted as a bill critical to boosting the economy and creating jobs. Despite this stated purpose, real questions remain on how effective the Act has been in creating jobs.

For example, on October 30th, the Administration posted updated figures on the number of jobs created or saved on the Recovery.gov website. That figure, over 640,000, as I pointed out in a previous hearing, was subsequently called into serious question following investigations by news organizations, the GAO, and Members of Congress. Despite the clear inaccuracies of this data, this figure remains on the website, which is costing the taxpayer $18 million.

In addition, earlier this month, a Republican report taking a closer look at 100 projects funded by the Recovery Act raised serious questions as to how much of the so-called stimulus is wasteful spending.

I remain very concerned about some of the projects funded by the Recovery Act and whether other priorities have replaced the primary goal of job creation.

With that said, I do believe that the project we are examining today is one that is critical for the American people. Millions of Americans and employers rely upon the proper functioning of the NCC everyday, and we know that the current NCC is nearing the end of its useful life.

Today, I believe the key issue in examining this project is ensuring that a new data center is built cost-effectively, quickly, and in a way that maximizes job creation.

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http://republicans.transportation.house.gov

[The prepared statement of the Honorable Betsy Markey follows:]

Betsy Markey
12/15/09

Congresswoman Betsy Markey
Statement for Social Security Hearing
December 15, 2009

I would like to thank Chairman Tanner and Chairwoman Norton for holding this hearing today. With the goal of creating and saving jobs, rushing relief to America's businesses and families, and pulling our country back from the brink of catastrophe, the Recovery Act was signed into law by President Obama in my home state of Colorado on February 17th. I am pleased to see that the Transportation and Infrastructure committee is combining forces with the Ways and Means Committee to track the spending and progress of this legislation. Transparency is essential with the American Recovery and Reinvestment Act, and I look forward to hearing how the Social Security Administration will use these funds to update its facilities. It is critical that we protect that the date held in National Computer Center and that emergency scenarios are accounted for when the new facility is designed. I look forward to hearing from our witnesses and thank you for the opportunity to make an opening statement.

Chairman TANNER. Mr. Johnson?

Mr. JOHNSON of Texas. Thank you, Mr. Chairman. I want to thank you for holding this important hearing and welcome our witnesses.

Before I turn to the hearing subject, in light of the Social Security Subcommittee Chairman's recent retirement announcement, I want to take advantage of this opportunity to personally acknowledge and thank the Chairman for his long and distinguished service to this nation.

Chairman TANNER. Thank you.

Mr. JOHNSON of Texas. Mr. Chairman, the American people have truly benefitted from your leadership and I am proud to call you a good friend.

Chairman TANNER. Thank you, sir.

Mr. JOHNSON of Texas. With about a year to go, I still look forward to working with you on this Subcommittee and thank you for all you have done. God bless you in whatever you try to do in the future.

Turning to the focus of today's hearing, Social Security is at a critical crossroads. While this hearing may seem rather technical in nature, at heart, it is about Social Security being able to operate day in and day out for the American people.

As our population ages, more workers and retirees are depending on Social Security's essential benefits and services that they paid for throughout their lives with their hard earned wages.

Social Security's ability to deliver those services depends on its use of modern, secure technology that they and the American people can rely on. Yet Social Security's 30 year old National Computer Center that allows the Agency to process applications, pay benefits and store secure data for most U.S. workers is on its last legs.

That is why Congress has given Social Security $500 million to build a new 21st Century center.

In the meantime, however, should the current center fail, Social Security's recovery plan falls short. Currently, it would take a week to restart only some of the system's operations, and even then Social Security will only be operating at a third of its current level.

Social Security reports it is making progress on plans to fully restore service delivery and protect Americans' personal information in the event of a major failure by bringing on line its back-up data center in North Carolina early next year.

I look forward to hearing from Social Security in terms of what it is doing to ensure there is minimum disruption in service to the American people in the event of a system failure and the progress it is making to bring its North Carolina center on line.

Replacing Social Security's outdated National Computer Center with a new support center is critical to maintaining and improving service delivery.

Taxpayers are investing $500 million in this project. They rightfully deserve to know their investment will produce the right state-of-the-art center on time and within budget. It should not take seven years as we have been told.

I thank the witnesses for joining us today and presenting their expert testimony and I yield back the balance of my time.

[The prepared statement of the Honorable Sam Johnson follows:]

Opening Statement of Ranking Member Sam Johnson
Ways and Means Subcommittee on Social Security
and Transportation and Infrastructure Subcommittee on
Economic Development, Public Buildings, and Emergency Management
Joint Hearing on the Progress Made to Replace
the Social Security Administration's National Computer Center
December 15, 2009

(Remarks as Prepared)

Mr. Chairman, Madame Chair,

I want to thank you for holding this important hearing. But before I turn to this hearing's subject, and in light of the Social Security Subcommittee Chairman's recent retirement announcement, I want to take advantage of this opportunity to personally acknowledge and thank the Chairman for his long and distinguished service to this nation.

Mr. Chairman, the American people have truly benefited from your leadership, and I am proud to call you a good friend.

With about a year to go I very much look forward to working with you here on the Subcommittee. Thank you again for all that you have done. God bless you.

Turning to the focus of today's hearing, Social Security is at a critical crossroads. While this hearing may seem rather technical in nature, at heart it is about Social Security being able to operate day in and day out for the American people.

As our population ages, more workers and retirees are depending on Social Security's essential benefits and services that they paid for through their hard earned wages.

Social Security's ability to deliver those services depends on its use of modern, secure technology that they and the American people can rely on. Yet Social Security's 30-year old National Computer Center that allows the agency to process applications, pay benefits and store secure data on most U.S. workers is on its last legs. That's why Congress has given Social Security $500 million to build a new, 21st Century center.

In the meantime however, should the current Center fail, Social Security's recovery plan falls short. Currently it would take a week to restart only some of the system's operations, and even then Social Security will only be operating at a third of its current level.

-OVER-

Social Security reports it is making progress on plans to fully restore service delivery and protect Americans' personal information in the event of a major failure by bringing on line its backup data center in North Carolina early next year.

I look forward to hearing from Social Security in terms of what it is doing to ensure that there is minimal disruption in service to the American people in the event of a system failure and the progress it is making to bring its North Carolina center on line.

In the longer term, replacing Social Security's outdated National Computer Center with its new Support Center is critical to maintaining and improving service delivery. With taxpayers investing $500 million in this project, they rightfully deserve to expect that their investment is being used to build this new Center on time and within budget.

I thank the witnesses for joining us today and presenting their expert testimony.

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Chairman TANNER. Thank you, Mr. Johnson. Without objection, we will put all the opening statements in the record in their entirety.

Ms. Brown-Waite, you are recognized.

Ms. BROWN-WAITE. Thank you very much, Mr. Chairman.

I come from Florida and I represent a huge number of people on Social Security. I do not think I am number one in the nation. I think I am number two in the nation with people on Social Security. I know on Medicare, I am number one.

One of the things that I believe taxpayers really bristle at is the slowness with which Government responds. The Social Security Ad-

ministration—I know in previous years you have not had the funding that you needed. You have the funding now and to say it would take seven years to build is a little frightening, quite honestly.

It is a disappointment to taxpayers and to those who have paid into Social Security.

I am looking forward to hearing your testimony on what is being done to expedite the process while still being able to process those very necessary Social Security payments to individuals.

I know that most people here did not come to hear us speak but rather to hear you speak, so with that, Mr. Chairman, I am going to yield back the balance of my time.

Chairman TANNER. Thank you. We will have unanimous consent that all of the witnesses' statements be included in the record in their entirety, and we will ask the witnesses to please try to hold their statements to five minutes.

Before we begin, I understand, Mr. Gray, you will be retiring and this is your last appearance before the Subcommittee on Social Security. Thirty-three years. Your service has been recognized by the Commissioners, Presidents and all of your peers, and we thank you.

As Mr. Johnson was saying nice things about me, I am reminded of the fellow that was lamenting the fact that he would not be able to attend his own funeral because there would be so many nice things said about him, he said but I am going to miss it by three days.

[Laughter.]

Chairman TANNER. Mr. Gallagher, you are recognized for five minutes, sir.

STATEMENT OF MICHAEL GALLAGHER, DEPUTY COMMISSIONER, OFFICE OF BUDGET, FINANCE AND MANAGEMENT, ACCOMPANIED BY BILL GRAY, DEPUTY COMMISSIONER FOR SYSTEMS, SOCIAL SECURITY ADMINISTRATION

Mr. GALLAGHER. Thank you. Chairman Tanner, Chairwoman Holmes Norton, Ranking Members Johnson and Diaz-Balart, and Members of the Subcommittees, good morning.

I am Michael Gallagher, Deputy Commissioner for Social Security's Office of Budget, Finance and Management, and the Senior Accountable Official for Recovery Act funds.

I am joined here today by Bill Gray, Deputy Commissioner for Systems. I am also pleased to be joined by Pat O'Carroll, our Inspector General. We work closely with his office as it plays a vital role in ensuring the thoroughness of our decision making and actions.

On behalf of Commissioner Michael J. Astrue, I thank you for the opportunity to update you on the progress we have made working with the General Services Administration (GSA) in replacing our outdated National Computer Center (NCC) using the $500 million appropriated to us in the Recovery Act.

First, we want to thank you for your prompt response after we informed you of our need for a new data center. Our new data center is needed to ensure that we can continue to perform our vital services for the American public.

We collect benefit, earnings, and demographic information on virtually every American. Over the last decade, we have moved from a paper-based system to electronic processing of our core workloads.

Currently, over 95 percent of our work is electronic. As new benefit applications continue to flood our Agency due to the economic downturn and the aging of the baby boomers, we are handling an all-time high of over 75 million electronic transactions per day. Without technology, we would be unable to manage this onslaught of work.

In order to ensure that we get our technology right, we continually examine our needs and the available technology to fit those needs, not just today but in the future.

For example, we have established an advisory committee of world-class IT experts from top universities, successful companies, and other agencies for the best technical advice to guide our future use of technology.

Internally, we have strengthened the role and functions of our Chief Information Officer (CIO) to ensure that we have a transparent and long-term vision and a process is in place to make use of leading edge technologies.

One of the three issues you identified for the hearing today was our preparedness in case of a catastrophic failure of the NCC, including the role of a new supplemental center in North Carolina.

Let me briefly address that issue now. Currently, if our NCC went down, we would take our back-up tapes to a commercial hot site to recover data. This process would take seven days and would provide only about 25 to 30 percent of our capacity to run our most critical applications that we use to issue Social Security numbers and administer benefits.

To remedy this, we established our North Carolina facility to act as both a co-processing center and as a disaster recovery resource. In January 2009, we took possession of the North Carolina facility and began equipping it to provide the day-to-day operations for about half of our systems.

In May 2009, the North Carolina facility began limited production operations. Earlier this year, the Commissioner accelerated the purchase and installation of additional hardware and software for North Carolina to support our critical claims and data processing systems currently housed in the National Computer Center.

In January 2010, next month, this equipment will be fully operational and will recover all of our critical systems from the back-up tapes in seven days instead of using the commercial hot site.

By October 2010, we will be able to recover the entire NCC production operations in the North Carolina facility. By 2012, we will be able to restore all production in 24 hours and not seven days. Thus, we have a sound plan to provide continued service to the American people in the event of a catastrophic failure in the NCC.

The other two issues identified for the hearing today relate to our efforts to construct and equip a new state-of-the-art data center on budget and on time with the right site and building criteria.

As these two issues are interrelated, I would like to address them together. To begin the process of developing the requirements for the new data center, SSA and GSA assembled a project team

of our most seasoned technical experts, including architects, engineers and security and systems experts. We placed a senior executive with substantial experience in site selection and project management in the lead of our effort.

The team is adhering to all applicable procurement rules and is engaged in a rigorous comprehensive and critical review of our needs, business processes and available technology.

We are following best practices for site selection, data center design and construction, as well as green technology and security requirements.

We are consulting with industry experts and our efforts have included site visits to leading edge data centers in both the public and private sectors.

In August 2009, GSA solicited expressions of interest to obtain a site for the new data center and is reviewing possible sites along with SSA.

Although GSA possesses the legal authority for SSA to lease or purchase real estate and award contracts for the building construction, our relationship with GSA is one of true partnership. Working together, we are pleased to report that we are on time and on budget.

We provide regular updates directly to Congress. GSA and SSA meet quarterly with staff members from the Social Security Subcommittee to brief them on our progress towards constructing this important data center, and we provide written monthly updates to Congressional leadership on our progress.

Finally, *Recovery.gov*, our own Web site, ensures transparency by posting weekly updated information about our progress in meeting plan objectives including costs and milestones.

None of this progress would have been possible without the support of these two Subcommittees. Thank you. I would be pleased to answer any questions.

[The prepared statement of Michael Gallagher follows:]

Prepared Statement of Michael Gallagher, Deputy Commissioner for Budget, Finance, and Management

Chairman Tanner, Chairwoman Norton, Ranking Members Johnson and Diaz-Balart, and Members of the Subcommittees:

Good morning. I am Michael Gallagher, Deputy Commissioner for Social Security's Office of Budget, Finance, and Management and the Senior Accountable Official for Recovery Act funds. I am joined here today by Bill Gray, Deputy Commissioner for Systems. On behalf of Commissioner Michael J. Astrue, I thank you for the opportunity to update you on the progress we have made working with the General Services Administration (GSA) in replacing our outdated National Computer Center (NCC), using the $500 million appropriated to us in the Recovery Act. Our new data center, the National Support Center (NSC), will replace our 30-year-old NCC. This new facility will be state-of-the-art and incorporate green building technology.

Before I explain our process for replacing the NCC and the safeguards we have established to deal with unexpected cost, delay, and the risk of catastrophic failure of the NCC, I will briefly describe the role and importance of information technology (IT) to the services we provide to the American public. An understanding of the ever-increasing role IT plays in our processes will put our needs for robust and reliable data repositories in perspective.

Over the past three years, we have made a concerted effort to improve our service delivery by taking advantage of modern technology and the Internet, and have made fundamental changes in our use of IT. We have taken to heart the recommendations of the 2007 report by the National Academy of Sciences to modernize our IT infrastructure. We have established an advisory committee of world-class IT experts to

guide our future use of IT, and we also have strengthened the role and functions of our Chief Information Officer (CIO).

Technology Is Crucial to the Services We Provide

We maintain benefit, earnings, and demographic information on virtually every American. Over the last decade, we have moved from a paper-based system to electronic processing of our core workloads. Currently, over 95 percent of our work is electronic. As new benefit applications continue to flood our agency due to the economic downturn and the aging of the baby boomers, we are handling an all-time high of over 75 million electronic transactions per day. Without technology, we would be unable to manage this onslaught of work. Technology has allowed us to provide faster and more accurate service to the American public.

For instance, technology will allow us to fast-track about 140,000 disability applications this year, and we will award benefits, when appropriate, in those cases in a matter of days. Our new electronic disability case analysis tool, eCat, is improving the consistency and quality of our disability decisions.

In addition, we maintain claims information in electronic folders, which allows us to move work to available resources and respond to catastrophic events like Hurricane Katrina. We maintain one of the world's largest repositories of imaged medical evidence, storing over 400 million medical records, to which we add nearly 3 million new records each week. We exchange over 2 billion data files annually with public and private entities for benefit management and homeland security purposes.

We have embraced the need for more and better on-line services. With the launch of our new on-line retirement estimator, benefit application, and Medicare low-income subsidy application, we have emerged as the Federal Government's leader in on-line services. The public rated these three services the highest in the University of Michigan's satisfaction surveys. These new on-line service options have allowed us to weather the increased workloads due to baby boomers and the economic downturn without substantially increasing waiting times.

We are not resting on our laurels. In 2010, we will introduce a Medicare-only on-line application, an improved disability application, and the first Federal Government Spanish-language on-line application.

To help us achieve our IT vision for the future, we have established an advisory committee of world-class IT experts to reach outside of the agency for the best technical advice, which we use to guide our future use of technology. And internally, we have strengthened the role and functions of our Chief Information Officer (CIO) to ensure that we have a long-term vision, and the processes in place to make use of leading edge technologies. Our Office of the Chief Information Officer now has functional responsibility for: (1) Open Government to ensure transparency in our decisions, improving communication with the public, and providing authentication solutions that will create additional opportunities over the Internet; (2) Investment Management to oversee the agency's IT investment process; (3) Innovation to serve as our "think tank" for emerging technologies; (4) Vision and Strategy, so as to define our technology vision and establishing a long-term, architectural plan, and (5) Information Security, to develop a policy framework that effectively manages risk, and safeguards the personally identifiable information with which we are entrusted .

To protect our sensitive data and continue to enhance our electronic services, we have worked with you and the Administration to address our need for data centers that support the rapidly expanding demand for electronic services. We first apprised you of this need in July 2008, and you quickly took action to allow us to replace our aging facility that is running out of capacity. We are grateful for your prompt response.

Second Support Center SSC) Necessary for Our Electronic Environment

For years, we have contracted with a commercial hot site to provide us with the ability to recover our data in the event of a disaster. As our use of technology has grown, this commercial site has become a less viable disaster recovery option. With nearly all of our business processes fully electronic, if the NCC were to go down, we would come to a near standstill while we recover our systems. If our NCC went down tomorrow, we would need to take backup our tapes to the commercial hot site in order to recover these data. This process would take 7 days and would provide only about 25–30 percent of our capacity to run the critical applications that we use to issue Social Security numbers and administer benefits. To remedy this issue, we sought a second support center, geographically separate from the NCC, now located in North Carolina.

The initial vision of the second support center (SSC) was to serve as a co-processing center on a daily basis and back up the NCC in the event of a disaster or catastrophic systems failure. In the last year, we have accelerated and expanded the role of the SSC to address the vulnerabilities of our 30-year old NCC.

In January 2009, we took possession of the SSC and began equipping it to function as a co-processing center that will provide the day-to-day operations for about half of our systems. It began production operations in May 2009 and now maintains medical images for the electronic disability folders and fully-redundant communications connections to our offices, to the Internet, and the NCC. Moving these workloads to the SSC reduced our disaster exposure from systems failure in the NCC. In addition, maintaining medical records at the SSC minimizes the down time of our disability systems.

By 2012, we will synchronize data between both centers every hour. In the event of a disaster, we will be able to use these data to restore services within 24 hours. These data will be current to within one hour prior to the disaster.

Recognizing that the timeframes for fully synchronizing the two centers would still leave us dependent on the commercial hot site in the event of a disaster through 2012, the Commissioner decided to accelerate the purchase and installation of the additional hardware and software necessary to support our critical claims and data processing systems housed in the NCC. This equipment will be fully operational by January, 2010, and a major protection for the American public, because we will be capable of recovering all our critical systems from the backup tapes at the SSC, instead of using the commercial hot site. While it would still take us 7 days to restore services, once services are up and running, we would be able to handle all critical claims and data processing workloads. In the near future, we will perform a disaster recovery exercise in the SSC to fully test our ability to recover completely.

We are currently adding the facility infrastructure to the SSC to support important NCC workloads that are not critical to the payment of benefits. These workloads include management information, forecasting, cyclical, regional, and end-user developed applications. By October 2010, we will have the infrastructure needed to recover these services in the SSC. With these changes, we will be able to recover the entire NCC production operations in the SSC. (Please see the attached chart for additional details about our NCC disaster recovery capability timeline.)

National Support Center Project Is on Track

Our rapidly growing electronic business processes and service channels, as well as the tragic events of September 11, 2001, underscored the critical need for the SSC. At the same time we decided to pursue the SSC, we continued to make improvements to the NCC to deal with our growing workloads.

The NCC was designed over 30 years ago. Technology has changed radically since then, and the NCC's infrastructure, including the building's cooling, electrical, and fire suppression systems, is not sufficient to fully accommodate current technologies. As a result, the infrastructure systems will not be capable of accommodating the information technology necessary to handle our increasing volumes of work, our new and expanded responsibilities, and our new ways of doing business. Our transition to full electronic processing of our core workloads and the growth of electronic service delivery over the last decade resulted in a dramatic increase in our need for data storage and network capacity. While we have modernized our hardware, we are facing finite limitations on our ability to distribute electrical power to our servers and mainframes.

Updated servers and mainframes have significant electrical requirements. Until recently, each server required only one power supply to operate; now, a server requires two to four power supplies to function, which the NCC can accommodate at this time. The current facility's electrical panels will not accommodate the more than four power supplies that we will need to run servers in the future.

We have undertaken important steps to continue the services of the current facility until the new data center is operating. As the NCC has aged, we have continuously upgraded and repaired structural, electrical, and data processing capabilities. Incrementally upgrading a facility of this kind is a best industry practice for maintaining facilities beyond their life cycle. We must incrementally repair these infrastructure systems 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 weeks or months. Such a shutdown would result in an unacceptably long interruption of service to the public.

We considered the possibility of renovating the existing building; however, renovations of this magnitude would require us to vacate the building and design and lease

a facility to temporarily house the data and employees. The expense of doing this would be almost as costly as simply building a new, up-to-date data center and would create a risk of a major interruption in service and require relocation twice, incurring significant costs.

Even if we could overcome the obstacles to repair and upgrade the NCC and its infrastructure, we would still have a building designed around a 1970s mainframe environment. In the seventies, redundant electrical, heating, and cooling systems were not state-of-the-art requirements for data centers. In addition, fire suppression systems were not designed to cover an entire floor. In short, the current facility will not be able to meet the industry standards for data centers in the future.

In 2008, it was determined that a replacement facility was the most viable option and began the planning efforts with GSA. SSA cannot lease or purchase real estate, so we rely on GSA; and our relationship is one of partnership. GSA offers its expertise in real estate and building construction, and we offer our expertise in data center design and operations. Specifically, we work closely and constructively with GSA and its expert contractors throughout every stage of this process. Our most seasoned real estate professionals work side by side with their GSA counterparts. I assure you that both we and GSA are taking all appropriate steps to ensure that this partnership is successful.

Our GSA/SSA project team includes architects, electrical engineers, mechanical engineers, fire protection engineers, project managers, occupational safety and industrial hygiene experts, physical security experts, and network and IT engineers with knowledge and experience in our IT program requirements. We have great confidence in the site criteria and Program of Requirements that the team developed. The team is adhering to all applicable procurement rules and is following the best practices for data center construction.

We and GSA are closely monitoring the planning and construction of the NSC to ensure mitigation of any unexpected challenges, and we are holding our executives and staff accountable for achieving the goals of this initiative. For example, as the Senior Accountable Official, I oversee and monitor overall progress. I also function as a liaison for the SSA executives who have lead responsibility for the planning and the execution of the project.

We hold periodic meetings at both the executive and staff levels to discuss implementation status and any other issues that may arise. We also hold regular meetings internally and with GSA executives to review the status of the project. We have established performance measure targets that we will monitor in these status meetings.

The joint project team is thoroughly analyzing our detailed list of technical specifications for all aspects of the NSC project to efficiently use taxpayers' dollars and minimize cost and schedule overruns. We have consulted with industry experts, such as Uptime Institute, to ensure we are implementing the most current data center standards. We have toured several existing data centers to learn about best practices.

Our requirements for the new facility site are based on our business process and technology needs, and the security standards that are necessary given the sensitive data we maintain. In August 2009, GSA requested expressions of interest using the Federal Business Opportunities Web site. The notice contained mandatory requirements, such as a minimum of 35 acres suitable for development within 40 miles of our headquarters. It also included requirements to avoid increased project costs or a delayed schedule that could be caused by landfills, hazardous waste, or soil or water contamination on or near the site. The site cannot be located within 100 or 500 year flood plain and must have reasonable access to utilities, including fiber optic, power and water.

After conducting research and consulting industry experts, we determined that the best practice to ensure continuous service to the public when we eventually migrate from the NCC to the new center would be to bring the systems in the NSC online incrementally. That would allow us to test their stability while continuing to operate the systems in the NCC in case something did not work properly. For example, the computer processes involved in adjudicating a benefit application actually "talk" to each other to verify and update the applicant's personal information on multiple systems. In order to properly maintain this interactivity, we need to use software that enables the synchronization of data bases with responsive systems performance. Available technology limits the separation of the transitioning systems to less than 100 kilometers. A site located within 40 miles of our headquarters assures us a lower risk transition that will not disrupt service to the public.

The project team is currently evaluating the sites.

GSA is also leading the development of the detailed Program of Requirements for building the NSC. GSA's contractor, Jacobs, is developing these requirements

through interviews with technical experts. While this process is lengthy, a comprehensive and systematic approach to long-term planning will provide us with a facility that will meet our needs.

Conclusion

The SSC will allow us to recover all essential functions and systems associated with our primary mission while we make steady progress toward having our NSC fully operational in 2015. This state-of the-art facility will help us maintain the service the American public expects.

None of this progress would have been possible without the support of these two subcommittees. We appreciate your advice and input as we work together to improve our computer systems and security. Again, we thank you for the Recovery Act funding and for your continued support for timely, adequate, and sustained funding.

Chairman TANNER. Thank you very much.

Mr. Hewell, you are recognized.

STATEMENT OF ROB HEWELL, REGIONAL COMMISSIONER, MID–ATLANTIC REGION, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION, PHILADELPHIA, PENNSYLVANIA

Mr. HEWELL. Thank you, Chairman Tanner. Good morning, Chairman, Chairwoman Holmes Norton, Ranking Members Johnson and Diaz-Balart, and members of the Subcommittees.

My name is Rob Hewell. I am the Regional Commissioner of the General Services Administration's Public Buildings Service in the Mid-Atlantic Region.

I am pleased to have the opportunity today to discuss GSA's progress on behalf of the Social Security Administration in the delivery of the new Social Security Administration's national support center.

As part of the American Recovery and Reinvestment Act of 2009, SSA received a $500 million appropriation for a new national support center to replace the existing National Computer Center in Woodlawn.

SSA turned to GSA for assistance in locating, designing and building this new national support center which will meet the Agency's requirement for redundancy and expansion needs for long-term needs.

Based on initial capacity studies, we are planning to construct a facility of approximately 300,000 gross square feet that will include data, office and warehouse space. We are using a multi-phased approach to the construction of the facility ensuring that site and design criteria development are concurrent and interrelated.

With respect to site selection, GSA has committed to researching, evaluating and selecting a site that can best serve the interests of the Federal Government, the end users, and the community. There are many factors associated with selecting and acquiring a site for Federal construction and a data center creates additional challenges.

In August 2009, GSA requested expressions of interest from land owners and authorized agents through a FedBizOpps notice. We also contacted local economic development and planning groups regarding our search, which produced over 150 potential sites.

These locations were screened against a number of mandatory criteria that included land area and geography, proximity to SSA headquarters and roadway access, available utility infrastructure,

cultural and historic resources, proximity to security hazards, and proximity to environmental hazards or concerns. These sites were then narrowed down based on further evaluation of proximity to power and site characteristics.

Our next steps include a more detailed analysis of potential locations to closely examine utility and fiber availability, security, environmental impact, development costs, and potential schedule impacts. The site selection remains on schedule for purchase in March 2010.

With respect to requirements development, GSA is currently working with Jacobs Facilities to conduct a full analysis of the SSA data center building and housing plans.

In July 2009, GSA brought EMC Consultants on board to assist in developing a design for the building that is versatile and flexible enough to serve SSA information technology needs for the long term.

EMC has developed a growth model for equipment requirements through 2033, which takes into account both SSA historical data as well as industry trends toward newer equipment technology. SSA concurred on this growth model in October 2009. We are now working collaboratively with both EMC and Jacobs to develop a space power cooling and data center master plan.

The program of requirements is progressing toward a 50 percent report at the end of December 2009. Once the location is selected, site specific design directives will be incorporated into the program of requirements. Program of requirements completion is scheduled for August 2010.

Once we acquire the site, we will begin developing the solicitation for a design/build contract based on the finalized program of requirements. At the same time, we will continue developing the design criteria specific to the selected location.

We will then procure a contractor to both design and build the facility. We anticipate contract award for design and construction of the new national support center in March 2011. Substantial construction completion is scheduled for October 2013, at which time the building will be turned over to SSA for IT migration.

This is the same schedule we provided to the Committee back in April and included in our recovery program plan, and we are still confident we can deliver on schedule.

There are a number of steps we are taking to minimize risks throughout this process. We have toured established data centers to identify industry best practices.

In July 2009, the project team participated in a charrette facilitated by Lawrence Berkley Laboratories that focused on energy optimization techniques in data center design.

Environmental screening of possible sites is helping us to identify potential impacts early in the process.

Our partnership with Jacobs and EMC are ensuring that we will provide a flexible facility design capable of accommodating expansion, mission related changes, and advancements in technology.

GSA is moving swiftly to meet SSA's national support center requirements on schedule, within budget, and with careful consideration given our responsibility and accountability to the American taxpayers.

Along with SSA, we are happy to provide quarterly briefings to these Subcommittees as the project proceeds, and we are committed to working with you in the successful delivery of the national support center as part of the Recovery Act program.

Chairman Tanner, Chairwoman Holmes Norton, Ranking Members Johnson and Diaz-Balart, Members of the Subcommittees, this concludes my statement. I will be pleased to answer any questions you may have.

[The prepared statement of Hewell follows:]

STATEMENT OF ROB HEWELL
REGIONAL COMMISSIONER
MID-ATLANTIC REGION
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

TUESDAY, DECEMBER 15, 2009

Good morning Chairman Tanner, Chairwoman Norton, Ranking Members Johnson and Diaz-Balart, and Members of the subcommittees. My name is Rob Hewell and I am the Regional Commissioner of the General Services Administration's (GSA) Public Buildings Service Mid-Atlantic Region. I am pleased to have the opportunity today to discuss GSA's progress, on behalf of the Social Security Administration (SSA), in the delivery of a new Social Security Administration National Support Center.

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), SSA received a $500 million appropriation for a new National Support Center to replace the existing National Computer Center in Woodlawn, Maryland. SSA turned to GSA for assistance in locating, designing, and building this new National Support Center, which will meet the agency's requirement for redundancy and expansion needs for long-term needs.

Based on initial capacity studies, we are planning to construct a facility of approximately 300,000 gross square feet that will include data, office, and warehouse space. We are using a multi-phased approach to the construction of the facility ensuring that site and design criteria development are concurrent and interrelated.

Site Selection

GSA is committed to researching, evaluating, and selecting a site that can best serve the interests of the federal government, the end users, and the community. There are many factors associated with selecting and acquiring a site for Federal construction, and a data center creates added challenges.

In August 2009, GSA requested expressions of interest from land owners and authorized agents through a FedBizOpps notice. We also contacted local economic development and planning groups regarding our search, which produced over 150 potential sites. These locations were screened against a number of mandatory criteria that included land area and geography, proximity to SSA Headquarters and roadway access, available utility infrastructure, cultural and historic resources, proximity to security hazards, and proximity to environmental hazards or concerns.

These sites were then narrowed down based on further evaluation of proximity to power and site characteristics.

Our next steps include a more detailed analysis of potential locations to closely examine utility and fiber availability, security, environmental impact, development costs, and potential schedule impacts. The site selection remains on schedule for purchase in March 2010.

Requirements Development

GSA is currently working with Jacobs Facilities to conduct a full analysis of the SSA Data Center building and housing plans. In July 2009, GSA brought EMC Consultants on board to assist in developing a design for the building that is versatile and flexible enough to serve SSA Information Technology (IT) needs for the long term. EMC has developed a growth model for equipment requirements through 2033, which takes into account both SSA historical data as well as industry trends toward newer equipment technology. SSA concurred on this growth model in October 2009. We are now working collaboratively with both EMC and Jacobs to develop a Space Power Cooling and Data Center Master Plan.

The Program of Requirements is progressing toward a 50% report at the end of December 2009. Once the location is selected, site-specific design directives will be incorporated into the Program of Requirements. Program of Requirements completion is scheduled for August 2010.

Design-Build

Once we acquire the site, we will begin developing the solicitation for a design-build contract based on the finalized Program of Requirements. At the same time, we will continue developing the design criteria specific to the selected location. We will then procure a contractor to both design and build the facility. We anticipate contract award for design and construction of the new National Support Center in March 2011. Substantial construction completion is scheduled for October 2013, at which time the building will be turned over to SSA for IT migration.

In summary:

- Site Acquisition: March 2010
- Program of Requirements Completion: August 2010
- Design-build Contract Awarded: March 2011
- Substantial Construction Completion: October 2013

This is the same schedule we provided to the Committee back in April and included in our Recovery program plan, and we are still confident that we can deliver on schedule.

Risk Management

There are a number of steps we are taking to minimize risks throughout this process. We have toured established data centers to identify industry best practices. In July 2009, the project team participated in a charette facilitated by Lawrence Berkley Laboratories that focused on energy optimization techniques in data center design. Environmental screening of possible sites is helping us to identify potential impacts early in the process. Our partnerships with Jacobs and EMC are ensuring that we will provide a flexible facility design capable of accommodating expansion, mission related changes, and advancements in technology.

GSA is moving swiftly to meet SSA's National Support Center requirements on schedule, within budget, and with careful consideration given our responsibility and accountability to American taxpayers. Along with SSA, we are happy to provide quarterly briefings to these subcommittees as the project proceeds, and are committed to working with you in the successful delivery of the National Support Center as part of the Recovery Act program.

Conclusion

Chairman Tanner, Chairwoman Norton, Ranking Members Johnson and Diaz-Balart, and Members of the subcommittees, this concludes my statement. I will be pleased to answer any questions you may have.

Chairman TANNER. Thank you very much.

Mr. Inspector General, glad to have you back. You are recognized.

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

Mr. O'CARROLL. Good morning, Mr. Chairman, Madam Chairwoman, Mr. Johnson, and members of both Subcommittees.

Thank you for requesting that I testify today and for your interest in this critical issue.

The National Computer Center houses benefit data for SSA's 56 million beneficiaries and earnings data on every American. The importance of the NCC to SSA's operations and many other facets of American life, such as applying for a driver's license, cannot be overstated.

A failure of the NCC would have devastating consequences. Unfortunately, the NCC is now 30 years old, and is rapidly approaching obsolescence.

You recognized the need for replacement when you provided SSA with $500 million for this purpose in the American Recovery and Reinvestment Act.

The Office of the Inspector General is committed to ensuring that SSA uses these funds wisely. Replacement of the NCC must be accomplished based on sound decision making and without unnecessary delays.

SSA's experience in constructing the Durham Support Center, a co-processing site for the NCC, revealed the challenges that can cause delays. It took six years to take possession of the DSC, and the facility is still not fully functional.

Replacing the NCC itself began in earnest in 2007 with a Lockheed Martin study completed in 2008. Lockheed Martin identified several NCC replacement options, but ultimately recommended that SSA construct a new NCC offsite.

Based on this, it is our understanding that SSA plans to go forward with an offsite NCC within 40 miles of the main SSA campus, to maximize data transmission speed and limit employee commutes.

SSA next asked GSA for a more detailed cost estimate, then engaged Booz Allen Hamilton to conduct an alternative analysis. Booz Allen recommended against locating the NCC on the SSA campus for reasons ranging from outages during construction to higher operational and maintenance costs than any other option.

Thus, it has been consistently suggested that the off-campus option is the more efficient approach. Unfortunately, the OIG did not initially receive the information and documentation it needed to conduct an independent analysis of this issue.

More recently, we obtained additional information from SSA and retained a contractor, Strategic e-Business Solutions or SeBS, which conducted a review of SSA's site selection process on our behalf. They found that SSA, working with GSA, had developed "a highly sophisticated set of selection criteria which was used to evaluate general areas of consideration and prospective individual properties."

However, they also found that questions remained concerning the process SSA used in creating a short list of priorities and properties.

They recommended that SSA look more closely at the following factors: prospective energy costs, better methodology documentation, and early involvement of power providers and telcom providers.

After SeBS completed this report, we asked that they take a closer look at the on-campus versus off-campus dichotomy. We were informed yesterday that they agree with two of our most significant concerns.

First, there appears to have been confusion starting with the Lockheed Martin report as to purported six-year delays for land acquisition and zoning issues if an on-campus site was selected.

While there may be some community-based issues if this option is chosen, there are no actual zoning issues and delays should be short-lived.

Second, SeBS shares our concern that the comparison of the on-campus and off-campus options may not fully take into account how different each project is from the other. Comparing these two undertakings is much like comparing apples to oranges, and we remain unconvinced that many differences have been fully taken into account.

The Office of the Inspector General looks forward to continuing to monitor SSA's efforts to use sound planning and due care in replacing the NCC. We will keep these Subcommittees fully informed of SSA's progress.

I thank you again for your invitation to be here today, and I will be happy to answer any questions.

Chairman TANNER. Thank you all for again being here and for testifying. We do have some questions.

How did we arrive at this urgency that we are told that exists and that I believe exists where the time line is this tight? The North Carolina facility, I am told, still cannot function as a back-up for any sort of construction.

We have been given a whole menu of reasons why the on-campus site is not acceptable, some of which changed.

I must tell you I am upset about the situation we find ourselves in here. I want somebody to explain exactly where we are and how we got here and why we are having so much trouble when even 48 hours ago we got another reason why we cannot build on-campus.

This thing is very, very loose in my opinion in terms of the way it is being handled. Who wants to try to respond? Mr. Gallagher?

Mr. GALLAGHER. Yes, sir. I think you raised a couple of different questions. I will try to take them in order.

We began our deliberations on replacing the National Computer Center back in 2007, and that resulted in a report that Mr. O'Carroll referenced concluding that the NCC is a 30 year old building and needed to be replaced.

We began discussions with GSA at that point and started to engage in the normal process for appropriations where we would get the prospectus and such working with GSA to replace that building, and I believe GSA actually had contracted with a firm called EYP to take a look at a possible lease issue, looking at various alternatives.

We did receive, as Mr. O'Carroll said, two Booz Allen Hamilton reports. Then the passage of the stimulus bill gave us the $500 million, and we started in earnest to assemble the team to get things started, and on a rather aggressive schedule.

As somebody mentioned before, we expect that later next month we actually will select a site for the National Support Center (NSC). In March 2010, we will purchase the site. In March of 2011, we will start the design and build construction.

That alone, the design/build approach will help to accelerate the timeliness in the sense that there are pieces of it that we can start

to build while also doing some of the design work. By October 2011, we will start the general construction on it. By October of 2013, we will be substantially complete on the construction of the facility.

By November 2013, we will finish up the final commissioning and that will be completed in January 2014, and then the transfer of data from the current National Computer Center to the new facility will be completed in or about July of 2015.

I believe we are on a rapid schedule to get that done.

Chairman TANNER. I am told that the existing NCC is supposed to reach its electrical capacity in 2013, and you say 2015 is when we will be functional. What about that 24 month gap?

Mr. GALLAGHER. Sir, let me address that. Actually as early as the Lockheed Martin report, we looked at the fact that we were at the greatest risk starting about 2012 and going forward. We saw actually a couple of different contemporaneous items to mitigate that risk while we are building the new National Support Center.

One of our biggest issues that we identified was our uninterrupted power system. That is we need to be able to take the wholesale power we get from the electric company and clean it up so we can go ahead through generators and switching gears and to make it into useable electricity.

In addition, we recognize that the current NCC contains old pieces of equipment and that we were running out of spare parts, and our maintenance contract was going to end at the end of 2012.

One of the things we did is we bought all the spare parts we could to have them on hand. We were able to extend the maintenance contract through 2015 so we could keep that going. We actually did replace a number of feeder cables and some of the panels that actually handle the transfer of cables up to the data center area so we would have that in place.

We did some other things as far as updating and retrofitting some of the other electrical cables so we could mitigate the risk we would have, so we would have confidence that we would be able to get to that 2015 date.

I would say that the North Carolina facility also plays a part in that mitigation in the sense that it will be up and running in phases to take on additional workloads, to take that off the campus location, so we could reduce the ever increasing demand for power, we could actually lessen that, and that was part of risk mitigation as well.

That combination of North Carolina being up and taking on some of those workloads plus some of the continual maintenance that we were doing to get things updated would help us mitigate that risk.

Chairman TANNER. I want to give the other members of the panel time. Tell me again how you went about determining that an on-campus site was not feasible. We have been told various things for over a year now it seems. In fact, we were told that at one time there was a zoning problem out there, which is almost ludicrous.

Where are we on that? Why?

Mr. GALLAGHER. With respect to the campus, we looked at the campus and actually made a presentation to the Commissioner back on or about the first of August 2008 on various possible sites. He actually pushed back on us about not putting it on-campus. We talked about the areas that we were looking at for the campus.

Our view was that the topography and the actual envelope did not present itself as a good site for it. There were two pieces that really led to that.

One, sir, we made an error on the zoning issue. We had deliberated that it could take up to 72 months for zoning. That was set forth in the contract reports. That was an error. We should not have relied upon a 72 month period for zoning.

Zoning and land use actually is part of the study that will go on as far as an assessment on it, but we did make a mistake there.

The other issue we had is that we looked at the building envelope. Our thought that the best place based upon the topography was a place on the large parking lot that houses thousands of spaces for our employees. In order to do that, we thought we would have to build a parking garage before we would be able to begin digging for the computer center. That could take 18 to 24 months.

It was our view that this was a project that needed to be shovel ready, that we needed to act with all the speed we could. We wanted to eliminate risk to any delay in getting that built, so we made the recommendation to the Commissioner and he did push back on us, so our initial thought back in 2008 was the campus was not the right place for it.

Last month, as a result of some questions from the Committee, GSA and SSA revisited that issue, and GSA took a thorough look, re-look, at the viability of the campus for that location. I heard as well as I think some of your Committee staffers heard this past Friday about their review of the usefulness of the campus location.

With your permission, perhaps Mr. Hewell could address the assessment of that.

Chairman TANNER. I am a business guy. If I was in business and I had a campus like this, I think I could figure out how to utilize it. Mr. Hewell?

Mr. HEWELL. It is difficult to figure out where to start. There have been a number of studies done on this campus and on this project. They have been used in different ways. Some of the early ones were intended for a lease solution which produces different issues than a federally owned solution.

Relying on contractors sometimes produces impressions that are wrong such as the zoning one. There is clearly not a zoning issue on federally owned land.

Chairman TANNER. Who was the contractor? This is almost ludicrous as a reason for not proceeding because of a zoning problem.

Mr. HEWELL. I bring it up just to say that it is clear mistakes have been made. We went back after our last meeting with the Committee and we were asked how the existing site compares to the site criteria that we were using for the site selection.

We went back and took the campus and ran it through the same process that we have used to evaluate over 150 sites. We briefed Committee staff last week on this for four or five hours, and I do not propose to take that much time today. I would just like to offer you sort of a summary of it.

Our conclusions—we did a number of things. We looked at the topography of the site, the land use around the site, the incoming electrical service, the needs for other things, the associated spaces including parking associated with the data center.

We did several test fits in different places on the site to see how well the data center would fit there. It is incorrect to say that the data center cannot be built on the existing campus. It clearly can be. In our opinion, it is not the best solution.

I think there is a presumption that using the existing campus would save so much money in land costs that we should do it for cost reasons. There is no identifiable cost advantage to being on the campus. It will probably cost more because of the need to create parking garages or structured parking of another kind, which will actually cost more than the cost of acquiring a site.

There is clearly an increased complexity both in design and in construction that will add to the schedule. It is much easier to design and build a project on a green field site that is leveled, that does not have the surrounding complications of the campus.

There are topography issues on the site that will clearly limit what we can do. It is not impossible to build it there. It will be quicker and cheaper to build it somewhere else.

Chairman TANNER. How many cars are you talking about in this parking garage?

Mr. HEWELL. Offhand, I do not know, if you will give me just a second, I can get you an answer.

Chairman TANNER. You are telling me a parking garage is the problem? They built parking garages for every football and baseball stadium in this country. They built a big stadium right beside the old one in Atlanta. You are telling me you cannot build because it is so expensive to build a parking garage out there that you have to move?

Mr. HEWELL. No. It is not impossible to build. It will be more expensive to build those garages than it will be to——

Chairman TANNER. How many cars are you talking about?

Mr. HEWELL. To do surface parking on a flat site.

Chairman TANNER. How many cars are you talking about?

Mr. HEWELL. Just one second. The existing NCC has 760 parking spaces. The NSC will require an additional 300. That is over 1,000 parking spaces. The construction cost for that is roughly $20,000 per square foot—per space.

Chairman TANNER. Thank you. Mr. O'Carroll, would you comment, please?

Mr. O'CARROLL. Yes, Mr. Chairman. Our biggest concern has been the documentation. Part of the job of an Inspector General is to be able to examine documents and then provide feedback.

This has been a fairly confusing issue over the last few months because we have gotten information from four different contractors with costs ranging anywhere from about $200 million to $800 million. We are talking buildings without computers, buildings with computers, et cetera.

It has been very confusing for us to sort through these apples and oranges estimates.

What we are looking at is the decision process that was made first on not considering the current NCC property and instead looking at other properties. We have been trying to compile that information.

We have hired a contractor, SeBS, who has been requesting these documents. It has been enlightening, as they are asking for

these different documents, and we are getting some documents months after decisions are made. We are sorting through them all right now.

We are really just waiting to get our report back from the contractor. We got an initial report back yesterday with some preliminary information. I have to say our contractor at this point has found the offsite solution could be viable.

We are looking very closely at that. We are still skeptical and we are still waiting for all the documents.

Chairman TANNER. One final thing. Mr. Hewell, could you give us the analysis for the record that you have gone through of this parking garage and the on and off-campus proposals? Do you have one? I assume you have some sort of analysis about why one is better than another. Can you submit that for the record?

Mr. HEWELL. The cost analysis is fairly straightforward. The cost of acquiring land, our current estimate for that is about $12 million. The cost of structured parking for the number of spaces that we need to deal with would be a little bit more than twice that.

Chairman TANNER. Do you have an analysis of that we could see, or are you just telling me?

Mr. HEWELL. We will prepare it for you, sir.

Chairman TANNER. All right. Thank you. Ms. Holmes Norton, you are recognized.

Ms. NORTON. Mr. Chairman, first I want to say I thank you for your line of questions because I am perplexed, and Mr. Hewell, you know there is a strong presumption of building on Government owned land, a commonsense presumption, it is a presumption that can be overcome but not very easily.

Your Agency is about to build on the old St. Elizabeth campus. It is not an optimum site. It is not in the middle of Washington. It is not close to the Capitol. Guess what? The Government of the United States owns that land. Uncle Sam owns this land. We are going to build on land we own.

I listened carefully to Chairman Tanner's questions for how you overcame the presumption, a very strong presumption, in favor of building on your own land with by the way considerable land, I understand, at the site, rather than as you seem to believe should happen, going and buying land to build near the site.

I think you have to explain to us and to the Ways and Means Committee why this is a rare instance where given existing land, where there is room to build, you are asking the taxpayers to buy you some more land and then build a new facility.

Mr. HEWELL. Thank you for the question. There were several reasons why we came to the conclusion that a new site would be preferable to building on the existing campus site.

Ms. NORTON. Excuse me, I have to stop you there. It is preferable for me to build a house on land I do not own because I like that land, because I could do it more easily.

I want to know given all of the considerations, particularly the strong consideration of existing federally owned land, how you overcame that. Not what is preferable. It might be preferable to build it anywhere, but comparing building on-site, on land you owned, how did you overcome the presumption that you were well

aware of, Mr. Hewell, from your GSA experience, how did you overcome that presumption?

We spend our lives preferring one thing over another, but that it was essential to build off site and to acquire land in order to do so.

Mr. HEWELL. The conclusions that we came to, let me just run down those really quickly. Any savings in land cost is overcome by additional project costs created by building on the site.

Ms. NORTON. Mr. Chairman, I am going to ask that a detailed analysis based upon those conclusions be given to this Committee and to our Subcommittee. I have seen no analysis, Mr. Chairman, to indicate that it flies in the face of the usual situation where the opposite is the case.

I am aware of the topography there. I am also aware that GSA knows how to build on all kinds of topography. Look at what you are going to be doing at the old St. Elizabeth's site where the topography is anything but made to be built upon.

Mr. HEWELL. We are not contending that it is impossible to do it. We are contending that it will cost more and take longer.

Ms. NORTON. I will end this line of questioning by saying if a detailed analysis——

Mr. HEWELL. We will be happy to provide that analysis.

Ms. NORTON. Some of the issues that arise in building would certainly not arise if you built on the site. Public transportation. I take it public transportation is near a site you are considering?

Mr. HEWELL. There is limited public transportation at the majority of sites that were offered to us.

Ms. NORTON. I have a GSA estimate here of $396 million. Why is that so much higher than the Lockheed Martin estimate of $172 million?

Mr. HEWELL. I am sorry, Madam Chairman. I do not understand.

Ms. NORTON. We understand that GSA estimated a cost of $396 million and Lockheed Martin's study was very much lower.

Mr. HEWELL. The Lockheed Martin study was preliminary. Ours is much later and much more comprehensive.

Ms. NORTON. What LEED rating will this building have?

Mr. HEWELL. We are seeking a minimum of a silver rating.

Ms. NORTON. That is good. What about the old discussion, if you really want to get into controversy when you are building, you mess with the delineated area. Is that straightened out, so that we are not carving out part of what would be a natural area and saying wherever we build, that area cannot be considered the old redlining technique that the GSA is famous for?

Mr. HEWELL. As far as we know, the delineated area is a 40-mile radius of the campus.

Ms. NORTON. On our own Subcommittee, we have been doing hearings in order to see whether or not one of the major points of the money you have received—you probably would not have gotten this money except for the collapse of the economy and the need to stimulate jobs.

When are we going to get to the point where you can report to those committees that jobs are in fact being created, are they being

created? You say you are on time and on budget. How much money has been spent and obligated?

Mr. HEWELL. I would have to get back on you on to how much money has been spent to date. It has been mostly on the cost of doing studies and doing planning.

Ms. NORTON. You see the problem, the administration and this Committee is going to be held accountable for whether or not there will be jobs produced.

What does "on time, on budget" mean? When are you going to be making jobs?

Mr. HEWELL. The substantial portion of the jobs that are created by this project will begin on or around October 2011 with the start of general construction. There will be obviously other people employed before that in the design process, but the numbers will be much smaller than the construction.

Ms. NORTON. When will the building be completed?

Mr. HEWELL. From our perspective, before IT migration, it will be completed by October 2013.

Ms. NORTON. Finally, the design/build option, you need to explain why GSA has chosen the design/build option as opposed to the advantages and disadvantages as opposed to other ways that GSA builds, because GSA does not usually build/design build.

Mr. HEWELL. The primary reason for using design/build in this case is that——

Ms. NORTON. Explain what "design/build" is.

Mr. HEWELL. I am sorry. In the traditional construction project, we contract for design separately. We get a complete design and then we compete that design for construction.

In a design/build project, we hire one contractor to do both the design and the construction. It saves us time in procurement because we do one procurement instead of two, and in general, because the contractor can start construction before design is complete, we often find the design/build produces a shorter schedule. That was the primary reason for using it in this case.

Ms. NORTON. That is certainly understandable.

Finally, the GSA isn't very good in my experience in keeping public controversy from developing around projects. Have you a program of public outreach so as to avoid public controversy?

Mr. HEWELL. Absolutely. One of the criteria that we are using in the site selection is to try and find a site that we believe would not cause much public disruption in order to make the environmental process easier and quicker.

Ms. NORTON. We certainly know on-campus would not cause much public disruption or much public controversy, since you would be building on your own land, sir.

Mr. HEWELL. In order to build on our land, there are some private properties that are sprinkled around the campus that would probably have to be acquired.

Ms. NORTON. What does that mean? You are talking about you would have to build on land you do not own as well?

Mr. HEWELL. Most of the potential test fits of the facility would require the acquisition of individual homesteads that are sprinkled throughout the eastern side of the campus. There would be some issues with respect to acquisition.

Ms. NORTON. Again, as part of your analysis, I think you need to submit that analysis to the Chairman and to our Subcommittee.

Mr. HEWELL. We will be happy to do that.

Ms. NORTON. Thank you very much, Mr. Chairman.

Chairman TANNER. Thank you. Mr. Johnson. Mr. Diaz-Balart, welcome. We have asked unanimous consent that any opening statements be submitted to the record in their entirety.

Mr. Johnson.

Mr. JOHNSON of Texas. Thank you, Mr. Chairman.

You know, following that line of questions, what would be the cost of condemning or buying those houses that are private on that property as compared to what you are doing now or thinking about doing?

Mr. HEWELL. I do not know what the cost of acquiring those——

Mr. JOHNSON of Texas. You have not looked at it yet; is that correct?

Mr. HEWELL. Yes, we would need to do appraisals and that kind of thing.

Mr. JOHNSON of Texas. Tell me who makes the final decision regarding the location. Is it GSA, SSA, OMB or all three?

Mr. HEWELL. The correct answer is probably all three. The project team, which is primarily both SSA and GSA, will come to a conclusion and make a recommendation to the Commissioner of SSA who will, I guess, do thumb's up or thumb's down, and if it is thumb's up, he would report that decision to OMB and ultimately to Congress.

I have been asked that question before and I do not actually know the answer.

Mr. JOHNSON of Texas. If you have been asked the question before, you ought to go find out the answer.

Mr. HEWELL. The authorities seem to be multiple.

Mr. JOHNSON of Texas. Then you need to deal with all those agencies; is that true?

Mr. HEWELL. Yes, that is true.

Mr. JOHNSON of Texas. Would it cost less to buy up those houses and put the building on that property than what you are talking about?

Mr. HEWELL. The site acquisition costs for those properties at the existing campus would I am sure be less than the cost of acquiring a new site.

Mr. JOHNSON of Texas. That is interesting.

Mr. HEWELL. The cost of developing the existing campus for this project would exceed the cost of developing that in an open green field site with flat topography.

Mr. JOHNSON of Texas. I am not sure that we can guarantee that thing will be built on time and on budget. Can you guarantee that?

Mr. HEWELL. We are very confident about that, sir.

Mr. JOHNSON of Texas. Are you?

Mr. HEWELL. Yes.

Mr. JOHNSON of Texas. We have not been able to do that in the past.

Mr. HEWELL. If I may speak for my regional office, sir, we have a long history of being on time and on budget. We are very proud of it.

Mr. JOHNSON of Texas. That is why you stick it way out there to 2015, you can make that.

Mr. Gallagher, you say next October you will have the infrastructure in Durham to recover and run the entire operations through the computer center. Why did you decide to build a new computer center instead of using Durham as a primary site?

Mr. GRAY. Mr. Johnson, maybe I can answer that for you. The reason that we cannot just move our workloads to Durham while we are building a new data center to replace our current one is that if we did that, we would be in exactly the same situation that we are in today where, if we had a disaster, we would have to back-up at our commercial hot site, which is inadequate for a disaster.

If we can maintain two data centers throughout this entire effort, we can make sure that if we have a disaster, we can recover all of our workloads at either one.

Mr. JOHNSON of Texas. I understand that idea. Why can you not make Durham the primary center and the one up here a back-up?

Mr. GRAY. Because neither one is a primary and a back-up. Both of them are co-processing centers today. Half of our workloads run at Durham. Half of our workloads run in the National Computer Center. In the event of a disaster, either one would take over for the other.

Mr. JOHNSON of Texas. Is the Durham center modernized? It doesn't use COBOL; is that true?

Mr. GRAY. Yes, sir. It is modernized. The workload that is there is on modern computers. There is some code that we run that is COBOL code that runs both in the National Computer Center and in North Carolina.

Mr. JOHNSON of Texas. Why has it taken us 13 years or more to get off that COBOL system?

Mr. GRAY. Well, first of all, the issue here is that you could just hire someone to convert that COBOL code——

Mr. JOHNSON of Texas. I think Microsoft could do it overnight.

Mr. GRAY. I do not know if they could do it overnight but certainly they could do it much faster. The issue here is that if we did that, if we just converted the code to another, we would maintain the same problems in our systems that we have today.

Let me give you an example. You are very familiar with the fact that today, we are replacing 54 COBOL systems that run in our DDS', independent systems. If we were to just convert that code, we would end up with 54 web based systems all independent, all hard to change, all the problems that we have today.

Instead, as we are going forward and replacing the COBOL code, we are modernizing our systems, we are redesigning them so that we really have more flexibility, for example, in the DDS systems, not only will there be one single web based system that can be changed overnight, but in addition to that, we will be able to integrate health information technology. It will be able to integrate case analysis tools.

We will really have a more robust system serving us for the 21st Century than if we were just to convert that code from one language to another.

Mr. JOHNSON of Texas. Do you agree with that, Mr. O'Carroll?

Mr. O'CARROLL. Mr. Johnson, our concerns are with the speed with which the Agency is moving forward with conversion of the COBOL. As it stands now, it is in the plans, and as Bill just mentioned with the DDSs, but when you are looking at the major systems of SSA, we are seeing no major progress in converting that COBOL language.

Our concern, and what I think should be the concern of everyone, is as we are building this new computer center, wherever it is built, that we look into the future and do some long range planning, and look out 20 years and see what type of technology is going to be needed, and take that into consideration.

I use the example of buying a brand new limousine and putting a golf cart engine in it. We should be making sure that the best of technology is being used in the location as well as in the data systems.

Mr. GRAY. Mr. Johnson, I agree that we ought to be looking ahead to the best technologies that are available. I would just say to you that over the last several years, we have made a lot of progress in moving into modernized systems. Our databases that house information, benefit data, two-thirds of that data has now been moved into a modern industry standard database. Forty percent of the COBOL code we had is now running in modern languages.

I think we are making progress as we move along. I just think it is more difficult in some cases as we redesign our systems.

Mr. JOHNSON of Texas. It is awfully slow. I think today's computers all over the world share information with each other and yours do not seem to want to.

Let me ask Mr. Hewell, did you analyze and concur with Social Security's rationale for a 40 mile radius or did you just accept it?

Mr. HEWELL. I guess the quickest answer to your question is that we accepted it. We looked at their rationale for it. It seemed to make sense. The rationale was a technical one.

Mr. JOHNSON of Texas. Yes, but it would not be a problem if we put it on the current site, would it?

Mr. HEWELL. That would not be a problem.

Mr. JOHNSON of Texas. I think that is another reason for doing that. Are you saying, Mr. Gallagher, let me ask you, that by October, Durham is going to be able to recover all the systems?

Mr. GALLAGHER. Yes, sir.

Mr. JOHNSON of Texas. October of this year? Are you telling me it is going to be until October next year before we can recover all the systems?

Mr. GRAY. Sir, maybe I can help you. In January, in a couple of weeks, the North Carolina site will be able to recover all of our critical production systems, which are the payment systems.

In October, we will also be able to recover the non-critical systems, which are some of the regional workloads, some of the management information, some of the forecasting workloads that are not as time sensitive to bring up.

In reality, the systems that this country relies on to be available will be able to be recovered in North Carolina starting in just a couple of weeks.

Mr. JOHNSON of Texas. In October of next year?

Mr. GRAY. In January.

Mr. JOHNSON of Texas. That is only a couple of weeks away, you know.

Mr. GRAY. Yes, that is what I am saying.

Mr. JOHNSON of Texas. By January, we have full capability on our Social Security system and we will not lose anything except what you just talked about?

Mr. GRAY. Yes, sir. All critical production systems we would be able to recover in North Carolina.

Mr. JOHNSON of Texas. We would not have to stop Social Security checks or disability checks; is that true?

Mr. GRAY. That is true, sir.

Mr. JOHNSON of Texas. I am glad to know that.

Mr. Gallagher, you also talk about the strengthened role of your Chief Information Officer is to ensure that you have a long term vision and a process in place to make use of leading edge technologies. Is this position that you are talking about a political appointee, and if that is such an important thing, why is he not testifying here today?

Mr. GALLAGHER. The new Chief Information Officer is a political appointee, but is not in a position that requires confirmation by the Senate. We have only three Senate-confirmed positions which are the Commissioner, the Deputy Commissioner and then we have the Inspector General as well.

Mr. Baitman joined us earlier this year. He is actually seated behind me.

Mr. JOHNSON of Texas. Has he signed off on your decisions concerning the national support center, the new location?

Mr. GALLAGHER. He has been involved in meetings. I believe he attended the meeting on Friday. He has raised some questions which is rightly so, because we look for him to be a critical thinker.

I met with the Commissioner last night where we expressed to him or I expressed to him along with the chief of staff the results of Mr. Hewell's study, and the Commissioner has decided that we need to have this shovel ready. He wanted to proceed as we initially had outlined about moving forward.

Mr. JOHNSON of Texas. How many GSA staff are assigned to you for help in this deal?

Mr. GALLAGHER. Sir, I actually do not have that number. In a project that is a joint project, I guess I am hesitant to use the word "assigned." I would defer to Mr. Hewell about how many folks are actually from his shop that are working on the project, if that would answer your question.

Mr. HEWELL. In one capacity or another, we have about a dozen people from GSA assigned to the project, and then of course, there are additional contractors assigned.

Mr. JOHNSON of Texas. How many consultants and contractors have been involved in the process so far and did you hire them or did somebody else hire them?

Mr. HEWELL. The consultants we are using we hired. Let me just get a number for you. We have two consulting firms working for us.

Mr. JOHNSON of Texas. You coordinate with them every day?

Mr. HEWELL. Several times; yes.

Mr. JOHNSON of Texas. Okay. What do they think about the location?

Mr. HEWELL. They were part of the study. They are in full agreement that it should be off site.

Mr. JOHNSON of Texas. Can you give us about ten reasons why you cannot use the existing site?

Mr. HEWELL. As I said earlier, sir, I would not tell you that you cannot use it. I would tell you there are reasons why it makes more sense to use a different one. Those reasons are——

Mr. JOHNSON of Texas. I think Ms. Holmes Norton was right on when she asked, "What are we doing buying more property for the Federal Government when we have a site that large?"

Mr. HEWELL. If I may, sir, the actual developable area of the site is smaller than it looks. What is developable is fairly critically sloped which makes development on the site more expensive and more complicated.

Most of the flat area on the existing campus is currently developed. As we expand construction on the campus, we would be building on existing parking lots and creating structured parking in other places at the expense of that. It also requires that we phase construction which affects schedule on the site of anything that we do.

If we do something for the computer center on the existing site, we would be taking away some of the possibility of further developing the site in the future for additional office related space, like what is on the campus now.

That actually in our opinion would be a mistake because we already have a lot of leased square footage in buildings that kind of ring the campus, and for long term, we would like to see that become Government owned because this is clearly a facility that will be around.

Mr. JOHNSON of Texas. One of the questions that has not been asked is what do you intend to do with the existing building? Are you going to demolish it?

Mr. HEWELL. The existing building would probably be ultimately converted to office space. We need to do further study on it. There is a chance it would be torn down. The likelihood is that it would end up being converted.

Mr. JOHNSON of Texas. Are you going to get rid of all that wiring that is in there right now?

Mr. HEWELL. We would certainly have to get rid of some of it; yes.

Mr. JOHNSON of Texas. Thank you, Mr. Chairman. Thank you, Ms. Holmes Norton.

Ms. NORTON. I just wanted to say in light of both Mr. Johnson's questions and your questions, for the record, on the St. Elizabeth's site, we do have something to compare with here, that is the biggest construction going on in the United States today. We own the land.

The Chairman was concerned about the parking lot, about parking, and whether or not you needed to have a flat surface. I just want to say that at the old St. Elizabeth's site, they simply dug into a hill and they are putting parking right on that site. Again, in keeping with the presumption in favor of building on land you own.

Your notion that you have to have a flat site in order to park——

Mr. HEWELL. Most of the construction that is going on at St. Elizabeth's is office space, which can be——

Ms. NORTON. I am talking about the parking lot. I am talking about the parking. There is parking. This is a sloped area.

This is an area full of historic buildings and still the Government is so concerned that we build on existing land that we are re-using the historic buildings rather than taking the whole facility off site.

That is how strong there is a presumption of building on your own land, even using—these are old, old buildings, not only old buildings, buildings that we used for everything from clinics to dormitories. Because they are historic, the Government is willing to spend some money to in fact re-use them because they are on land we own.

Again, Mr. Chairman, I have not heard in your call for specific analyses, particularly given the fact that we have some time, it is very important before we do what frankly

—I will ask you, Mr. Hewell, do you know of any other instance where the Government has owned land but has decided to buy land instead of using land it owned?

Mr. HEWELL. The answer to that is surely yes, but I can't give you——

Ms. NORTON. You are going to have to—I do respect precedent. If you give me examples given GSA's long history of building, I think it would be——

Mr. HEWELL. We will look for some precedence. Madam Chairman, I ask you to realize also that we are talking about a computer center and not office space here. The construction needs of a computer center are different. This is a big flat building.

We are also talking about a need for speed. I have heard that from all of you today. Building on the campus will present difficulties that we will not experience elsewhere that will affect the schedule.

Chairman TANNER. How many acres are out there on the campus?

Mr. HEWELL. 270.

Chairman TANNER. You said earlier that it was not cost effective to build there because you had to build a parking garage. You have surface parking now, and you cannot find in 270 acres other surface parking if you use the campus?

Mr. HEWELL. The large majority of the space in that 270 acres that is flat, the easiest to build on, is either covered currently with buildings or parking lots.

Chairman TANNER. You are saying you cannot build a surface parking lot on a hill?

Mr. HEWELL. You can certainly build parking on a hill. It requires excavation and foundation work.

Chairman TANNER. Would that be cheaper than a parking garage?

Mr. HEWELL. Structuring parking whether it is a garage or not is comparably priced. The area to the north of the existing data center, as an example, has something like a 60 foot elevation on it, between where the current data center and the property line is, which is roughly six stories.

We are dealing with some significant topography.

Chairman TANNER. Mr. Diaz-Balart?

Mr. DIAZ–BALART. Thank you very much, Mr. Chairman.

I am from Florida. I do not have a dog in this fight as far as one place or another. I am concerned obviously about making sure that the safety issue has to be paramount.

Also, regardless of what has happened in the past or what will happen, safety is paramount. I think you all will agree with that.

You mentioned speed. Speed is important because of costs. I know it is also part of job creation which is supposed to be a stimulus. Also, cost is paramount in my opinion.

Let me ask you the following, which is less expensive, to keep it on-site or to move it to a new location? Number two is which is safer for everything that it entails to keep it on-site or to move it to a new location, and third, which is related to the expense, which is faster, to keep it in this location or to move it to a new location?

Mr. HEWELL. My answer to those three questions would be the outside solution in all three cases.

Mr. DIAZ–BALART. The off site solution is less expensive?

Mr. HEWELL. We believe it would be less expensive.

Mr. DIAZ–BALART. Any idea how much less expensive?

Mr. HEWELL. I do not believe our studies are developed enough to give you that answer specifically. We know the cost we would incur to go off site as opposed to stay on-site would be the cost of acquiring land. That cost is roughly $12 million.

The additional cost we will incur on the existing campus to deal with the things that we have been talking about will in our opinion exceed that. I am a little afraid to throw out any numbers because I do not know that we have developed them that much.

The cost of dealing with the topography to build either a building or parking will exceed that $12 million cost.

Mr. DIAZ–BALART. In your opinion, it would be less expensive to build elsewhere than on the current site?

Mr. HEWELL. We believe so.

Mr. DIAZ–BALART. It would be great if you could give us something regarding that.

Mr. HEWELL. We will develop that analysis.

Mr. DIAZ–BALART. That is crucial. Again, we should not be talking about theories here. We should know. Again, we would like to see and I think the Committee would like to see that, as the Chairman has just said off microphone, an analysis of price differences between off-campus and on the current location.

Number two is speed. I would also like to see, Mr. Chairman, if possible, an analysis of which one would happen quicker, if that is at all possible.

Mr. HEWELL. It is possible and we will produce that.

Mr. DIAZ–BALART. The third one which is paramount, obviously—I said I do not have a dog in this fight except for the fact that we all need to make sure that safety is paramount. We need to make sure people continue to get their checks and that information is not lost or whatever.

Do you have an analysis on what the impact on safety of the information would be, the potential risk of putting it on-campus versus off?

Mr. HEWELL. The analysis would go something like this. If we build a facility off site, we will not run any risk of a backhoe running into existing wiring or something like that which we may or may not know about.

If we build on-site, we will certainly do everything we can with respect to the plans that we have for what is underground and that sort of thing already, but the risk exists for something to happen. It happens on construction jobs all the time.

Mr. DIAZ–BALART. Particularly with an old facility where——

Mr. HEWELL. Where the plans from 30 years ago are not necessarily up to date or findable.

Mr. DIAZ–BALART. Mr. Chairman, what I would like is as much as possible if you could get us answers to those three questions as specific as possible, as accurate as possible.

Mr. HEWELL. We will take a shot at it.

Mr. DIAZ–BALART. Great. Thank you. Thank you, Mr. Chairman.

Ms. NORTON. Mr. Diaz-Balart, you asked a question that was very important here about safety. In the analysis they are getting to the Committee on safety, an analysis of the kinds of offsets that would be required.

Once you acquire new land, which is not already protected as this land is, you then will have to erect a whole new set of security procedures which have to be figured into the cost. It raises costs and certainly for the Social Security system raises real safety issues in security terms.

Mr. HEWELL. The offset for the perimeter security will actually not be a great deal less because that same security would need to be done on the campus. The campus itself is not secured to the level that the data center area needs to be. There are setbacks and things that are associated just with that facility.

Mr. DIAZ–BALART. If I may, Mr. Chairman.

Chairman TANNER. Yes.

Mr. DIAZ–BALART. I think my Chairwoman had a very important point. I think we need to have some answers and we need to have those as specific as possible and as timely as possible. I appreciate if you could do that.

Thank you, Mr. Chairman.

Chairman TANNER. Thank you. Ms. Brown-Waite?

Ms. BROWN-WAITE. Thank you very much, Mr. Chairman.

Mr. Hewell, I travel back and forth in my District every week, and sometimes at the airport, I meet some of the most interesting people.

Are you aware that GSA actually has contracted with an organization that has expertise in putting up commercial buildings and has sought their advice? Are you aware of such a contract? This is

a consulting contract on how GSA can build better, faster and cheaper. Are you aware of such a contractor?

Mr. HEWELL. I have to say no, I am not. My purview is the regional office. What you are describing sounds to me like a national office contract.

Ms. BROWN-WAITE. If I could make a suggestion. I have seen this person several times at the airport, and I am naturally interested in saving taxpayer dollars. This consultant has come up with a plan. They believe that various buildings could be constructed in half the time at half to two-thirds of the current cost.

Obviously, GSA was amazed at this. It seems to me as if in private industry, there is a deadline, and cost overruns are very seldom allowed because they hold the feet of the contractors to the fire and get the construction done very quickly.

I strongly advise you to follow up and get the information that has been supplied to GSA. Government workers, we are shocked, tried to shoot holes in the proposal, but were really unsuccessful because it works.

I would really strongly suggest that you follow up on this with the main office.

The other question that I have is how do you think other than this private contractor that Congress could help you speed up this process? The whole building process.

Mr. HEWELL. For all of the 35 years or so that I have worked for GSA, we have continuously looked for ways to do that, and we have actually made significant improvement.

We do over 95 percent of our business in terms of dollars spent through contractors. We talk to them all the time about many things.

I would like to take this opportunity to say that in terms of dealing with the SSA issue at hand, Congress has certainly helped us a lot already by appropriating the funds for this project as quickly as they did.

If I might get the name of this contractor that you were talking about after the hearing, I would like to do that.

Ms. BROWN-WAITE. I have a briefing I have to go to but I will make sure my staff gets it to you.

Mr. HEWELL. Thank you very much.

Ms. BROWN-WAITE. I have a question for Mr. O'Carroll. Mr. O'Carroll, what do you think is the most important lesson that can be learned from the building of the secondary data center in Durham, and how can we apply this lesson to the new construction of the National Computer Center?

We were originally told that the building would take six years. It took eight years. Should we really believe that the building that we are discussing today will be constructed on time?

Mr. O'CARROLL. Congresswoman, that is a very good question. All of these questions are interesting. One of the responsibilities of being the Inspector General is remaining independent. With all the discussions of the tour on Friday, we are usually not invited to those events. We do not go along, but we review the documentation afterwards.

It is sort of the same thing that happened with the Durham Support Center. We took a look at the overruns, and we went down

there twice. Once, we went down with the Agency to do a walk-through. Afterwards, our auditors went down and we took a look at the pitfalls that occurred as they were building the Durham Support Center.

We identified those issues and wrote a report that is available.

We are optimistic that a lot of the mistakes and a lot of the issues on the overruns in Durham, now that they are known, should be avoided in any of the planning going forward.

I have to say we are impressed with the way that Durham has progressed. We were impressed with the flexibility, because nine months ago, it did not have the capability of redundancy that it now will have. That is partly a result of our report in which we noted on the disaster recovery that not enough resources were put into Durham. They are included now and we are looking at that for the future.

I think the mistakes that were made and valuable lessons learned, Durham should help going into the future.

Ms. BROWN-WAITE. Mr. Chairman, if I could ask one followup question to Mr. O'Carroll.

Mr. O'Carroll, when you say not enough resources, could you elaborate a little bit on that? Not enough staff? Help me out here.

Mr. O'CARROLL. Yes. Having made the visit down there, we found the facility is in a rural area. It was away from a lot of the resources that were needed.

I think in terms of, as we discussed here, the infringing area, they needed a lot of real estate development. It was initially interesting.

When Durham was first selected, it was going to be for redundancy, but with funding and other issues, it became a secondary site as opposed to being a redundant site.

I have to say in some ways, it was probably a reduction in funding, why the decision was made to make it a secondary site as opposed to a redundant site. Now, with more resources devoted to it, it is now redundant, so it is going to have that capability in January that Mr. Gray mentioned, being able to replicate many of the same processes that are done in Baltimore.

On resources, it means you are going to have to make sure there will be enough power generators. One of the issues that was addressed in the last year is they doubled the amount of generator power down there so it could be redundant. That is a resource that needs to be looked at in advance.

Ms. BROWN-WAITE. Are you concerned that all of the facilities are along the East Coast?

Mr. O'CARROLL. We are looking at that. One of our concerns, of course, when we heard about a 40 mile range, we thought that immediately took off the table the ability to go into other states, other areas, other parts of the country.

It, of course, is a concern that everything is East Coast located. However, we are feeling more comfortable that there is going to be redundancy in at least a couple of different locations, which in a sense is doubling the sense of security that there was a few years ago.

It would be nice if geographically it could be in a completely different location, but I have to say, given the resources and the op-

portunities that SSA had, just the fact that there are eventually going to be two redundant sites, we are less concerned with geographical location.

Ms. BROWN-WAITE. Mr. Chairman, thank you for your understanding, and I yield back the balance of my time.

Chairman TANNER. Thank you. Does any Member have further questions?

[No response.]

Chairman TANNER. We want to again thank you all.

Ms. NORTON. Mr. Chairman, I just want to make sure that Mr. Hewell and Mr. Gallagher understand that in light of the questions of the Committees, before you move forward on buying land, one, the analyses need to be presented to the Committees, and two, the Committees need to have fair notice in advance if the decision is made to buy land.

Thank you, Mr. Chairman.

Chairman TANNER. Thank you, Ms. Holmes Norton.

There is a concern here. We need to see some data, some analyses here. I think you all would agree this is a big deal. It is extremely important. It is critical to the Social Security delivery system.

The concern here is that we have access to the analyses about what we are doing so that you all and these two Committees who have jurisdiction can comfortably face any questions about it that we might receive.

We will be looking forward to your submission.

Do any of you all have any closing comments?

[No response.]

Chairman TANNER. If not, we thank you and the hearing is adjourned.

[Whereupon, at 11:03 a.m., the Subcommittees were adjourned.]

[Questions for the Record follow:]

Questions from Chairman John Tanner to Mr. Michael Gallagher

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December 22, 2009

Mr. Michael Gallagher
Deputy Commissioner
Office of Budget, Finance and Management
Social Security Administration
6401 Security Blvd.
Baltimore, MD 21235

Dear Mr. Gallagher:

Thank you for your December 15th testimony to 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 at our joint hearing on the Recovery Act project to replace the Social Security Administration's (SSA) National Computer Center (NCC). In order to complete our hearing record, please respond to the following questions by Tuesday, January 12, 2010:

1) On pages 2, 3, and 28 of GSA's Feasibility Study for the Social Security Administration National Services Center Data Center Facility, dated January 16, 2009, which was a preliminary report on SSA's various options to replace or rehabilitate the NCC prior to enactment of the Recovery Act, it is mentioned that a built-to-suit leased facility would be located in an area 40 miles north and west of SSA's headquarters. The reference on page 28 states that SSA had "preliminarily identified" that area as preferred under "determining drivers" such as density of development, transportation obstacles and technological concerns in other directions.

   Specifically who at SSA made these determinations and what was the specific rationale for choosing this area?

   Are these preliminary determinations still considered "driving" criteria in the search for a new location for the National Support Center (NSC)?

2) Cost estimates for this project provided to Congress prior the Recovery Act, and since, are still considered "preliminary." The Inspector General has raised some questions about them. When will SSA be able to give more definitive cost estimates?

What are the risks of cost overruns? What are you doing to mitigate these risks?

3) Please provide an analysis of parking on SSA's campus. How many employees require parking on campus, and how many spaces exist currently? Does SSA ever exceed its parking capacity, and if so, how frequently?

What are SSA's short-term and long-term plans to address campus parking needs, including any shortage?

Has SSA evaluated how many additional spaces would be needed if the NSC were located on campus – due to an increase in the total number of employees, and/or the loss of existing parking due to construction of the NSC? What are the results of that evaluation?

4) Deputy Commissioner for Systems Bill Gray informed the Subcommittees that the North Carolina facility will "fill the gap" between the time when the NCC is no longer capable of growing and when the NSC is completely functional as the primary data center. What are the risks to operations and potential costs involved with this plan?

How long could the North Carolina facility function as SSA's only data center, in the event of failure of the NCC?

5) What are you doing to extend the useful life of the current NCC to minimize the risk of data processing service disruptions?

Does the increasing utilization of the data center in North Carolina extend the life of the NCC past 2013?

6) Please explain the importance of full redundancy.

7) What is a "commercial hot site" and what has been SSA's relationship to such sites?

8) What do you envision as a disaster recovery exercise that you mention in your testimony? What will you test? What will constitute "pass - fail"?

9) The IG testified that the North Carolina facility was initially conceptualized in 2002 as a full backup for the NCC, but when the Commissioner approved of its construction in 2005 the plans reflected a smaller intended role.

What were the reasons for scaling down the intended role for the second data center between conceptualization in 2002 and start of implementation in 2005? Does this experience suggest that SSA's long-term IT planning process needs improvement or prioritization within the agency?

10) How does SSA evaluate and prioritize IT investments. What evaluation process is applied to determine whether projects achieve their stated purpose?

11) On page 1 of your statement, you discuss fundamental changes in the way SSA uses technology. Please outline some of those changes.

12) How many employees are affected by the project to replace the NCC? How many positions will move to the NSC, and how many new positions will be created?

The Committee relies on electronic submissions for printing the official hearing record, therefore, please send an electronic submission in a Word or Word Perfect attachment to *hearingclerks.waysandmeans_d@mail.house.gov* and to *jennifer.beeler@mail.house.gov* .

Again, thank you for your participation in the hearing and for taking the time to answer these questions for the record. If you have any questions regarding this request, please contact Kathryn Olson, Staff Director of the Subcommittee on Social Security at 202-225-9263.

Sincerely,

Kathryn Olson

Kathryn Olson
Staff Director

cc: Susan Brita, Staff Director, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the House Committee on Transportation and Infrastructure

SOCIAL SECURITY

January 20, 2010

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

Dear Chairman Tanner:

Thank you for your December 22, 2009, letter requesting additional information to complete the record for the hearing on the Recovery Act project to replace our National Computer Center, held on December 15, 2009. Enclosed you will find the answers 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 Judy Chesser, our Deputy Commissioner for Legislative and Regulatory Affairs, at (202) 358-6030.

Sincerely,

Michael G. Gallagher
Deputy Commissioner
for Budget, Finance and Management

Enclosure

cc: Susan Brita, Staff Director, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the House Committee on Transportation and Infrastructure

Questions for the Record
For the December 15, 2009 Hearing
On the Recovery Act project to replace the
Social Security Administration's (SSA) National Computer Center (NCC)

Questions from Representative John Tanner

1. **On pages 2, 3, and 28 of GSA's Feasibility Study for the Social Security Administration National Services Center Data Center Facility, dated January 16, 2009, which was a preliminary report on SSA's various options to replace or rehabilitate the NCC prior to enactment of the Recovery Act, it is mentioned that a built-to-suit leased facility would be located in an area 40 miles north and west of SSA's headquarters. The reference on page 28 states that SSA had "preliminarily identified" that area as preferred under "determining drivers" such as density of development, transportation obstacles and technological concerns in other directions.**

   Specifically who at SSA made these determinations and what was the specific rationale for choosing this area?

   In 2008, when we began focused discussions about replacing the NCC, we settled upon a data migration technology that requires proximity within a 40-mile radius of the current NCC. These technology limitations are related to data transmission; this technology assures a lower risk of disrupting service. The primary consideration for choosing this technology was risk mitigation—enabling the successful migration of sensitive data from the NCC to the new data center without interruption of service to the public.

   This 40-mile limitation delineated the area within which we would be able to build the new data center. In August 2008, when the Commissioner received this information, he questioned the recommendation to locate the new data center off campus. Staff had investigated the possibility of building a new data center on the main complex, but found that the campus had limited space suitable for a new facility. In addition, career staff recommended that building on the complex would not be the best option because of topography, parking, and residential property owned by private citizens. Most importantly, we were concerned about the time and money it would take to mitigate these factors given that we were facing NCC electrical capacity issues as early as 2012.

   Given the 40-mile limitation and traffic congestion in the northern Virginia, D.C.-Baltimore area, staff recommended building the new data center in the northwest quadrant of the 40-mile circle. In the event of an emergency, we would need easy access to the data so that we could move it out of harm's way expeditiously and with little disruption to a multi-billion dollar program.

Are these preliminary determinations still considered "driving" criteria in the search for a new location for the National Support Center (NSC)?

The same general criteria (density of development, transportation obstacles, and technological concerns) are included as part of GSA's more detailed site selection criteria, as they are industry best standards and guidelines. Following the advice of the GSA/SSA team, the Commissioner expanded the previously identified wedge area to encompass the full 40-mile radius circle to ensure that any sites meeting the criteria were fully considered. In 2009, the Commissioner convened a meeting to review options for placing the NSC on the main campus, but could not identify an option that would not involve substantial additional costs and delay. At that time, he expressed concern about additional delays given the intent of the Recovery Act to stimulate the economy and jobs growth.

In December 2009, we experienced an event that demonstrated the risk associated with building on site. For three days, the NCC lost the electrical feed from our utility provider. Pursuant to our risk mitigation strategy, we converted to back-up generator power to maintain uninterrupted service. Those generators reside in a location that could be compromised if the new NSC is placed on campus. For example, we were concerned that any new facility would possibly require the relocation of our existing utility lines, which could result in a disruption in power to the entire campus, possibly causing a disruption in service nationwide.

These utility lines provide critical power and chilled water (for cooling) to the current NCC every day. If we were to lose utility-supplied power, we would have to rely on generator power. While this is a viable short-term solution, it is not practical for an extended period.

In addition, the driving criteria posted in the GSA FedBizOps are that:

- The land must be contiguous;
- The land must be within 40 miles of the main complex in Woodlawn, MD;
- The land must provide building space and topography suitable for development;
- The land must have no known landfills, hazardous waste, or soil or water contamination on or near the site for which cleanup would significantly impact the cost or schedule of the project;
- The land must be such that the developable area is not be located within the 100 or 500 year flood plain or have other geological or environmental impairments;
- The land must have reasonable access to power, water, telephone, satellite, and fiber optics, and
- If multiple sites are required, assemblage shall not significantly affect project schedule.

Current site criteria are primarily based on the standards of the following:

- National Environmental Policy Act;
- Telecommunications Industry Association (Uptime Institute follows these standards);

- International Building Code;
- International Fire Code;
- Interagency Security Committee;
- Insurance Services Organization, and
- National Archives and Records Administration.

2. **Cost estimates for this project provided to Congress prior to the Recovery Act, and since, are still considered "preliminary." The Inspector General has raised some questions about them. When will SSA be able to give more definitive cost estimates?**

   GSA will provide us a 50 percent Program of Requirements (POR) from its contractor, Jacobs, in early 2010. We will be able to refine that information. The 50 percent POR will allow us to determine a more definitive cost estimate. Following the established business process, we will reconcile these estimates against the GSA baseline.

   With regard to other smaller but likely significant costs--e.g., IT planning, acquisition, development, and maintenance--we will firm up all estimates associated with the project once we know the location and occupancy date for the new building.

   What are the risks of cost overruns? What are you doing to mitigate these risks?

   We defer to GSA for a detailed response to this question. Certainly, however, a thoughtful architectural plan will minimize the need for subsequent changes, typically the major source of cost overruns in large construction contracts.

   The site location can change the risks associated with project cost and time. Nonetheless, we will continually assess the project and employ risk mitigation strategies to avoid costly, in time and dollars, scope changes. A project team comprised of GSA, Jacobs (GSA's contractor) and SSA staff will monitor and coordinate all project work and provide weekly updates to senior executives.

3. **Please provide an analysis of parking on SSA's campus. How many employees require parking on campus, and how many spaces exist currently? Does SSA ever exceed its parking capacity, and if so, how frequently?**

   The information and analysis below applies to the main complex, i.e., the NCC, the Annex, the Supply Building, the Child Care Center, the Altmeyer and Operations buildings, the East High and Low Rises, and the West High and Low Rises. Excluded from this analysis are other parts of our Central Office, including: Dunleavy, Security West, Metro West, 7111 Boulevard Place, 2525 Lord Baltimore, 3200 Lord Baltimore, Meadows East, Oak Meadows, Preston Gateway Warehouse, Rolling Heights, Rolling Road Commerce Center, Whitestone, Windsor Park, and the Woodlawn Office Complex.

   There are currently 6,252 parking spaces available for about 8,500 employees and contractors who are assigned to the main complex.

Our main complex parking lots regularly come close to, or exceed, capacity. At the lots assigned to NCC employees, we exceed capacity every day. Taking into consideration such factors as leave, training, travel, and alternate work schedules, the days our parking needs are most likely to exceed capacity are Tuesday, Wednesday, and Thursday. For example, parking needs exceed capacity two or three times a month because of meetings, conferences, and other events at the main complex.

What are SSA's short-term and long-term plans to address campus parking needs, including any shortage?

To improve our parking situation, we undertook the following projects in FY 2009:

- Resurfaced and re-striped the NCC parking area in July 2009, increasing the total number of spaces from 680 to 760, adding an additional 80 spaces.
- Relocated heavy vehicle equipment and striped the vacated area, netting an additional 33 spaces at the main complex.
- At the main complex, adjusted reserved parking lot boundaries of spaces for executives, carpools, and employees with medical permits to maximize usage in adjacent unreserved parking lots.
- Funded the construction of two parking areas at the NCC, which will add approximately 185 additional spaces in spring 2010.

These projects allowed us to gain 169 parking spaces in FY 2009 and will increase parking by approximately 185 spaces in FY 2010.

Identifying and planning for future parking will be part of the Integrated Master Housing plan. We are working with GSA to contract a housing and leasing study for the main complex and outlying leased buildings. The housing and leasing study, along with several other campus-wide studies, will shape our Integrated Master Housing plan. Consideration of parking issues will obviously be an important part of this plan.

Has SSA evaluated how many additional spaces would be needed if the NSC were located on campus due to an increase in the total number of employees, and/or the loss of existing parking due to construction of the NSC? What are the results of that evaluation?

GSA is currently working with its contractor to answer this question. We will inform you of the answer as soon as we receive it. We expect, however, that any approach that would involve a substantial use of parking spaces would most likely delay completion of the NSC.

4. **Deputy Commissioner for Systems Bill Gray informed the Subcommittees that the North Carolina facility will "fill the gap" between the time when the NCC is no longer capable of growing and when the NSC is completely functional as the primary datacenter. What are the risks to operations and potential costs involved with this plan?**

   We have taken several steps to mitigate these limitations in the NCC and to allow for continued growth. For example, we are replacing power panels throughout the building with greater capacity panels; we have relocated staff, recovering the space and electrical service for computer space, and we have installed more power distribution equipment, increasing our electrical capacity. We can also install new computer equipment in the Second Support Center (SSC) facility as needed. With these measures, we expect no program impact resulting from any inability to install computer equipment until the NSC is available.

   In March 2009, we provided GSA through an RWA, $20 million to acquire additional generator and electrical power for the SSC for future IT infrastructure growth. This project is on schedule to be completed by October 2010.

   How long could the North Carolina facility function as SSA's only data center, in the event of failure of the NCC?

   Beginning January 2010, we can use the SSC in the event of a disaster at the NCC, which is a better option than using a commercial hot site data center, as we would have since the late 1980s. We will test and validate the recovery procedures at the SSC through July 2010.

   The SSC could function as our computer facility barring any unexpected, significant change in programs or policies. It is important to note, we have been working since 2002 to divide our IT operations and eliminate the risks inherent in a single IT facility. Should we use the SSC facility as a single "national" computer center, we would have to return to using a commercial hot site for disaster recovery, and the serious limitations and risks of a commercial hot site would return.

5. **What are you doing to extend the useful life of the current NCC to minimize the risk of data processing service disruptions?**

   We are continuing our scheduled preventive maintenance to ensure the building infrastructure systems remain fully operational through calendar year 2014, and, if necessary, longer. Following are specific examples of our activities:

   - We continue to perform maintenance during the annual shutdown on Columbus Day.
   - We purchased spare Uninterruptible Power Supply (UPS) parts in April 2009 and extended a service contract to ensure the UPS system remains operational though 2015.

- In May 2009, we replaced critical electrical feeders between the Utility and NCC buildings to avoid possible failure due to age and deterioration.
- We will complete our NCC riser panel project to upgrade electrical capacity in three phases by July 2010, replacing 256 electrical riser panels. We completed phase one over the 2009 Columbus Day weekend. Additional shutdown dates are:
  - President's Day weekend 2010,
  - Memorial Day weekend 2010, and
  - Independence Day weekend 2010 (if necessary).
- We will install additional UPS risers (for computer equipment) and general house power risers (for additional cooling equipment) by January 2011 when we have opportunities to shut down operations.
- We will expand the SSN Card Print Room to allow for additional inserter machines by June 2010.

Each fiscal year, as we have done in the past, we will renovate and upgrade the NCC as necessary.

Does the increasing utilization of the data center in North Carolina extend the life of the NCC past 2013?

The data center in North Carolina and adaptations to the NCC should extend the life of the NCC, although the risk of a catastrophic failure of the NCC will increase as its infrastructure further ages.

6. **Please explain the importance of full redundancy.**

Redundancy is important in our critical IT systems because the time required to restore functionality in the event of a failure would have a considerable negative impact on the delivery of services to the American public. That is why we have designed each of our two data centers to be able to restore all of our critical applications within 24 hours if a disaster should hit either one of them.

7. **What is a "commercial hot site" and what has been SSA's relationship to such sites?**

A "commercial hot site" is a privately owned secure facility to which we can move data and computers if a disaster occurs affecting the NCC. We have relied on hot site contracts since 1987.

8. **What do you envision as a disaster recovery exercise that you mention in your testimony? What will you test? What will constitute "pass-fail"?**

We are currently conducting an annual, two-week disaster recovery exercise at our hot site. This test ensures that we can recover critical IT systems should a disaster occur in the NCC. This is a simulation where we test our ability to:

- Identify, select, and deliver all required recovery data from its secure, offsite data storage facility,
- Use the recovery data to restore our critical systems to computer hardware residing at the hot site,
- Start-up our applications and connect to a small number of field sites which will enter claims data, and
- After completing the test, purge all data from the hot site and safely return the data to secure storage.

The test is a "pass" if our field operations test personnel can enter and process transactions correctly into the systems recovered at the hot site. The transactions are actual, production transactions already processed earlier in the year. The results of the test should match the earlier results. We plan to repeat this exercise at the SSC in the summer of 2010.

9. **The IG testified that the North Carolina facility was initially conceptualized in 2002 as a full backup for the NCC, but when the Commissioner approved of its construction in 2005 the plans reflected a smaller intended role.**

What were the reasons for scaling down the intended role for the second data center between conceptualization in 2002 and start of implementation in 2005? Does this experience suggest that SSA's long-term IT planning process needs improvement or prioritization within the agency?

From inception, we intended that the SSC would serve as a co-processing data center that would run a portion of our production work on a full-time basis. This means that the building does not sit idle waiting for a disaster; rather, it is staffed, maintained, and always ready to assume most of our IT operations in the event of a disaster. In addition, a co-processing design is efficient because there is ongoing use of the resources invested in the facility

In 2008, the Commissioner decided to invest $20 million in the SSC to expand its capabilities to support non-critical as well as critical workloads. While we have a solid IT planning process, we acknowledge that there is always room for improvement. To this end, we established the Future Systems Technology Advisory Panel, comprised of industry experts, to advise us on our future use of technology. In addition, internally, we have strengthened the role and function of our Chief Information Officer to ensure that we have a long-term vision, and the process is in place to make use of leading edge technology.

10. How does SSA evaluate and prioritize IT investments. What evaluation process is applied to determine whether projects achieve their stated purpose?

Our IT Advisory Board (ITAB), led by the Chief Information Officer and comprised of the highest-ranking executives, meets regularly to discuss agency direction, IT strategy, and the priority of IT investments. Every request to the ITAB for resources for a specific IT project includes a statement of the objective and scope of the investment and the Office of Systems' estimate of required resources. Development project requests also include a cost-benefit or business value analysis.

The Office of Systems conducts a post-release review (PRR) after each significant project release. The PRR focuses on end users' acceptance of the product and the systems development process. In addition, our CIO has designed a framework for conducting broader post-implementation reviews. The CIO is developing a staff to manage IT investment performance.

11. On page 1 of your statement, you discuss fundamental changes in the way SSA uses technology. Please outline some of those changes.

Technology is a key element in the way we do business. Here are some examples of change in our use of technology:

Expansion of Public Use Services—We have built a robust suite of Internet applications that the American Customer Satisfaction Index (ACSI) consistently ranks among the best in the Federal Government. ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights of the consumer economy for companies, industry trade associations, and government agencies. ACSI also allows federal agencies to benchmark their performance against comparable best-in-class entities. For the 3rd quarter of 2009, we took the top three spots in the ACSI report card and four of the top seven. Our overall aggregate score was 81.2, tops in Government, and 2.5 points above the second-place finisher.

Paperless Processing—We have gradually eliminated paper from most of our business processes. This has resulted in increased efficiency and better management of the agency. Our most notable paperless activity has been the Electronic Disability Project which literally transformed our extremely complex, paper-based disability claims process. We have established a robust electronic disability folder and various integrated case processing systems that manage our disability work from the claimant's first contact with the agency, to initial claims intake, and through the hearing and appeals levels. These systems also allow us to fast track an increasing number of disability claims.

Expanded Use of Health Information Technology - As we move forward in adopting the use of Health Information Technology (HIT), we will cut the time required to acquire the medical records of disability applicants from weeks to days, in some cases, to minutes. By sending electronic requests to healthcare providers, we can quickly and inexpensively acquire the information we need to assess a claimant's eligibility for benefits. In some cases, when HIT provides all the information necessary, the decision can be made by our examiners in

just a few days. In addition, we will build the capability to analyze the HIT-provided information automatically and provide advice to our examiners on the best way to proceed.

Conversion of User Interfaces and Applications—We are systematically replacing "green screen" user interfaces and applications written in older programming languages with more graphical and versatile screens written in modern JAVA code. These JAVA screens, viewed through Internet browsers, also present new opportunities in posting our applications to the Internet.

Conversion of Databases—We recognized a risk in continuing to maintain our own proprietary software to access vitally important master files that contain earnings, benefit, enumeration, and demographic data. While the data have never been in jeopardy of loss or compromise, we agree with outside experts that it would be wise to convert to a commercially available database management system supported by a strong industry presence. We have already converted three of the five master files previously housed on the proprietary database and will convert the remaining two over the next few years.

12. How many employees are affected by the project to replace the NCC? How many positions will move to the NSC, and how many new positions will be created?

There are more than one thousand employees in the current NCC, none of whom will lose their jobs as result of the new data center. In fact, building the NSC will create jobs, predominately through the construction and ongoing maintenance of the building.

Not all of the employees in the NCC will move to the NSC. The GSA Feasibility Study provided early planning estimates of about 250 employees in the NSC. These estimates are very preliminary. When the POR is completed, we will have a more definitive staffing plan.

Questions from Sam Johnson to The Honorable Michael J. Astrue

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January 6, 2010

The Honorable Michael J. Astrue
Commissioner of Social Security
Social Security Administration
6401 Security Boulevard
Baltimore, MD 21235

Dear Commissioner Astrue:

Thank you for the Social Security Administration's December 15th testimony to the Committee on Ways and Means, Subcommittee on Social Security and the Transportation and Infrastructure Committee, Subcommittee on Economic Development, Public Buildings, and Emergency Management at their joint hearing on the progress made to replace the Social Security Administration's National Computer Center. In order to complete our hearing record, I would appreciate your response to the following questions:

1. Please describe in detail how the final decision will be made regarding the location of Social Security's new National Support Center, including the specific roles of the Social Security Administration (SSA), the General Services Administration (GSA), the Office of Management and Budget (OMB), and the Congress.

2. Specifically, how did you reach your decision to locate the new National Support Center (NSC) within 40 miles of the current campus? Did the GSA and the OMB also sign-off on this decision? Why or why not? The SSA's testimony referred to an advisory panel of world-class IT experts. Did this panel sign off on the decision to locate the new NSC within a 40 mile radius of the Headquarters campus?

3. Mr. Gallagher reported at the hearing that you made the decision to locate the new NSC in a separate location from the Headquarters campus. Would you explain how you reached this decision and whether the GSA and the OMB signed-off on this decision? GSA and SSA staff recently revisited the question of whether the new NSC should be located off campus after questions were raised by the staff of the Committee on Ways and Means. Why was this necessary? Didn't both agencies conduct a thorough evaluation the first time?

4. I was pleased to see that by January, Durham will be able to recover Social Security's critical systems from backup tapes, and that by October, Durham will be able to recover all systems. However, according to the SSA's testimony, it will still take the SSA seven days to restore these systems, and the ability to synchronize data between both data centers will not be possible until close to three years from now.

   - Should a catastrophic failure occur, how can you ask the American people who rely on your services to wait seven days? How exactly would the SSA's operations change for that seven-day period?
   - Please explain why it will take close to three years to synchronize data between both centers.

5. At the hearing, Mr. O'Carroll discussed how the Durham Support Center has progressed from its initial purpose of redundancy to becoming a secondary data site. Please provide an historical summary of the development of the Durham Support Center that includes its original purpose/function, how that purpose/function has changed over time, its current status, and the plans for its future.

6. Please summarize the steps taken and planned to extend the life of the National Computer Center (NCC), including their final or expected completion date and how these steps will extend the life of the NCC.

7. How much of the Recovery Act funds provided for replacing the NCC have been expended to date and how many jobs have been created as a result?

8. What assurances can you give our Subcommittees and the American taxpayers that the new NSC will be built on time and within budget? What is different about the management and oversight of this building that will prevent cost and deadline overruns?

9. In reviewing the testimony, there are references to Jacobs Facilities, EMC Consultants, Lockheed Martin, Booz Allen Hamilton, Strategic e-Business Solutions, Uptime Institute, as well as an advisory committee of IT experts, the Chief Information Officer, a GSA/SSA team of architects, electrical engineers, mechanical engineers, fire protection engineers, project managers, occupational safety and industrial hygiene experts, physical security experts, and network and IT engineers. GSA experts in real estate and building construction and SSA experts in data center design and operations as well as seasoned SSA real estate professionals are also mentioned.

   Allowing for the complex nature of the National Support Center project, the need for a wide variety of support is understandable. However, please help the Subcommittees understand how all of the pieces are working together here to achieve a completed center and ensure continued service and improvement for Social Security's programs. For instance:

   - How many consultants and contractors have been involved in the process so far, who has hired them and what is the cost of their services?
   - How are the results of their work coordinated and who is in charge of that coordination?
   - How can we assure our constituents that their hard earned taxpayer dollars are being used effectively and that the Social Security benefits they depend on will keep arriving on time?

I would appreciate your response to these questions by January 29, 2010. Please send your response to the attention of Kim Hildred, Staff Director, Subcommittee on Social Security, Committee on Ways and Means Republicans, U.S. House of Representatives, B-316 Rayburn House Office Building, Washington, D.C. 20515. In addition to a hard copy, please submit an electronic copy of your response in WordPerfect or Microsoft Word format to Jennifer.Beeler@mail.house.gov and Mike.Stober@mail.house.gov.

Thank you for your leadership at the SSA and thank you for taking the time to answer these questions for the record. If you have any questions concerning this request, you may reach Kim at (202) 225-4021.

Sincerely yours,

Sam

Sam Johnson
Ranking Member

SOCIAL SECURITY
The Commissioner

March 3, 2010

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

Dear Mr. Johnson:

Thank you for your January 6, 2010, letter requesting additional information to complete the record for the hearing on the Recovery Act project to replace our National Computer Center held on December 15, 2009. Enclosed you will find the answers to your questions.

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

Sincerely,

Michael J. Astrue

Enclosure

cc: Kim Hildred, Minority Staff Director, Subcommittee on Social Security of the House Committee on Ways and Means

Dan Matthews, Minority Staff Director, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the House Committee on Transportation and Infrastructure

Questions for the Record
For the December 15, 2009 Hearing
On the Recovery Act project to replace the
Social Security Administration's National Computer Center

Questions from Representative Sam Johnson

1. **Please describe in detail how the final decision will be made regarding the location of Social Security's new National Support Center (NSC), including the specific roles of the Social Security Administration (SSA), the General Services Administration (GSA), the Office of Management and Budget (OMB), and the Congress.**

   We have no authority to lease or purchase real estate on our own. GSA has that authority, and we work in concert with them in real estate matters. GSA is expert in real estate and building construction, and we offer our expertise in operations. GSA will manage the site selection, design, and construction activities for the project with input from us. GSA, as the agency responsible for the site procurement action, will then recommend a site to us for concurrence. As required in the *American Recovery and Reinvestment Act of 2009* (Recovery Act), the site selection and construction plan is subject to OMB's review and approval and we will "notify the Committees on Appropriations of the House of Representatives and the Senate not later than 10 days prior to each public notice soliciting bids related to site selection and construction, and prior to the lease or purchase of such site."

   We received OMB's concurrence on requesting expressions of interest for the data center site on August 5, 2009. We also notified all members of the Committees on Appropriations of the House of Representatives and the Senate by letter on August 6, 2009. We brief staff from the House Ways and Means Committee, Subcommittee on Social Security quarterly on the progress of the NSC project and provide monthly Recovery Act reports to the Subcommittee.

2. **Specifically, how did you reach your decision to locate the new NSC within 40 miles of the current campus? Did the GSA and the OMB also sign-off on this decision? Why or why not? The SSA's testimony referred to an advisory panel of world-class information technology (IT) experts. Did this panel sign off on the decision to locate the new NSC within a 40-mile radius of the Headquarters campus?**

   In choosing data migration technology, our primary consideration was risk mitigation. We wanted to ensure that we would successfully migrate all of the sensitive data from the National Computer Center (NCC) to the new data center without interruption of service to the public. The technology we selected decreases the risk of disrupting service. The technology works most efficiently within a 40-mile radius of the NCC. This 40-mile limitation delineated the area within which to build the new data center.

   We briefed both GSA and OMB regarding the 40-mile limit during the fall of 2008. Additionally, in May 2009, we briefed our Future Systems Technology Advisory Panel Data Center Migration Subcommittee on the new data center. We did not ask GSA, OMB, or the panel to sign-off on our decision to locate the NSC within 40 miles of the NCC.

3. **Mr. Gallagher reported at the hearing that you made the decision to locate the new NSC in a separate location from the headquarters campus. Would you explain how you reached this decision and whether the GSA and the OMB signed-off on this decision? GSA and SSA staff recently revisited the question of whether the new NSC should be located off campus after questions were raised by the staff of the Committee on Ways and Means. Why was this necessary? Didn't both agencies conduct a thorough evaluation the first time?**

   In August 2008, our staff briefed the Commissioner about options for replacing the NCC and recommended that the new data center be located off campus. In response to the Commissioner's concerns about this recommendation, staff reported that they had investigated the possibility of building a new data center on the main complex, but found that the campus had limited space suitable for a new facility. In addition, career staff recommended that building on the complex would not be the best option because of topography, parking, and residential property owned by private citizens. Most critical were concerns about the time and money it would take to mitigate these factors since the NCC's electrical system would face capacity issues as early as 2012.

   In 2009, the Commissioner convened a meeting to review options for placing the NSC on the main campus, but found no option that would not involve substantial additional costs and delay. In addition to the concerns about the current NCC's lifespan, at that time, he was concerned about any significant delays given the intent of the Recovery Act to stimulate the economy and job growth.

   GSA and OMB did not formally sign off on this decision, but GSA did not object to the preliminary drivers that we considered, which are described above.

   GSA is undertaking a comprehensive analysis of schedule, cost, and risks of an on-campus location as compared to those of an off-campus location. GSA will provide the results of the study when it is completed.

   We believe that the earlier evaluation was thorough. Nevertheless, as with any project of this magnitude, additional issues and possibilities arose as we went forward. Both we and GSA believed that these emerging issues merited additional evaluation.

4. **I was pleased to see that by January, Durham will be able to recover Social Security's critical systems from backup tapes, and that by October, Durham will be able to recover all systems. However, according to the SSA's testimony, it will take the SSA seven days to restore these systems, and the ability to synchronize data between both data centers will not be possible until close to three years from now.**

   - **Should a catastrophic failure occur, how can you ask the American people who rely on your services to wait seven days? How exactly would the SSA's operations change for the seven-day period?**

In a catastrophic loss of the NCC, our field operations would revert to non-automated means of serving the public, such as using paper forms and deferring non-time sensitive requests. Paper-based methods would protect the public from losing any potential eligibility to benefits. Treasury would still issue monthly benefit checks, and we could continue to make critical one-time payments. Non-critical workloads, however, would back up until our systems were restored.

- **Please explain why it will take close to three years to synchronize data between both centers.**

  Our IT operation is one of the largest in the Federal Government, and most of our data contains sensitive personally identifiable information. The sheer volume of our data makes synchronization and enormous challenge. We must meet the ever-growing IT demands from our customers, implement new legislation, modernize our databases, and retool our applications software. At the same time, we are changing our IT model, dividing our data between two sites. This change will result in a 700 percent improvement in our IT disaster response time, reducing the time required to fully restore our data from 7 days to 1 day.

  As our IT operations grow, it is critical that we protect the integrity of that data and safeguard it against loss or corruption. The process for migrating this amount and type of data is complex and time consuming. As we go forward, we must follow all prescribed measures to ensure that we remain fully operational while we synchronize our data. Based on best industry practices, this process will take at least three years.

  We have forecast fiscal year 2012 as the target for safely and successfully completing this challenging and complex "synchronization" effort, without disrupting service to the public. The measured progress over this three-year period can be summarized as follows:

  - In 2009, occupy the Second Support Center (SSC), divide our IT workloads, and halve our disaster exposure;
  - In 2010, synchronize workloads moved to the SSC with the NCC in Baltimore, and test our capability to recover them in 24 hours;
  - In 2011, synchronize NCC workloads in the SSC, and test our ability to recover in 24 hours in case of a disaster; and
  - In 2012, complete the testing to ensure we can recover both workloads in both centers, and begin annual testing certification processes.

5. **At the hearing, Mr. O'Carroll discussed how the Durham Support Center has progressed from its initial purpose of redundancy to becoming a secondary data site. Please provide a historical summary of the development of the Durham Support Center that includes its original purpose/function, how that has changed over time, its current status, and the plans for its future.**

From inception, we intended that the SSC would serve as a co-processing data center that would run a portion of our production work on a full-time basis. This means that the building does not sit idle waiting for a disaster; rather, it is staffed, maintained, and always ready to assume most of our IT operations in the event of a disaster. In addition, a co-processing design is efficient because there is ongoing use of the resources invested in the facility.

In 2008, the Commissioner decided to invest $20 million in the SSC to expand its capabilities to support non-critical as well as critical workloads.

The SSC opened in January 2009 and is fully operational as a major IT center, serving our IT operations 24 hours a day, 7 days a week. In May 2009, we began processing mission critical workloads at the SSC.

The SSC now contains:

- Medical images for electronic disability folders;
- Four mainframe computers;
- Billions of characters of data storage;
- Magnetic tape robots to create backup copies of critical data and provide the capability to use those copies to restore that data in the event of data corruption or data loss;
- Fully-redundant telecommunications connections to all of our offices, the Internet, and the NCC in Woodlawn, Maryland;
- A mirrored IT operations control center synchronized with the NCC; and
- A full-time staff of about 120 employees and contractors.

When we moved these workloads to the SSC, we reduced our potential data loss by 50 percent. We also improved our ability to sustain operations because the SSC supports our employees' access to:

- Our network and the Internet in all offices;
- Essential Blackberry communications services;
- E-mail (including access from the Internet);
- Connectivity to SSANet for traveling employees; and
- Our program policy web-site.

The SSC also houses one of four service delivery points for our new Voice Over Internet Protocol (VoIP) telephone system. At this time, it is the primary site for approximately 100 offices and can assume full operation of VoIP in the event of a disaster at the NCC site.

With regard to our future plans, we have strengthened the role and function of our Chief Information Officer (CIO) to ensure that we have a long-term vision, and the process is in place to make use of leading edge technology. In addition, we have established a Future Systems Technology Advisory Panel, comprised of industry experts, to advise us on the future use of technology. Both the CIO and the Panel will be instrumental in helping determine how the SSC might be expanded or modified to take account of our future technology needs.

6. **Please summarize the steps taken and planned to extend the life of the NCC, including their final or expected completion date and how these steps will extend the life of the NCC.**

We are continuing our scheduled preventive maintenance to ensure the building infrastructure systems remain fully operational through calendar year 2014, and, if necessary, longer. Following are specific examples of our activities:

- We continue to perform maintenance during the annual shutdown on Columbus Day.
- We purchased spare Uninterruptible Power Supply (UPS) parts in April 2009 and extended a service contract to ensure the UPS system remains operational through 2015.
- In May 2009, we replaced critical electrical feeders between the Utility and NCC buildings to avoid possible failure due to age and deterioration.
- We will complete our NCC riser panel project to upgrade electrical capacity in three phases by July 2010, replacing 256 electrical riser panels. We completed phase one over the 2009 Columbus Day weekend, and phase two over the 2010 President's Day weekend. Additional shutdown dates are:
  - Memorial Day weekend 2010, and
  - Independence Day weekend 2010 (if necessary).
- We will install additional UPS risers (for computer equipment) and general house power risers (for additional cooling equipment) by January 2011 when we have opportunities to shut down operations.
- We will expand the Social Security Number Card Print Room to allow for additional inserter machines by June 2010.

In 2009, we invested in projects ranging from redesigning space within the NCC to upgrading the power by adding four additional feeder cables (two for the data center and two for house power). The feeder upgrade will allow us to install an additional 80 servers in the NCC. Reconfiguration and renovations to the NCC inner core have resulted in approximately 4,000 square feet of available space for the additional server cabinets necessary to support our workloads by September 2010.

In each fiscal year, we have a placeholder for $500,000 to renovate and improve the NCC. In FY 2010, we have an additional $300,000 to establish a new Security Operation Center lab. In FY 2011, we have a placeholder for $18 million for design and construction of new air handlers if needed. We expect the existing air handlers will remain operational until 2015.

7. **How much of the Recovery Act funds provided for replacing the NCC have been expended to date and how many jobs have been created as a result?**

To date, through a Reimbursable Work Authorization, we have obligated $2,101,403 of Recovery Act funds to GSA for the NCC Replacement Project. GSA should be able to provide information about the jobs created through the project management and consulting firms hired thus far to support the planning processes.

8. **What assurances can you give our Subcommittees and the American taxpayers that the new NSC will be built on time and within budget? What is different about the management and oversight of this building that will prevent cost and deadline overruns?**

We are working closely with GSA to ensure that the new NSC will be built on time and within budget. Both agencies are taking a number of steps to ensure that we do everything possible to meet our goals. A thoughtful architectural plan will minimize the need for subsequent changes, typically the major source of cost overruns in large construction contracts.

The site location may affect the risks associated with cost and time. Nonetheless, we will continually assess the project and employ risk mitigation strategies to avoid time delays and cost overruns. A project team comprised of GSA, Jacobs (GSA's contractor), and our staff will monitor and coordinate all project work and provide weekly updates to senior executives.

We have begun efforts aimed at consolidating some of SSA's IT hardware assets currently in the NCC so that we can lessen the number and complexity of the resources that must be moved to the NSC when it is operational. However, given the planned schedules for refreshing the IT hardware in the NCC, virtually all of the equipment that is currently installed will need to be replaced before we begin our migration efforts. We will initiate detailed transition planning during FY 2012. Our IT staff gained valuable experience in the move of similar workloads to the Durham site earlier this year. This experience will be invaluable in assuring that we can accurately assess the level of effort, complexity,

prerequisites and dependencies necessary to insure that the IT migration to the NSC will be completed on schedule while minimizing risk of outage for SSA's customers and insuring that there is no loss of data.

9. **In reviewing the testimony, there are references to Jacobs Facilities, EMC Consultants, Lockheed Martin, Booz Allen Hamilton, Strategic e-Business Solutions, Uptime Institute, as well as an advisory committee of IT experts, the CIO, a GSA/SSA team of architects, electrical engineers, mechanical engineers, fire protection engineers, project managers, occupational safety and industrial hygiene experts, physical security specialists, and network and IT engineers. GSA experts in real estate and building construction and SSA experts in data center design and operations as well as seasoned SSA real estate professionals are also mentioned.**

   Allowing for the complex nature of the NSC project, the need for a wide variety of support is understandable. However, please help the Subcommittees understand how all of the pieces are working together here to achieve a completed center and ensure continued service and improvement for Social Security's programs. For instance:

   - **How many consultants and contractors have been involved in the process so far, who has hired them and what is the cost of services?**

     We hired several outside consultants to assist us in various aspects of planning for the new data center. We initiated and funded the following studies prior to receiving Recovery Act funding:

     - We hired Lockheed Martin to conduct a feasibility study that looked at the condition of the NCC and determined the need for a new data center. Lockheed Martin was involved in the project in 2007-2008. The cost of this study was $530,714.

     - Booz Allen Hamilton issued the SSA NCC Alternatives Analysis dated February 18, 2009. This was a life-cycle cost analysis of the proposed viable options contained in the Lockheed Martin study. We contracted for this study to support the IT capital asset and performance-tracking information (also known as the "Exhibit 300 Report") submitted to OMB. The cost of this study was $10,000.

     - Booz Allen Hamilton also conducted an SSA Distance Sensitivity Study for the New SSA Data Center and issued its report on April 20, 2009. This study analyzed the life cycle cost of the new data center at differing distances from the headquarters campus. The cost of this study was $136,000.

     As previously mentioned, we submitted $2.1 million in Recovery Act funds to GSA. GSA should be able to provide specific information about the contractors hired so far to support the project.

     The Social Security Office of the Inspector General (OIG) also hired a contractor, Strategic

e-Business Solutions, to assist in oversight activities of this project. OIG should be able to provide specific information about its contractor.

- **How are the results of their work coordinated and who is in charge of that coordination?**

  A project team comprised of GSA, Jacobs (GSA's contractor), and our staff coordinates all project work. GSA's project executive leads the joint project team. The staff subject matter experts on the joint project team meet no less than weekly and provide weekly update meetings to senior executives. While much of the day to day coordination occurs through the ongoing work of the project team, our Associate Commissioner for Facilities Management leads our effort.

- **How can we assure our constituents that their hard-earned taxpayer dollars are being used effectively and that Social Security benefits they depend on will keep arriving on time?**

  Through the ongoing monitoring process, our senior executives provide oversight to the new data center project and ensure good stewardship of taxpayer dollars. Both our staff and GSA staff brief staff from the House Ways and Means Committee, Subcommittee on Social Security quarterly, and provide monthly Recovery Act reports to the Subcommittee. To ensure transparency, we routinely update the recovery.gov website with project status information, and our CIO is establishing an agency website to keep the public informed of activities related to the new data center.

  In addition, OIG received $2 million for oversight and audit of programs, projects, and activities funded with Recovery Act funds. To date, OIG has completed or is conducting the following reviews related to the new data center:

  - Quick Response Evaluation: The Social Security Administration's Ability to Address Future Processing Requirements - Final report received March 16, 2009;
  - Quick Response Evaluation: The Social Security Administration's Disaster Recovery Process - Final report received June 5, 2009;
  - OIG Quick Response Evaluation: The Social Security Administration's Use of Site Selection Industry Best Practices for its New Data Center;
  - OIG Congressional Response Report: The Social Security Administration's Data Center Alternatives;
  - OIG Review: The Social Security Administration's Use of Data Center Industry Best Practices in its National Computer Center Replacement Strategy Under the American Recovery and Reinvestment Act;
  - OIG Quick Response Evaluation: The Social Security Administration's Disaster Preparedness.

Questions from Chairman Tanner to The Honorable Patrick P. O'Carroll

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Congress of the United States
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COMMITTEE ON WAYS AND MEANS
WASHINGTON, DC 20515

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December 22, 2009

The Honorable Patrick P. O'Carroll, Jr.
Inspector General
Social Security Administration
6401 Security Boulevard, Suite 300
Baltimore, MD 21235

Dear Mr. O'Carroll:

Thank you for your December 15th testimony to 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 at our joint hearing on the Recovery Act project to replace the Social Security Administration's (SSA) National Computer Center (NCC). In order to complete our hearing record, please respond to the following questions by Tuesday, January 12, 2010:

1) Do you think SSA is taking all necessary actions to mitigate risks that could threaten the cost and/or timeline of the National Support Center (NSC) project?

2) Based on your current work, do you believe SSA is taking the right approach to the creation of a new data center?

3) Was a cost comparison completed between SSA's alternatives to: (1) build a new data center on campus, and (2) build a new data center off campus? Please summarize your key findings to date regarding the cost estimates associated with the NSC project, including any work OIG has in progress.

4) You have conducted a number of reviews that address the North Carolina facility, the sustainability of the National Computer Center, and the construction of the new NSC. Do you think SSA has learned lessons from its experience with the North Carolina site?

   What problems did SSA face when the computer center in North Carolina was set up? In what capacity was the General Services Administration (GSA) involved in establishing the North Carolina center, as you briefly mentioned on page 2 of your testimony?

Did SSA or GSA obtain specific authority to design and construct the North Carolina facility?

5) How does SSA evaluate and prioritize IT investments, and what follow-through is being done to determine whether requested improvements achieve what was promised?

The Committee relies on electronic submissions for printing the official hearing record, therefore, please send an electronic submission in a Word or Word Perfect attachment to *hearingclerks.waysandmeans_d@mail.house.gov* and to *jennifer.beeler@mail.house.gov* .

Again, thank you for your participation in the hearing and for taking the time to answer these questions for the record. If you have any questions regarding this request, please contact Kathryn Olson, Staff Director of the Subcommittee on Social Security at 202-225-9263.

Sincerely,

Kathryn Olson

Kathryn Olson
Staff Director

cc: Susan Brita, Staff Director, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the House Committee on Transportation and Infrastructure

SOCIAL SECURITY
Office of the Inspector General

January 13, 2010

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

Attention: Kathryn Olson

Dear Chairman Tanner:

This is in response to your December 22, 2009 correspondence asking questions for the record, further to my testimony on December 15, 2009 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, *Recovery Act Project to Replace the Social Security Administration's National Computer Center*. I appreciate the opportunity to provide additional information regarding this critical issue. Below are responses to your specific questions.

1. **Do you think SSA is taking all necessary actions to mitigate risks that could threaten the cost and/or timeline of the National Support Center (NSC) project?**

   To date, it is unclear whether the Social Security Administration (SSA) has taken all necessary actions to mitigate risks that could threaten the cost and/or timeline of the NSC project. SSA's efforts to acquire the NSC are still in the early phases of implementation. As of October 2009, the Agency had expended about $3.1 million for GSA support in acquiring the NSC. The original timeline estimated that a site would be selected by the end of January; however, this is unlikely because congressional oversight committees have asked GSA and SSA for additional information on its site selection process.

   Since this project is in an early development phase, we cannot conclusively say that these potential delays will ultimately threaten the cost and timeliness of the NSC project. We can, however, point to the Agency's prior experience in acquiring the Durham Support Center (DSC) which showed that inadequate project planning and management resulted in significant delays and cost increases. In our 2009 report on the DSC, we advised SSA that given the importance of the Agency's current efforts to build a new NSC, SSA should learn from its experience with the DSC and take necessary steps to ensure proper planning to mitigate NSC project delays and cost increases.

2. Based on your current work, do you believe SSA is taking the right approach to the creation of a new data center?

We cannot conclusively state that SSA is taking the right approach, because we do not believe SSA has identified and evaluated all possible options. For example, SSA has advised us that the Distance Sensitivity Study (April 2009) conducted by Booz Allen Hamilton (BAH) provided the cost comparisons which justify building the NSC off campus. However, we were recently informed that this study did not include an evaluation of the costs of building the NSC on campus. Instead, this study only evaluated the option of renovating the existing NCC in comparison to building the NSC off campus. Given this information, we believe the Agency needs to take a more deliberate approach that fully evaluates and compares the costs of all options.

3. Was a cost comparison completed between SSA's alternatives to: (1) build a new data center on campus, and (2) build a new data center off campus? Please summarize your key findings to date regarding the cost estimates associated with the NSC project including any work OIG has in progress.

Although at least 3 cost comparisons were completed at various stages of the project, only one (the Lockheed Martin Study) was completed prior to the Agency's October 2008 decision to build off campus. Our prior audit raised questions about the validity of cost data and assumptions contained in that study. Two subsequent studies were conducted by BAH. They were the February 2009 NCC Alternatives Analysis and the April 2009 Distance Sensitivity Study; however in reviewing these studies, we determined that not all cost elements were included. For example, in the Distance Sensitivity Study, we discovered that SSA considered the option of building on campus when it evaluated risks, but we could not find that this option was considered when developing cost estimates. The cost estimates only considered the option of renovating the existing NCC. By not evaluating all possible options and their related costs, SSA limits its ability to compare alternatives and choose the most cost-effective option. Even after analyzing all the data SSA provided to us about the various alternatives, we could not independently verify the accuracy of cost estimates for building on campus versus off campus.

4. You have conducted a number of reviews that address the North Carolina facility, the sustainability of the National Computer Center, and the construction of the new NSC. Do you think SSA has learned lessons from its experience with the North Carolina site?

In our September 2009 report, *Processing Capacity of the Social Security Administration's Durham Support Center*, we stated that given the importance of the Agency's current efforts to build a new NCC, we believe SSA should learn from its experience with the DSC and take the necessary steps to ensure proper planning to mitigate project delays and cost increases. We are currently conducting three reviews. At the conclusion of these reviews, we will have a more definitive response; however, at this point, we are still concerned that SSA may not have not built controls into its process to mitigate the risks of project delays and cost increases.

What problems did SSA face when the computer center in North Carolina was set up? In what capacity was the General Services Administration (GSA) involved in establishing the North Carolina center, as you briefly mention on page 2 of your testimony?

SSA encountered a number of delays during the DSC's acquisition and construction. We determined it took 6 years, starting in December 2002, for the Agency 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, and 32 months obtaining permits and constructing the new Data Center. In May 2006, the DSC lease was awarded with an anticipated completion date of August 2007. Delays in construction pushed the DSC occupancy date to January 2009.

GSA was responsible for the oversight of the construction of the DSC. GSA's National Account Representative for SSA initiated the project and established a lease acquisition process.

Did SSA or GSA obtain specific authority to design and construct the North Carolina facility?

We have been unable to verify whether SSA or GSA obtained specific authority to design and construct the DSC. Since GSA had general responsibility for the construction of the DSC, we believe GSA is in a better position to respond to this question.

5. **How does SSA evaluate and prioritize IT investments, and what follow through is being done to determine whether requested improvements achieve what was promised?**

The Information Technology Advisory Board (ITAB) is the governing body for SSA's IT planning process. The ITAB, which consists of senior SSA officials, is responsible for developing the Agency's IT plans. The ITAB reviews a variety of SSA's IT projects, categorized by investment portfolios, each of which contains a list of IT projects. All of these projects support one of the strategic objectives in the Agency's Strategic Plan. Portfolio teams are led by an Agency executive who functions as the portfolio manager. The portfolio team coordinates with stakeholders to prioritize IT projects according to their role in achieving the related strategic objective. The projects are then prioritized and presented to the ITAB, which must decide how the Agency's resources will be assigned to the various IT projects. In making this decision, the ITAB considers the portfolio priorities and the related cost-benefit analysis provided by the sponsoring components. Such information includes return on investment, full-time equivalent savings, dollar savings, and cost avoidance.

Although SSA has implemented some actions to determine whether IT investments meet expectations, we believe more work is needed. For example, SSA established a Post Implementation Review (PIR) policy for verifying planned benefits of its IT projects that generally meets OMB's requirements. Now that the policy is in place, SSA needs to conduct PIRs to verify functionality and cost savings. As such, PIRs would help the ITAB determine whether approved IT projects actually delivered the projected functionality and cost savings.

Currently, SSA has completed one PIR and is vetting the results to its stakeholders; and has initiated an additional PIR. SSA is also working with the Disability Case Processing System (DCPS) and Electronic Case Analysis Tool (eCat) teams to ensure that they have performance expectations and baselines, and are collecting the data that will be required to conduct a PIR at the appropriate time. Our biggest concern is that the PIR process will not be institutionalized before the Agency begins to invest funds in new projects.

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

cc:
Eleanor Holmes Norton

Questions from Chairman Tanner to Mr. Rob Hewell

JOHN S. TANNER, TENNESSEE, CHAIRMAN
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Congress of the United States
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COMMITTEE ON WAYS AND MEANS
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KATHRYN OLSON, SUBCOMMITTEE STAFF DIRECTOR

JON TRAUB, MINORITY STAFF DIRECTOR
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December 22, 2009

Mr. Rob Hewell
Regional Commissioner
Mid-Atlantic Region
Public Buildings Service
General Services Administration
1800 F Street, NW, Suite 6105
Washington, DC 20405

Dear Mr. Hewell:

Thank you for your December 15th testimony to 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 at our joint hearing on the Recovery Act project to replace the Social Security Administration's (SSA) National Computer Center (NCC). In order to complete our hearing record, please respond to the following questions by Tuesday, January 12, 2010:

1) Cost estimates for this project provided to Congress prior the Recovery Act, and since, are still considered "preliminary." The Inspector General has raised some questions about them.

   Why are all estimates so much higher now than in earlier studies done for SSA?

   When will GSA be able to give more definite cost estimates?

   What are the risks of cost overruns? What is GSA doing to mitigate these risks?

2) How large will the new NSC facility be? How much is appropriated for the facility? Is the appropriated amount for the building alone?

3) On pages 2, 3, and 28 of GSA's Feasibility Study for the Social Security Administration National Services Center Data Center Facility, dated January 16, 2009, which was a preliminary report on SSA's various options to replace or rehabilitate the NCC prior to enactment of the Recovery Act, it is mentioned that a built-to-suit leased facility would be located in an area 40 miles north and west of SSA's headquarters. The reference on page

28 states that SSA had "preliminarily identified" that area as preferred under "determining drivers" such as density of development, transportation obstacles and technological concerns in other directions.

Specifically who at SSA made these determinations and what is GSA's understanding of their rationales?

Did GSA conduct any analysis as to the validity of SSA's determinations?

Are these preliminary determinations still considered "driving" criteria in GSA's search for a new location for the National Support Center (NSC)?

4) What is GSA's policy regarding use of existing government-owned property?

5) Please elaborate on assessments of whether to locate the NSC on SSA's campus that GSA has conducted.

   a) Specifically, please explain the advantages and disadvantages of building on SSA's campus, compared to the "greenfield" sites under consideration, in terms of costs, risks to the NCC and to SSA operations, and time to complete the project.

   b) Please describe specific costs that were considered as part of that assessment, and how they compare for campus versus off-campus sites being considered. Would the potential higher costs associated with building on campus be offset by savings from not buying land elsewhere? Why or why not?

   c) Without revealing any procurement-sensitive information, please provide examples of the features of the "greenfield" sites under consideration to help the Subcommittees understand how to compare, on balance, the advantages and disadvantages GSA identified when assessing SSA's campus as a location for the NSC.

6) Please explain the process entailed in acquiring the various private properties located within the federally-owned campus boundaries, the cost, and an estimate of the time such an effort would take.

   How much would it cost to obtain the number of private properties needed to locate the NSC on campus?

   What are the advantages and disadvantages of condemning private property?

Does GSA have experience in condemning and acquiring similar private property for other projects? What typically occurred in those instances?

7) Do the findings of GSA's evaluation of the campus completely remove the campus from consideration, or would it be considered it if the other locations become infeasible for one reason or another?

8) Please provide a detailed analysis of the options for addressing parking challenges associated with locating the NSC on campus.

   a) How many additional spaces would be needed
      - for the NSC;
      - to replace parking lost to construction; and
      - to meet other SSA parking needs?

   b) What is the range of options (e.g., structurally, location, and cost) that were considered to address campus parking needs? Were any temporary measures (such as satellite parking or leased space adjacent to campus) considered? Is building a structured parking garage the only feasible alternative? Why or why not?

   c) Please provide cost estimates for building a parking structure on the campus in the various locations test-fitted by GSA for their assessment of the campus.

   d) What are construction costs of surface and structured parking?

   e) What is the feasibility of building a parking structure in "Area A" to the north of the current NCC building, or directly to the east?

9) How many parking spots will be built at the NSC, if built off of SSA's campus? What is the formula used to determine the number of parking spaces?

10) In your testimony, you state the agency procurement strategy will be design-build. Why has GSA chosen this approach? What are the advantages? Disadvantages?

11) Please explain the growth model as used on page 3 of your statement.

12) On page 4 of your statement, you mention the link between design and energy optimization. Please elaborate. Do you have any ideas now as to how to make the NSC facility energy efficient, given the huge demand for electricity?

The Committee relies on electronic submissions for printing the official hearing record, therefore, please send an electronic submission in a Word or Word Perfect attachment to *hearingclerks.waysandmeans_d@mail.house.gov* and to *jennifer.beeler@mail.house.gov* .

Again, thank you for your participation in the hearing and for taking the time to answer these questions for the record. If you have any questions regarding this request, please contact Kathryn Olson, Staff Director of the Subcommittee on Social Security at 202-225-9263.

Sincerely,

Kathryn Olson

Kathryn Olson
Staff Director

cc: Susan Brita, Staff Director, Subcommittee on Economic Development, Public Buildings, and Emergency Management of the House Committee on Transportation and Infrastructure

JOINT HEARING BEFORE
THE HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY
and
THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
December 15, 2009

QUESTIONS FOR THE RECORD

1) Cost estimates for this project provided to Congress prior the Recovery Act, and since, are still considered "preliminary." The Inspector General has raised some questions about them.

Why are all estimates so much higher now than in earlier studies done for SSA?

The various reports that are often used for comparison include the SSA-Lockheed Martin report, the GSA Feasibility Study, and the SSA-Booz Allen Hamilton report. Quite simply, these reports were all prepared for different reasons, and the outputs do not reflect the same programmatic scope and definition for construction costs.

The SSA-Lockheed report focused solely on *data center* square footage requirements. The report made no square footage or cost allowance for the office and related space required for the new facility. The SSA-Lockheed report was based on industry benchmarks, and also did not include the costs of the building shell, site acquisition and studies, utility infrastructure, art-in-architecture, construction management, or premiums for LEED Silver and Interagency Security Committee (ISC) Level 4. The SSA-Lockheed report was commissioned to determine the condition of the existing NCC facility and determine if there was a need for a new data center. It was not intended as a program and cost estimate.

The GSA Feasibility Study represents a *comprehensive scope* of work for the replacement of the data center facility, taking into consideration data center, office, and related space requirements. The GSA Feasibility Study provides for a 308,000 gross square foot facility. The budget estimate in the GSA Feasibility Study also includes building shell costs, ISC Level 4 compliance, LEED Silver certification, and construction change contingency..

The Booz Allen Hamilton report was contracted by the Social Security Administration to compare alternatives for various solutions, including a new data center on campus, off campus, or leasing an existing facility. This report provided a total life-cycle cost analysis over 20 years, including the initial costs for construction, but also the operating, maintenance costs, move costs, and all other costs projected for each alternative. It is difficult to compare the SSA Booz Allen Hamilton report to the GSA Feasibility Study, since the Booz Allen Hamilton report is a life-cycle cost analysis, while the GSA Feasibility reflects initial costs of construction. The Booz Allen Hamilton report uses the GSA Feasibility Study construction costs as an input to the life-cycle analysis for new construction options.

When will GSA be able to give more definite cost estimates?

A preliminary cost estimate based on the 50% Program of Requirements (POR) report will be available in early 2010. As an integral part of the POR development, cost estimates will be developed to confirm that the program is within the allocated budget. These estimates will be developed at the 50% and 95% POR submission milestones. All of the programmatic

assumptions in the GSA Feasibility Study will be used as the baseline, including square footage and cost estimates. When the 50% program and cost estimate is received, it will be reconciled against the original baseline, to confirm that the project remains within budget.

What are the risks of cost overruns? What is GSA doing to mitigate these risks?

As with any construction project, market conditions are subject to change, which could force cost overruns. In addition, scope changes resulting from such things as unforeseen site conditions related to the site and design, as well as any schedule changes, can contribute to cost overruns. To minimize these risks, GSA will employ the following techniques.

GSA will develop bidding strategies that maximize competition and utilize bidding options and alternatives. We also will use consultants to do market research prior to award, and provide independent government cost estimates. These techniques will increase the probability of receiving bids within budget.

GSA will employ consultants and contractors with data center experience for quality assurance reviews during the design, construction management and inspection stages. Up front due diligence on the selected site also is planned to minimize unforeseen costs in site development.

GSA has hired Jacobs, a leader in data center design, to be the project's construction manager. Jacobs will be providing cost modeling, schedule, and change management to establish baselines and monitor progress, and will consult with GSA to reconcile any variances that arise.

GSA also will develop an acquisition plan for construction procurement to select well qualified firms in the data center industry with the financial wherewithal to perform the project.

GSA will work closely with SSA to monitor and evaluate scope changes to ensure that they can be managed within the overall project budget. SSA has taken steps to ensure executives and staff are held accountable for achieving the goals of this initiative. First, the performance plan of the agency's Senior Accountable Official has been modified to specifically include responsibility and accountability for completion of this project as well as all initiatives for which SSA has been provided Recovery Act funds to execute. Also, oversight groups at both the executive and staff levels within SSA have been formed and are actively working to ensure this initiative is successfully implemented. These groups periodically report progress to higher levels within SSA's leadership. The project is incorporated into the performance plans for the SSA Associate and Deputy Associate Commissioners for Facilities Management. SSA holds ongoing meetings with GSA executives at both the Deputy Commissioner and Regional Commissioner levels to review the status of this project.

2) How large will the new NSC facility be? How much is appropriated for the facility? Is the appropriated amount for the building alone?

As part of the Program of Requirements (POR) study, GSA's contractors, Jacobs and EMC, are interviewing SSA to develop requirements with detailed programming information. To date, all of the programmatic assumptions in the GSA Feasibility Study are being used as the baseline, including square footage requirements. The 50% POR will be received in early 2010 and reconciled against the original baseline so that the project remains within budget.

The project appropriation was received by the Social Security Administration in the American Recovery and Reinvestment Act of 2009, which provided that "*$500,000,000 shall remain available until expended for necessary expenses of the replacement of the National Computer Center and the information technology costs associated with such Center.*"

GSA has established a baseline of $400 million for the building site, design, and construction, based on the assumptions in the GSA Feasibility Study. Note, this cost baseline does not include:

- Utility infrastructure to the site exceeding $2 million;
- Utility and fiber service contracts;
- Furniture, fixtures, and equipment;
- IT equipment & migration;
- Other personal property;
- Additional efforts and studies not directly associated with the facility design and construction.

3) On pages 2, 3, and 28 of GSA's Feasibility Study for the Social Security Administration National Services Center Data Center Facility, dated January 16, 2009, which was a preliminary report on SSA's various options to replace or rehabilitate the NCC prior to enactment of the Recovery Act, it is mentioned that a built-to-suit leased facility would be located in an area 40 miles north and west of SSA's headquarters. The reference on page 28 states that SSA had "preliminarily identified" that area as preferred under "determining drivers" such as density of development, transportation obstacles and technological concerns in other directions.

Specifically who at SSA made these determinations and what is GSA's understanding of their rationales?

GSA defers to SSA to identify the source and rationale for the determining drivers. These determinations were communicated to GSA at the project team level during the development of the GSA Feasibility Study.

Did GSA conduct any analysis as to the validity of SSA's determinations?

During the development of the GSA Feasibility Study, GSA's consultant, EYP Mission Critical Facilities, evaluated the preliminary drivers under consideration by SSA, and acknowledged that they appeared to be consistent with industry best practices for data centers. As the project developed through time, a much more detailed analysis was conducted on the site criteria, as described in the next section.

Are these preliminary determinations still considered "driving" criteria in GSA's search for a new location for the National Support Center (NSC)?

The basic site drivers stated by SSA, and repeated in the GSA Feasibility Study, provide a general framework for site selection strictly from a funding perspective. Upon project authorization, a much more in-depth analysis is conducted to determine the appropriate delineated area and fully develop the list of site criteria.

Once the project was funded by the American Recovery and Reinvestment Act of 2009, GSA engaged contractors to do an in-depth analysis to fully identify all applicable site criteria, in preparation for the acquisition of a new site. The delineated area was revised by SSA to include a 40-mile radius, in a full 360 degree circle, surrounding the Woodlawn campus. The 40-mile radius was based on technological factors identified by SSA that limit the maximum distance from campus.

The site criteria to locate the new site included factors from industry best practices for data centers, such as those of the Uptime Institute and Telecommunications Industry Association, as well as consultation with the SSA and GSA contractors. Site criteria also included security, technical and infrastructure provisions, as determined by GSA in consultation with SSA and contractors, as well as the Interagency Security Committee (ISC) standards for an ISC Level 4 facility. Finally, basic real estate criteria were identified based on GSA best practices. Ultimately,

these criteria were reviewed in consultation with SSA, GSA, and contractors, to determine the basis of the site selection criteria.

The preliminary drivers for density of real estate development, transportation obstacles, and technological concerns, are still indirectly evident at a summary level to describe a handful of the detailed list of site criteria. However, when applied to the full 360 degree delineated area, the detailed list of criteria does not lead to a conclusion that sites are limited to the north and west, as originally stated in the GSA Feasibility Study.

The focus of a data center site selection process is to identify potential locations that allow the program to maximize the allocated funding on the mission critical infrastructure, and allow for future expansion that utilizes the same infrastructure.

4) What is GSA's policy regarding use of existing government-owned property?

GSA seeks to optimize the use of our real estate inventory. In doing so, we give primary consideration to the use of underutilized Government-owned property and underutilized space leased by the Government to meet the housing needs of our customers, provided the space can satisfactorily meet their mission requirements. When the needs of the Government cannot satisfactorily be met in Government-controlled space, as described in the methods above, other housing solutions are considered. When more than one possible federal use for the space exists, we use it to satisfy the most appropriate need.

5) Please elaborate on assessments of whether to locate the NSC on SSA's campus that GSA has conducted.

a) Specifically, please explain the advantages and disadvantages of building on SSA's campus, compared to the "Greenfield" sites under consideration, in terms of costs, risks to the NCC and to SSA operations, and time to complete the project.

b) Please describe specific costs that were considered as part of that assessment, and how they compare for campus versus off-campus sites being considered. Would the potential higher costs associated with building on campus be offset by savings from not buying land elsewhere? Why or why not?

c) Without revealing any procurement-sensitive information, please provide examples of the features of the "Greenfield" sites under consideration to help the Subcommittees understand how to compare, on balance, the advantages and disadvantages GSA identified when assessing SSA's campus as a location for the NSC.

GSA is currently conducting a more comprehensive analysis to identify schedule, cost, and risk issues to provide a comparison of an on-campus solution at Woodlawn to a new greenfield site. We anticipate publication of these findings in the first quarter of 2010.

6) Please explain the process entailed in acquiring the various private properties located within the federally-owned campus boundaries, the cost, and an estimate of the time such an effort would take.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, GSA prefers to obtain property by negotiating with property owners. The Government may use its power of eminent domain when negotiations to acquire the property are unsuccessful, where defects in record title prevent a landowner from conveying clear title, or where it is not possible to identify or locate affected landowners. Only when negotiations fail, or there is some legal constraint to completing a negotiated acquisition, does GSA pursue condemnation. In GSA's collective experience in real property acquisition, condemnation is used

much less frequently than negotiated acquisition procedures. When it seeks to acquire property, GSA obtains a title report, a boundary survey, an appraisal, and environmental studies for each potentially affected property. This information is used in negotiations with property owners. The Government is required to offer "just compensation" for properties that it acquires. The length of time required to complete the acquisition of the property depends, in part, on the number of sites to be acquired.

We prefer to negotiate purchases of real property but, if negotiations are unsuccessful, condemnation is a tool that may be used to acquire properties required for Government projects. In a typical condemnation proceeding, the Department of Justice files a Declaration of Taking in U.S. District Court and deposits the Government's estimate of just compensation in the court registry. Once the condemnation case is filed, the Government immediately acquires title to the affected property and obtains possession through a court order. The parties then litigate over the value of the property taken. Unlike a negotiated acquisition, where the parties agree on the value of the property, a jury usually decides the amount ultimately owed by the Government. While the process is relatively straightforward, condemnation cases can be time consuming and valuation can be difficult to predict.

How much would it cost to obtain the number of private properties needed to locate the NSC on campus?

The cost to obtain the private properties would be based upon a fair market value appraisal of each of the properties needed to locate the NSC. In addition to the cost to purchase the parcels, the Government would need to complete the required due diligence (appraisals/title work/boundary surveys/environmental studies) and to cover potential relocation costs in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

At this early stage, there is not enough information available to project the possible cost and time that may be required to acquire these adjoining properties.

What are the advantages and disadvantages of condemning private property?

Each condemnation case has its own individual circumstances, so it is difficult to generalize. Condemnation is not an ideal strategy but can yield the best outcome for the Government when negotiations fail. As we have noted above, it is a relatively straightforward process to facilitate acquisition of clean title to property, but it can be time consuming and valuation can be difficult to predict.

Does GSA have experience in condemning and acquiring similar private property for other projects? What typically occurred in those instances?

GSA has experience acquiring property through condemnation proceedings, although condemnation is used much less frequently than negotiated acquisition procedures. In a condemnation case, the value of the property is determined by a jury or other fact finder, so the price paid by the Government depends on the circumstances of the case.

7) Do the findings of GSA's evaluation of the campus completely remove the campus from consideration, or would it be considered if the other locations become infeasible for one reason or another?

As we have noted above, the results of our ongoing study to determine the best approach will be available in the first quarter of 2010.

8) Please provide a detailed analysis of the options for addressing parking challenges associated with locating the NSC on campus.

a) How many additional spaces would be needed

- ***for the NSC;***
- ***to replace parking lost to construction; and***
- ***to meet other SSA parking needs?***

The GSA Feasibility Study estimated that the new NSC will need an estimated 374 parking spaces. The existing surface parking adjacent to the existing NCC has a limited capacity of 760 parking spaces for an occupancy of approximately 1,200, which creates a parking deficit. This will be compounded if the NCC is converted to office space.

Parking constraints on the SSA campus are not restricted to just the NCC/NSC area. A more comprehensive campus strategy should be coordinated with campus master planning strategies.

b) What is the range of options (e.g., structurally, location, and cost) that were considered to address campus parking needs? Were any temporary measures (such as satellite parking or leased space adjacent to campus) considered? Is building a structured parking garage the only feasible alternative? Why or why not?

The majority of the existing campus parking capacity is surface parking, with limited garage parking within the buildings. Given the limited land on campus, structured parking may be an efficient solution. This solution would require integration with the leased portfolio and campus master planning strategies.

A temporary offsite parking strategy could be considered if it were decided to build the NSC on campus. A temporary offsite parking strategy would generate additional lease negotiations – assuming space could be located, operating costs and present labor relations issues.

c) Please provide cost estimates for building a parking structure on the campus in the various locations test-fitted by GSA for their assessment of the campus.

d) What are construction costs of surface and structured parking?

e) What is the feasibility of building a parking structure in "Area A" to the north of the current NCC building, or directly to the east?

In response to the December 15 hearing, GSA is currently conducting a more comprehensive analysis to identify schedule, cost, and risk issues associated with both an on-campus solution at Woodlawn and a new greenfield site. We anticipate publication of these findings in early 2010. This report will address the parking requirements and costs associated with building on campus.

9) How many parking spots will be built at the NSC, if built off of SSA's campus? What is the formula used to determine the number of parking spaces?

The GSA Feasibility Study estimated approximately 374 parking spaces dedicated to the NSC, which is the same regardless of the site location. The current programming efforts will address a parking requirement that is based on the number of staff, contractors, and visitor parking. There is not a formula used; the requirement will be based on SSA needs. The parking requirement will be the same regardless of a site solution on campus or at a new site, unless remote parking solutions are considered.

10) In your testimony, you state the agency procurement strategy will be design-build. Why has GSA chosen this approach? What are the advantages? Disadvantages?

The current NSC program is based on an integrated delivery by a design-build (DB) team, to include an architectural firm and a construction contractor. DB is an industry recognized solution for projects that have a critical schedule requirement. The traditional design-bid-build delivery tends to be a longer process that does not allow for an early construction start while the design is still being refined.

DB not only is a schedule mitigation strategy, but it also transfers both the design and construction risk to the DB team. The DB scope will be based upon the Program of Requirements. GSA is working with the contractors/consultants to provide detailed performance criteria, including prescriptive specifications, as necessary. This is a construction industry best practice that will lead to a more predictable project schedule and cost.

Data center projects are usually "just in time" construction requiring aggressive schedules, with collaborative problem solving, and complex engineered systems. More and more private and public sector clients are turning to DB as the preferred delivery method for mission critical projects.

In DB, the contractor is responsible for developing a design that meets performance standards provided in the contract rather than a final design prepared by an independent Architect-Engineer team. As a result, the DB team is given more freedom in developing the final design solutions. Therefore, a disadvantage of DB is that the Government has less control over the final design solution, provided that the solution meets the performance criteria. To compensate for this, we work closely with our DB contractors as they perform their contracts so that the results are mutually acceptable.

11) Please explain the growth model as used on page 3 of your statement.

"EMC has developed a growth model for equipment requirements through 2033, which takes into account both SSA historical data as well as industry trends toward newer equipment technology. SSA concurred on this growth model in October 2009."

To size the data center appropriately and in the most efficient and effective manner, a much more in-depth analysis was required to validate and build upon the feasibility studies previously prepared by SSA and GSA. The original feasibility studies were used to provide program and budget information to obtain project authorization.

These estimates provided high level assumptions based on cost per square foot and watts per square foot, without the in-depth analysis of the actual equipment that is required for a facility. Upon project authorization, GSA contracted with Jacobs-EMC to develop a detailed growth model that would document the 20-year IT road map for the new NSC.

For several months, EMC worked with the SSA's Office of the Chief Information Officer, Office of Telecommunications, and Systems Operations at the National Computer Center to inventory the existing equipment currently in the National Computer Center (NCC), identify operational requirements related to the equipment, and project IT growth models for the future use of equipment at the new facility. To develop future requirements, EMC also interviewed staff related to the functional components associated with the new data center. Interviews included upper management at SSA to identify long-term growth and vision statements for SSA.

EMC provided a detailed IT growth model, which identified the existing conditions at the NCC as well as projections, to establish a 10-year and 20-year growth model to be used for the basis of facility design. The IT growth model included historical data for growth at the NCC, industry

trends that affect equipment and technology for data center operations, as well as assumptions for mission changes in the future.

The IT growth model is used as the basis for the facility design, which is being developed in the Program of Requirements. The facility design goals include building for the 10-year requirement, and planning for the 20-year requirement, within the facility. These models are based on optimizing space and energy efficiency for needs as they develop, and provide flexibility and adaptability to react to changes in technology, mission, or other unforeseen events. As a result, the facility growth model utilizes multi-phased growth strategies including:

- Virtualization: limiting the growth by using technology and equipment for more efficient use of the computer equipment and requiring less space, power, and cooling;
- Density: providing a facility with infrastructure that will allow increased power and cooling capacity to accommodate a more dense equipment layout, without requiring additional space immediately;
- Expansion Space: providing space to accommodate long-term expansion of equipment; and
- Annex expansion: planning additional land area for long-term expansion (beyond 20+ years) to capitalize on the infrastructure in place that supports the data center and security needs for the facility.

12) On page 4 of your statement, you mention the link between design and Energy optimization. Please elaborate. Do you have any ideas now as to how to make the NSC facility energy efficient, given the huge demand for electricity?

"In July 2009, the project team participated in a charrette facilitated by Lawrence Berkley Laboratories that focused on energy optimization techniques in data center design."

Energy optimization and facility design are interrelated and must be closely coordinated to provide the optimal solution. One example is the current evaluation of single story versus two story building options, and the appropriate equipment density (watts/SF) to balance building cost and energy.

GSA is working with contractors to quantify all SSA IT requirements that will define the building and infrastructure requirements. Within this process, we are committed to incorporating energy efficient IT solutions as part of the ongoing operations of the National Support Center. GSA also is working with the Lawrence Berkley Laboratories to review the design documentation and provide guidance on how to achieve innovative and energy efficient design, as well as performance measures for the design-build contractor.

GSA also will design and construct the building to comply with the *Energy Policy Act of 2005* and the *Energy Independence and Security Act of 2007*. The goal for the National Support Center is to achieve a Leadership in Energy and Environmental Design (LEED) Silver rating through sustainable design principles. The facility will also incorporate the *Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings*.

We are committed to investigating all available cutting edge technologies with a goal to provide equipment and controls that meet the highest standards for energy efficiency and sustainability. For example, we are implementing the following approaches to optimize the performance of the facility:

- Employ integrated design principles to coordinate facility design and operations;
- Conduct building commissioning throughout the design and construction process;

- Optimize energy performance utilizing efficient equipment and controls strategies, expanding environmental parameters for temperature and humidity, and implementing strategies that take advantage of local climate conditions;
- Investigate on-site renewable energy sources, such as heat recovery and photovoltaics;
- Employ water conservation strategies through efficient equipment designs and usage requirements;
- Enhance indoor environmental quality through ventilation, natural lighting (where applicable), and sustainable product selections; and
- Reduce the environmental impact by utilizing sustainable products and waste management plans.