Statement of The Honorable Patrick O'Carroll,
Inspector General, Social Security Administration

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

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Good morning, Mr. Chairman, Madam Chairman, Mr. Johnson, Mr. Diaz-Balart, and members of both Subcommittees. As always, it's a pleasure to appear before you, and I thank you for the invitation to be here today. I've appeared before the Subcommittee on Social Security several times, as recently as last month, when we discussed the Social Security Administration's (SSA) backlog in initial disability claims. Today, we are looking at the progress made to replace the SSA's National Computer Center (NCC), the SSA's national computer processing and data storage facility, which houses 450 million records of Americans' earnings and benefit data for almost 56 million beneficiaries.

The importance of the NCC to SSA operations cannot be understated. The NCC is the repository for the applications and data that support all of SSA's functions, as well as other government functions that rely on SSA data. Ensuring the continued operation of the NCC is critical; SSA estimates it would cost taxpayers $25 million for each day the NCC was not operational during an outage. Further, during such outages, the Agency would be unable to process tens of thousands of retirement, survivors, and disability claims, as well as Social Security number verifications. This type of service interruption would severely affect the American public, likely hindering people's ability to gain employment, driver's licenses, and even loans and mortgages.

The NCC, located at SSA Headquarters in Woodland, Maryland, was constructed in 1979, and the building in which it is housed is nearing the end of its useful physical life. The chance of a potentially crippling outage at the NCC increases as time passes, as one study completed by Lockheed Martin in 2008 estimated the NCC would reach maximum capacity in three to five years. Swift and efficient planning for the replacement of the NCC is necessary for the SSA to continue to provide benefits without delay to those who need them.

The SSA's Office of the Inspector General (OIG) was pleased Congress passed and the President signed the *American Recovery and Reinvestment Act of 2009* (ARRA, Pub. L. 111-5), which provided $500 million for SSA to begin the process of replacing the NCC. However, after the Agency in 2008 decided to construct a new Data Center off campus, on Lockheed Martin's recommendation, we were unable to quickly determine whether it was the best use of taxpayer dollars because SSA did not provide us requested detailed and comparable cost estimates for all alternatives for replacing the NCC and its utility building.

More questions surrounding the process have arisen regarding project cost estimates and project location, and the threat of significant delays in the completion and full operation of a new NCC is very real. We support SSA in its efforts to determine the most cost-effective and efficient solution to the NCC issue, though we would like to see the process better managed and organized to avoid potentially costly delays.

Because the NCC is critical to SSA's continuity of operations and mission, we believe the Agency should have acted sooner in its NCC planning. We're seeing the same issues with the planning of the new NCC that we've seen with the plan, design, and status of SSA's Durham Support Center (DSC) in North Carolina. The DSC planning could have proceeded in a more timely fashion and reached project milestones with centralized IT investment management and planning.

The DSC was initiated in response to Agency vulnerabilities first identified in a 2002 Lockheed Martin assessment of SSA's disaster recovery plan. The assessment concluded that no backup facility existed that could meet the Agency's data processing needs in the event of a disaster that rendered the NCC unavailable.

It wasn't until three years later in 2005 that SSA's Office of Facilities Management worked with the General Services Administration (GSA) to acquire a second Data Center. SSA identified several specifics for the center, including size and location requirements. SSA took possession of the DSC in January 2009; though it was initially referred to as the Second Data Center, the DSC is actually a co-processing center, as routine operations will be divided between it and the NCC.

Currently, the DSC is still at least two years away from being "fully functional," due to the time needed for efficiency testing and additional equipment and data connections. When we say "fully functional," we mean that SSA will be able to meet its disaster recovery objectives by restoring critical functions within 24 hours of a disaster with less than one hour of data loss. In the event of an NCC outage before the DSC is completely online in 2012, the backup and recovery strategy would continue to rely on a vendor hot site, an alternate facility that is equipped with the technological capacity and personnel required to recover critical business functions or information systems in the event a disaster affects the normal processing facility.

The Agency encountered a number of delays during the acquisition and construction of the DSC. We determined it took six 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, then 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.

Given the significance 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. The DSC's reliability will also be critical during construction of the new Data Center, should outages occur at any time during the building process. In our September 2009 report, *Processing Capacity of the Social Security Administration's Durham Support Center*, we made several recommendations regarding the NCC planning process. Specifically, SSA should:

1. Accelerate the use of the DSC as a fully functioning Data Center – with particular emphasis on using the DSC as the disaster recovery site for the NCC.
2. Develop a comprehensive, long-range IT strategic plan that (i) is transparent and integrated with other SSA components, (ii) includes possible constraints and challenges on all aspects of IT projects, and (iii) conforms to the Agency's strategic plan. This applies to the Agency-level and project-level strategic plans.
3. Formally document the Agency's plan to accelerate the use of the DSC as part of SSA's overall disaster recovery plan and continually updated the disaster recovery plan as the DSC and NCC replacement become fully functional. The updated disaster recovery plan should consider the viability of the DSC to maximize SSA's ability to continue operations in the current NCC, as well as during the transition to its replacement.

However, the process to replace the NCC has gotten off to a similarly sluggish start. In 2007, SSA commissioned the Lockheed Martin NCC Feasibility Study to identify infrastructure and processing capacity issues. Lockheed Martin completed the study in February 2008, identifying three viable options for replacing the NCC: constructing a new NCC on the SSA campus, constructing a new NCC apart from the SSA campus, or leasing an existing off-campus Data Center.

Based on an examination of the pros and cons of each alternative based on the risk to continuity of operations, timeline, and cost, Lockheed Martin recommended SSA pursue the construction of a new off-campus Data Center. According to Lockheed Martin, it would cost about $162 million for the Data Center's electrical, raised floor, fire protection, general construction, and land costs; the estimate did not include the building shell or IT costs. Lockheed Martin projected the same work would cost about $172 million for an on-campus Data Center.

At the time, SSA management also stated the on-campus option was not suitable because most land on SSA Headquarters is zoned residential. According to SSA, GSA believes the process to have the land rezoned could take up to six years because of protests by residential neighborhoods surrounding the campus. SSA also said a parking garage would need to be built before the new on-campus Data Center to house the displaced parking spaces.

On Lockheed Martin's recommendation, SSA decided to move forward with a new off-campus Data Center within 40 miles of SSA Headquarters to maximize data sharing speed and to limit the commute for relocated NCC staff. But following the Lockheed Martin study, GSA conducted a follow-up study to obtain a more-detailed square footage assessment and construction estimate for the project. GSA estimated the cost of a new

off-campus Data Center would be about $396 million, including the building shell, but that estimate did not include IT costs.

Subsequently, SSA engaged Booz Allen Hamilton (BAH) to conduct an NCC alternatives analysis. In February 2009, a BAH report estimated it would cost about $748 million to construct a new off-campus Data Center, versus an estimate of more than $803 million for an on-campus Data Center.

The cost analysis was based on a 20-year life cycle. In previous reports, we stated we were skeptical of the underlying assumptions used in the Booz Allen Hamilton report. For example, in its analysis, BAH estimated the building maintenance cost for on-campus Data Center over a 20-year period would be $179 million. However, the building maintenance cost estimate for the new center off campus would be $92 million, according to BAH. We have questioned the reliability of these estimates, given the estimated $87 million gap between the two possible locations.

BAH also issued a study on the preferred distance of the new Data Center from SSA Headquarters in April. BAH recommended against locating the Data Center in Woodlawn for the following reasons:

1. Significant risk issues with pre-construction activities, such as rezoning, at Woodlawn can take up to six years
2. Possibility of service disruption and/or outages during refurbishing of NCC
3. Higher operations and maintenance costs than any other alternative

Thus, it has been nearly impossible to accurately create a cost comparison table based on the varying estimates from different sources. It's a case of comparing apples to oranges. Add to this the confusion surrounding a six-year estimate to have land on SSA headquarters rezoned for the possible construction of a an on-site facility, along with the ongoing debate about locating a new Data Center within 40 miles from SSA Headquarters, and you have many decisions still to be made even before the specific site-selection process begins.

Earlier this year, OIG deemed it necessary to hire a contractor to conduct an independent verification and validation of the previous SSA contractor reports to ensure accuracy, completeness, and adherence to industry best practices and standards. The contractor, Strategic e-Business Solutions (SeBS), concluded SSA had developed "a highly sophisticated set of selection criteria with which to evaluate general areas of consideration and prospective individual properties."

However, SeBS also concluded that questions remain concerning the process the SSA site-selection team has employed in creating a short list of site properties. The contractor added that because of limited documentation, it is difficult to determine how the team intends to compare and contrast the sites that pass the initial threshold and meet the mandatory minimum criteria.

Additionally, SeBS developed for SSA and GSA the following recommended actions:

1. Site selection should incorporate more-detailed evaluation of prospective energy costs of potential Data Center locations.
2. Reassessment of location limitations (40-mile maximum distance from SSA headquarters) should consider cost issues related to technical, staffing, or crisis-management concerns.
3. Process-planning documentation is needed that defines the methodology the team intends to follow in narrowing site selection.
4. Local power utility providers should be involved early in selection process.
5. Telecommunications providers should be involved early in selection process.

Further, after reviewing the SeBS report, we went back to SeBS and requested that they examine the cost and efficiency differences between building a new Data Center on the SSA campus versus away from the SSA campus. The contractor reported back to us and shared two of our biggest concerns: the land zoning issue at SSA Headquarters and the significant difference – an $87 million difference – in estimated building maintenance costs over 20 years at a new Data Center at the SSA campus against one away from the SSA campus. Those are two issues we would like SSA and GSA to address so we can have a clearer picture on whether a new Data Center in Woodlawn is a viable option.

We have continually identified the NCC construction process as a significant issue facing SSA. In a June Congressional Response Report, *The Social Security Administration's Information Technology Strategic Planning*, we said, "Despite the corrective actions planned or taken by the Agency at the NCC in response to the 2008 Lockheed Martin study and the repairs and upgrades over the past 15 years, we believe the Agency should have taken action much sooner regarding many of the issues at the NCC."

In summation, OIG is dedicated to working with SSA to ensure the site selection effort for a new Data Center follows best practices and is built on sound planning and management. There is concern that more organization and efficient planning is necessary in this endeavor, and there remain pressing questions that need to be answered. SSA's efforts to date are commendable, and we look forward to continuing to assist in this vitally important undertaking. I thank you again for the invitation to speak with you today, and I'd be happy to answer any questions.