

Calendar No. 562

117TH CONGRESS 2d Session	{	SENATE	{	REPORT 117-210
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FEDERAL DATA CENTER ENHANCEMENT ACT

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 4629

TO AMEND THE CARL LEVIN AND
HOWARD P. "BUCK" MCKEON NATIONAL DEFENSE
AUTHORIZATION ACT FOR FISCAL YEAR 2015 TO MODIFY
REQUIREMENTS RELATING TO DATA CENTERS OF CERTAIN
FEDERAL AGENCIES, AND FOR OTHER PURPOSES



NOVEMBER 17, 2022.—Ordered to be printed

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FEDERAL DATA CENTER ENHANCEMENT ACT

NOVEMBER 17, 2022.—Ordered to be printed

Mr. PETERS, from the Committee on Homeland Security and Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 4629]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 4629) to amend the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 to modify requirements relating to data centers of certain Federal agencies, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

S. 4629, the *Federal Data Center Enhancement Act of 2022*, updates and amends the Federal Data Center Consolidation Initiative (FDCCI) authorized under the Fiscal Year 2015 National Defense Authorization Act.¹ S. 4629 amends the requirements of FDCCI, shifting the policy focus from consolidation to optimization, security, and resilience. The bill requires the Office of Management and Budget (OMB) to coordinate a government-wide effort to develop

¹ National Defense Authorization Act of 2015, Public Law 113–291, Sec. 834 (2014).

minimum requirements for federal data centers related to cyber intrusions, data center availability, mission-critical uptime, and resilience against physical attacks, and natural disasters. It also strikes language from the Federal Information Technology Acquisition Reform Act (FITARA) referring to data center consolidation to ensure that federal agencies focus on the cost savings and avoidances that can be achieved through optimization, given the success of past data center consolidation efforts.²

II. BACKGROUND AND NEED FOR THE LEGISLATION

Federal data centers are the physical facilities where federal agencies store and process data, and host key information technology (IT) and cybersecurity infrastructure. Following the passage of the FITARA, OMB launched the Federal Data Center Optimization Initiative (DCOI) to advance data center consolidation and improve federal data centers' performance.³ By any measure, DCOI was effective and successful; since 2010, more than 6,000 federal data centers have been consolidated with a resulting cost savings and cost avoidance of \$5.8 billion.⁴

The Government Accountability Office (GAO) has tracked and reported on agencies' progress in consolidating data centers regularly since 2011.⁵ In 2017, GAO issued three substantial reports identifying opportunities for agency data center optimization. It also included identification of improvements for IT management on its "high risk" list.⁶

Building upon DCOI, in 2019 OMB issued Memorandum M-19-19 *Update to the Data Center Optimization Initiative (DCOI)*, which included new performance metrics for federal data centers, required agencies to prioritize their focus on key mission facilities, and aligned agency IT infrastructure investments to the Cloud Smart Strategy.⁷ Recently, Congress has provided additional direction to federal agencies on how to prioritize the metrics and re-

²The stricken language was enacted in H.R. 1232, Sec. 202(b), 113th Cong. (2013), which was incorporated into the National Defense Authorization Act of 2015, Pub. L. No. 113-291, Sec. 834 (2014).

³Memorandum from Tony Scott, Federal Chief Information Officer, to Heads of Executive Departments and Agencies, Data Center Optimization Initiative (DCOI) (available at <https://datacenters.cio.gov/policy/>) (Aug. 1, 2016).

⁴Government Accountability Office, *Data Center Optimization: Agencies Report Progress and Billions Saved, but OMN Needs to Improve Its Utilization Guidance* (GAO-21-212) (March 4, 2021).

⁵Government Accountability Office, *Data Center Consolidation: Agencies Need to Complete Inventories and Plans to Achieve Expected Savings* (GAO-11-565) (Jul. 19, 2011); Government Accountability Office, *Data Center Consolidation: Agencies Making Progress on Efforts, but Inventories and Plans Need to be Completed* (GAO-12-742) (Jul. 19, 2012); Government Accountability Office, *Data Center Consolidation: Strengthened Oversight Needed to Achieve Cost Savings Goal* (GAO-13-378) (Apr. 23, 2013); Government Accountability Office, *Data Center Consolidation: Reporting Can Be Improved to Reflect Substantial Planned Savings* (GAO-14-713); Government Accountability Office, *Data Center Consolidation: Agencies Making Progress, but Planned Savings Goals Need to Be Established* (GAO-16-323) (Mar. 3, 2016).

⁶Government Accountability Office, *Government Efficiency and Effectiveness: Opportunities to Address Pervasive Management Risks and Challenges while Reducing Federal Costs* (GAO-17-631T) (May 17, 2017); Government Accountability Office, *Agencies Need to Complete Plans to Address Inconsistencies in Reported Savings* (GAO-17-388); Government Accountability Office, *Data Center Optimization: Agencies Need to Address Challenges and Improve Progress to Achieve Cost Savings Goal* (GAO-17-488) (Aug. 15, 2017); Government Accountability Office, *Improving the Management of IT Acquisitions and Operations* (www.gao.gov/highrisk/improving-management-it-acquisitions-and-operations) (accessed Aug. 30, 2022).

⁷Memorandum from Suzette Kent, Federal Chief Information Officer, to Chief Information Officers of Executive Departments and Agencies, *Update to Data Center Optimization Initiative (DCOI)* (available at <https://datacenters.cio.gov/policy/>) (June 25, 2019); Office of Management and Budget, Office of the Federal Chief Information Officer, *Federal Cloud Computing Strategy, From Cloud First to Cloud Smart* (<https://cloud.cio.gov/strategy/>) (accessed on Aug. 30, 2022).

quirement of federal IT infrastructure, most notably through the passage of the Energy Act of 2020.⁸ S. 4629 builds upon these requirements to ensure any new federal data center complies with additional requirements, to be set by OMB, for cybersecurity and resilience, while also urging agencies to update their current data centers to meet the OMB requirements when those facilities, or the contracts that manage them, come up for review or contract renewal.

III. LEGISLATIVE HISTORY

Senator Jackie Rosen (D-NV) introduced S. 4629 on July 27, 2022, with Senator John Cornyn (R-TX) and Chairman Gary Peters (D-MI) as cosponsors. The bill was referred to the Committee on Homeland Security and Governmental Affairs.

The Committee considered S. 4629 at a business meeting on August 3, 2022. During the business meeting, S. 4629 was ordered reported favorably by voice vote en bloc. Senators present for the vote were Peters, Hassan, Sinema, Rosen, Padilla, Ossoff, Lankford, Romney, Scott, and Hawley.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section designates the name of the bill as the “Federal Data Center Enhancement Act of 2022.”

Section 2. Federal Data Center Consolidation Initiative amendments

Subsection (a) finds that the upcoming expiration of the Federal Data Center Optimization Initiative authorized under the Fiscal Year 2015 National Defense Authorization Act presents an opportunity to review the objectives of the Federal Data Center Optimization Initiative to ensure that the initiative is meeting the current needs of the federal government. This section also notes the growing need for federal agencies to use data centers and cloud applications that meet high standards for cybersecurity, resiliency, availability, and sustainability.

Subsection (b) establishes minimum requirements for new data centers. Subsection (b)(1) defines a new data center as a data center (or a portion thereof) that is established or substantially upgraded within 180 days of enactment and that is owned, operated, or maintained by a covered federal agency and, to the extent practicable, a data center owned, operated, or maintained by a federal contractor.

Subsection (b)(2) requires the Administrator of the Office of Electronic Government to establish minimum requirements for new data centers in consultation with the Administrator of General Services and the Federal Chief Information Officers Council. These requirements relate to availability and use of new data centers, the use of sustainable energy sources, uptime percentage, protection against power failures, protections against physical intrusions and natural disasters, and information security requirements of the Federal Information Security Modernization Act of 2014 (Pub. L.

⁸ Consolidated Appropriations Act of 2021, Pub. L. No 116–260, Div. Z, Sec. 1003 (2020).

113–283). This subsection requires OMB to consult with the Director of the Cybersecurity and Infrastructure Security Agency and the National Cyber Director in establishing the requirements.

Subsection (b)(3) allows the Administrator to incorporate the minimum requirements established under (b)(1) into the requirements for any agency data center existing at the date of enactment.

Subsection (b)(4) provides for periodic review of the requirements in consultation with the Administrator of General Services and the Federal Chief Information Officers Council.

Subsection (b)(5) requires, if, during the development and planning lifecycle of a new data center, an agency head determines that the agency is likely to make a management or financial decision relating to the new data center, the head of the covered agency shall report it to the Administrator of the Office of Electronic Government, the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Reform with a sufficiently detailed description of how the agency intends to comply with the minimum requirements.

Subsection (b)(6) requires agency heads, in determining whether to establish or continue to operate a data center, to regularly assess the agency's application portfolio to ensure that each legacy application is updated, replaced, or modernized, as appropriate, to take advantage of modern technologies. The subsection also requires agency heads to prioritize and, to the greatest extent possible, leverage commercial cloud environments rather than acquiring, overseeing, or managing custom data center infrastructure. Finally, the subsection requires agencies to oversee and manage their data centers to comply with information security standards promulgated by the National Institute of Standards and Technology, additional requirements of the Federal Risk Authorization and Management Program (FedRAMP), and binding operational directives issued by the Department of Homeland Security.

Subsection (c) extends the sunset of the Federal Data Center Consolidation Initiative from October 1, 2022 to October 1, 2025.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office's statement that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 9, 2022.

Hon. GARY C. PETERS,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed table summarizing estimated budgetary effects and mandates information for some of the legislation that has been ordered reported by the Senate Committee on Homeland Security and Governmental Affairs during the 117th Congress.

If you wish further details, we will be pleased to provide them. The CBO staff contact for each estimate is listed on the enclosed table.

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

SUMMARY ESTIMATES OF LEGISLATION ORDERED REPORTED

The Congressional Budget Act of 1974 requires the Congressional Budget Office, to the extent practicable, to prepare estimates of the budgetary effects of legislation ordered reported by Congressional authorizing committees. In order to provide the Congress with as much information as possible, the attached table summarizes information about the estimated direct spending and revenue effects of some of the legislation that has been ordered reported by the Senate Committee on Homeland Security and Governmental Affairs during the 117th Congress. The legislation listed in this table generally would have small effects, if any, on direct spending or revenues, CBO estimates. Where possible, the table also provides information about the legislation's estimated effects on spending subject to appropriation and on intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act.

ESTIMATED BUDGETARY EFFECTS AND MANDATES INFORMATION

Bill Number	Title	Status	Last Action	Budget Function	Direct Spending, 2023–2032	Revenues, 2023–2032	Spending Subject to Appropriation, 2023–2027	Pay-As-You-Go Procedures Apply?	Increases On-Budget Deficits Beginning in 2033?	Mandates	Contact
S. 4629	Federal Data Center Enhancement Act of 2022	Ordered reported	08/03/22	800	Between zero and \$500,000	0	Not estimated	Yes	No	No	Matthew Pickford

S. 4629 would extend a program to consolidate existing federal data centers; the bill also would require the Office of Electronic Government to establish minimum requirements for new data centers that address their availability and use as well as protections against power failures, intrusions, and natural disasters. The bill provides guidance on the criteria to consider in developing those new requirements. CBO estimates that enacting S. 4629 would have an insignificant effect on direct spending and no effect on revenues over the 2023–2032 period. CBO has not estimated the discretionary costs of implementing the bill. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows: (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

* * * * *

TITLE 44—PUBLIC PRINTING AND DOCUMENTS

* * * * *

CHAPTER 36—MANAGEMENT AND PROMOTION OF ELECTRONIC GOVERNMENT SERVICES

* * * * *

SEC. 3601. DEFINITIONS

* * * * *

STATUTORY NOTES AND RELATED SUBSIDIARIES

* * * * *

FEDERAL DATA CENTER CONSOLIDATION INITIATIVE

* * * * *

“(a) * * *

“(1) * * *

“(2) * * *

[(“(3) FDCCI.—The term ‘FDCCI’ means the Federal Data Center Consolidation Initiative described in the Office of Management and Budget Memorandum on the Federal Data Center Consolidation Initiative, dated February 26, 2010, or any successor thereto.

[(“(4) GOVERNMENT-WIDE DATA CENTER CONSOLIDATION AND OPTIMIZATION METRICS.—The term ‘Government-wide data center consolidation and optimization metrics’ means the metrics established by the Administrator under subsection (b)(2)(G).]

“(3) NEW DATA CENTER.—The term ‘new data center’ means—
“(A)

“(i) a data center or a portion thereof that is owned, operated, or maintained by a covered agency; or

“(ii) to the extent practicable, a data center or portion thereof—

“(I) that is owned, operated, or maintained by a contractor on behalf of a covered agency on the date on which the contract between the covered agency and the contractor expires; and

“(II) with respect to which the covered agency extends the contract, or enters into a new contract, with the contractor; and

“(B) on or after the date that is 180 days after the date of enactment of the Federal Data Center Enhancement Act of 2022, a data center or portion thereof that is—

- “(i) established; or*
- “(ii) substantially upgraded or expanded.*

[(b) FEDERAL DATA CENTER CONSOLIDATION INVENTORIES AND STRATEGIES.—

[(1) IN GENERAL.—

[(A) ANNUAL REPORTING.—Except as provided in subparagraph (C), each year, beginning in the first fiscal year after the date of the enactment of this Act [Dec. 19, 2014] and each fiscal year thereafter, the head of each covered agency, assisted by the Chief Information Officer of the agency, shall submit to the Administrator—

[(i) a comprehensive inventory of the data centers owned, operated, or maintained by or on behalf of the agency; and

[(ii) a multi-year strategy to achieve the consolidation and optimization of the data centers inventoried under clause (i), that includes—

[(I) performance metrics—

[(aa) that are consistent with the Government-wide data center consolidation and optimization metrics; and

[(bb) by which the quantitative and qualitative progress of the agency toward the goals of the FDCCI can be measured;

[(II) a timeline for agency activities to be completed under the FDCCI, with an emphasis on benchmarks the agency can achieve by specific dates;

[(III) year-by-year calculations of investment and cost savings for the period beginning on the date of the enactment of this Act and ending on the date set forth in subsection (e), broken down by each year, including a description of any initial costs for data center consolidation and optimization and life cycle cost savings and other improvements, with an emphasis on—

[(aa) meeting the Government-wide data center consolidation and optimization metrics; and

[(bb) demonstrating the amount of agency-specific cost savings each fiscal year achieved through the FDCCI; and

[(IV) any additional information required by the Administrator.

[(B) USE OF OTHER REPORTING STRUCTURES.—The Administrator may require a covered agency to include the information required to be submitted under this subsection through reporting structures determined by the Administrator to be appropriate.

[(C) DEPARTMENT OF DEFENSE REPORTING.—For any year that the Department of Defense is required to submit a performance plan for reduction of resources required for

data servers and centers, as required under section 2867(b) of the National Defense Authorization Act for Fiscal Year 2012 [Pub. L. 112–81] (10 U.S.C. 2223a note), the Department of Defense—

[(i) may submit to the Administrator, in lieu of the multi-year strategy required under subparagraph (A)(ii)—

[(I) the defense-wide plan required under section 2867(b)(2) of the National Defense Authorization Act for Fiscal Year 2012 (10 U.S.C. 2223a note); and

[(II) the report on cost savings required under section 2867(d) of the National Defense Authorization Act for Fiscal Year 2012 (10 U.S.C. 2223a note); and

[(ii) shall submit the comprehensive inventory required under subparagraph (A)(i), unless the defense-wide plan required under section 2867(b)(2) of the National Defense Authorization Act for Fiscal Year 2012 (10 U.S.C. 2223a note)—

[(I) contains a comparable comprehensive inventory; and

[(II) is submitted under clause (i).

[(D) STATEMENT.—Each year, beginning in the first fiscal year after the date of the enactment of this Act and each fiscal year thereafter, the head of each covered agency, acting through the Chief Information Officer of the agency, shall—

[(i)

[(I) submit a statement to the Administrator stating whether the agency has complied with the requirements of this section; and

[(II) make the statement submitted under subclause (I) publicly available; and

[(ii) if the agency has not complied with the requirements of this section, submit a statement to the Administrator explaining the reasons for not complying with such requirements.

[(E) AGENCY IMPLEMENTATION OF STRATEGIES.—

[(i) IN GENERAL.—Each covered agency, under the direction of the Chief Information Officer of the agency, shall—

[(I) implement the strategy required under subparagraph (A)(ii); and

[(II) provide updates to the Administrator, on a quarterly basis, of—

[(aa) the completion of activities by the agency under the FDCCI;

[(bb) any progress of the agency towards meeting the Government-wide data center consolidation and optimization metrics; and

[(cc) the actual cost savings and other improvements realized through the implementation of the strategy of the agency.

[(ii) DEPARTMENT OF DEFENSE.—For purposes of clause (i)(I), implementation of the defense-wide plan required under section 2867(b)(2) of the National Defense Authorization Act for Fiscal Year 2012 [Pub. L. 112–81] (10 U.S.C. 2223a note) by the Department of Defense shall be considered implementation of the strategy required under subparagraph (A)(ii).]

[(F) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the reporting of information by a covered agency to the Administrator, the Director of the Office of Management and Budget, or Congress.

[(2) ADMINISTRATOR RESPONSIBILITIES.—The Administrator shall—

[(A) establish the deadline, on an annual basis, for covered agencies to submit information under this section;

[(B) establish a list of requirements that the covered agencies must meet to be considered in compliance with paragraph (1);

[(C) ensure that information relating to agency progress towards meeting the Government-wide data center consolidation and optimization metrics is made available in a timely manner to the general public;

[(D) review the inventories and strategies submitted under paragraph (1) to determine whether they are comprehensive and complete;

[(E) monitor the implementation of the data center strategy of each covered agency that is required under paragraph (1)(A)(ii);

[(F) update, on an annual basis, the cumulative cost savings realized through the implementation of the FDCCI; and

[(G) establish metrics applicable to the consolidation and optimization of data centers Government-wide, including metrics with respect to—

[(i) costs;

[(ii) efficiencies, including, at a minimum, server efficiency; and

[(iii) any other factors the Administrator considers appropriate.]

[(3) COST SAVING GOAL AND UPDATES FOR CONGRESS.—

[(A) IN GENERAL.—Not later than one year after the date of the enactment of this Act, the Administrator shall develop, and make publicly available, a goal, broken down by year, for the amount of planned cost savings and optimization improvements achieved through the FDCCI during the period beginning on the date of the enactment of this Act and ending on the date set forth in subsection (e).]

[(B) ANNUAL UPDATE.—

[(i) IN GENERAL.—Not later than one year after the date on which the goal described in subparagraph (A) is made publicly available, and each year thereafter, the Administrator shall aggregate the reported cost savings of each covered agency and optimization improvements achieved to date through the FDCCI and compare the savings to the projected cost savings and

optimization improvements developed under subparagraph (A).

[(ii) UPDATE FOR CONGRESS.—The goal required to be developed under subparagraph (A) shall be submitted to Congress and shall be accompanied by a statement describing—

[(I) the extent to which each covered agency has developed and submitted a comprehensive inventory under paragraph (1)(A)(i), including an analysis of the inventory that details specific numbers, use, and efficiency level of data centers in each inventory; and

[(II) the extent to which each covered agency has submitted a comprehensive strategy that addresses the items listed in paragraph (1)(A)(ii).]

[(4) GAO REVIEW.—

[(A) IN GENERAL.—Not later than one year after the date of the enactment of this Act, and each year thereafter, the Comptroller General of the United States shall review and verify the quality and completeness of the inventory and strategy of each covered agency required under paragraph (1)(A).]

[(B) REPORT.—The Comptroller General of the United States shall, on an annual basis, publish a report on each review conducted under subparagraph (A).]

(b) MINIMUM REQUIREMENTS FOR NEW DATA CENTERS.—

(1) IN GENERAL.—*Not later than 180 days after the date of enactment of the Federal Data Center Enhancement Act of 2022, the Administrator shall establish minimum requirements for new data centers in consultation with the Administrator of General Services and the Federal Chief Information Officers Council.*

(2) CONTENTS.—

(A) IN GENERAL.—*The minimum requirements established under paragraph (1) shall include requirements relating to—*

- (i) the availability of new data centers;*
- (ii) the use of new data centers;*
- (iii) the use of sustainable energy sources;*
- (iv) uptime percentage;*

(v) protections against power failures, including on-site energy generation and access to multiple transmission paths;

(vi) protections against physical intrusions and natural disasters;

(vii) information security protections required by subchapter II of chapter 35 of title 44, United States Code, and other applicable law and policy; and

(viii) any other requirements the Administrator determines appropriate.

(B) CONSULTATION.—*In establishing the requirements described in subparagraph (A)(vii), the Administrator shall consult with the Director of the Cybersecurity and Infrastructure Security Agency and the National Cyber Director.*

(3) *USE OF EXISTING STANDARDS.*—The Administrator may incorporate the minimum requirements established under paragraph (1) into the appropriate requirements of any agency data center existing as of the date of enactment of the Federal Data Center Enhancement Act of 2022.

(4) *REVIEW OF STANDARDS.*—The Administrator, in consultation with the Administrator of General Services and the Federal Chief Information Officers Council, shall review, update, and modify the minimum requirements established under paragraph (1), as necessary.

(5) *REPORT ON NEW DATA CENTERS.*—During the development and planning lifecycle of a new data center, if the head of a covered agency determines that the covered agency is likely to make a management or financial decision relating to the new data center, the head of the covered agency shall—

(A) *NOTIFY*—

- (i) the Administrator;
- (ii) Committee on Homeland Security and Governmental Affairs of the Senate; and
- (iii) Committee on Oversight and Reform of the House of Representatives; and

(B) describe in the notification with sufficient detail how the covered agency intends to comply with the minimum requirements established under paragraph (1).

(6) *USE OF TECHNOLOGY.*—In determining whether to establish or continue to operate a data center, the head of a covered agency shall—

(A) regularly assess the application portfolio of the covered agency and ensure that each legacy application is updated, replaced, or modernized, as appropriate, to take advantage of modern technologies; and

(B) prioritize and, to the greatest extent possible, leverage commercial cloud environments rather than acquiring, overseeing, or managing custom data center infrastructure.

“(c) * * *

“(d) * * *

“(e) *SUNSET.*—This section is repealed effective on October 1, [2022] 2025.”

