



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 6, 2013

### **S. 1611**

#### **Federal Data Center Consolidation Act of 2013**

*As reported by the Senate Committee on Homeland Security and Governmental Affairs  
on November 6, 2013*

#### **SUMMARY**

S. 1611 would require agencies to submit to the Office of Management and Budget (OMB) long-term plans for phasing out unnecessary data centers and optimizing performance at the remaining facilities (a data center is a facility used to house computer systems and associated components). Agencies would prepare comprehensive inventories of their information technology equipment as part of those plans. Agencies also would be required to prepare estimates of the savings that would be realized from consolidating data centers. Finally, the Government Accountability Office (GAO) would report annually to the Congress on the implementation of the legislation.

Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 1611 would cost \$22 million over the 2014-2018 period. Although optimizing the use of federal data centers ultimately could reduce spending, CBO does not expect that there would be any significant savings from implementing this legislation for the next few years. Enacting the bill could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net change in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

S. 1611 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1611 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all other budget functions that include expenditures for information technology.

	By Fiscal Year, in Millions of Dollars					2014- 2018
	2014	2015	2016	2017	2018	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	2	5	5	5	5	22
Estimated Outlays	2	5	5	5	5	22

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted in 2014, that the necessary amounts will be provided each year, and that spending will follow historical patterns for similar management initiatives.

Most provisions of S. 1611 would expand on the Administration’s current efforts to consolidate data centers. In 2010, OMB instructed federal agencies to develop consolidation plans as part of the Federal Data Center Consolidation Initiative (FDCCI). The goals of the initiative are to realize savings from purchasing fewer computer hardware and software products, reduce energy use, and lease less real estate. Each agency is required to identify a senior manager to lead the consolidation efforts, produce an inventory, and plan for future consolidations. The initiative also encourages the use of cloud computing. Recently, OMB integrated FDCCI with its PortfolioStat initiative, which is reviewing all information technology investments.

S. 1611 would require the 24 participating agencies to submit comprehensive inventories of their IT facilities to OMB as well as long-term plans for phasing out some data centers and optimizing performance at the remaining facilities. Agencies also would be required to submit estimates of cost savings from those consolidations. Finally, GAO would be required to annually review and verify agency efforts and report to the Congress on its findings.

Costs to implement the bill would vary by agency and depend on how much work had been previously completed and how much additional reporting and oversight would be required. GAO has reported that many agencies have not followed the FDCCI, completed their data center inventory or consolidation plan, or identified any cost savings from the centers they have closed. Based on information from selected agencies, OMB, and GAO studies and reports on similar efforts, CBO expects that the administrative workload of most agencies would increase by a few hundred thousand dollars annually under this bill. Thus, we estimate that implementing S. 1611 governmentwide and completing the necessary GAO reports would cost about \$5 million a year, assuming appropriation of the necessary amounts.

Information from GAO and OMB indicates that the federal government operates more than 3,000 data centers. Those centers spend significant amounts for computer hardware, software, facility leases, and electricity. The Environmental Protection Agency estimates that in total the federal government spends \$450 million just for electricity to operate such centers. The Administration is already attempting to reduce unnecessary costs of those operations. Through the data consolidation initiative, OMB's goal is to close about 1,200 data centers by 2015 and lower operating costs substantially. Nonetheless, the activities required by S. 1611 could eventually contribute to the cost savings if federal agencies further consolidated data centers and made more efficient use of a smaller number of facilities. However, CBO expects that any such savings over the next five years would not be significant.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting the bill could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net change in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1611 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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