

April 2, 1998

FOR: The Commissioners
FROM: L. Joseph Callan /s/
Executive Director for Operations
SUBJECT: FY 1998 NRC EXCELLENCE PLAN

PURPOSE:

To provide a plan for implementing a proactive approach to improving regulatory effectiveness and efficiency with the goal of excellence and to respond to the January 14, 1998, Staff Requirements - SECY-97-225 - Enhancing NRC Effectiveness and Efficiency.

BACKGROUND:

In August 1995, the staff initiated a Strategic Assessment and Rebaselining Project. This project was intended to take a new look at the NRC by conducting a reassessment of NRC activities in order to redefine the basic nature of the work of the agency and the means by which that work is accomplished, and to apply to these redefined activities a rigorous screening process to produce (or rebaseline) a new set of assumptions, goals, and strategies for the NRC. DSI-23, Enhancing Regulatory Excellence, was a key Direction Setting Issue of this effort.

In October 1997 the staff submitted SECY-97-225, Enhancing NRC Effectiveness and Efficiency, which provided a discussion of how quickly and broadly the staff could proceed to phase in a comprehensive, systematic, agency-wide approach to program assessment and improvement pursuant to DSI-23. SECY-97-225 provided a basic framework for these activities and described, in general, 13 excellence strategies to initiate this effort. Twelve of these 13 strategies, most already ongoing, involve initiatives to assess or improve specific aspects of the NRC's regulatory and administrative functions. One involved a new process, designed to function within the agency's planning, budgeting, and performance management process, to systematically identify areas for improvement. Further description of these activities and details of the 13 excellence strategies are provided in the FY 1998 NRC Excellence Plan, attachment 1 of this paper. Attachment 2 provides a response to the January 14, 1998, Staff Requirements - SECY-97-225 - Enhancing NRC Effectiveness and Efficiency.

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As pointed out in SECY-97-225, these 13 strategies are not the only improvement activities being undertaken by the staff. However, they have been singled out through the review of the Program Review Committee (PRC) and Executive Council (EC) as those initiatives which are of sufficient significance to warrant special oversight as part of the Excellence Plan. Other more routine initiatives are part of the staff operating plans that are monitored by the PRC within the context of the planning, budgeting, and performance management process.

The initiatives described in this paper were developed to be consistent with the Strategic Plan; DSI-23; the staff requirements memoranda (SRM) issued March 27, 1997, Staff Requirements - COMSECY-96-067, Enhancing Regulatory Excellence; June 17, 1997, Staff Requirements - Briefing on Program to Improve Regulatory Effectiveness; and January 14, 1998, Staff Requirements - SECY-97-225 - Enhancing NRC Effectiveness and Efficiency. They also extend to matters covered in a number of DSIs, many of which are interrelated among themselves and integral to regulatory excellence activities.

DISCUSSION:

In response to the Commission's request on how broadly and how quickly the staff can realistically phase in an agency-wide approach to program assessment and improvement of the NRC's infrastructure, the FY 1998 Excellence Plan builds on and integrates with existing initiatives, many of which are either directly mandated by the Commission or being undertaken as part of staff actions in response to Commission final decisions on Direction Setting Issues. Consistent with this approach, the goals and strategies developed for the FY 1998 Excellence Plan constitute a unique spectrum of initiatives which may not be typical of the types of activities that will emerge in future versions of the plan.

The FY 1998 Excellence Plan represents an initial step in development of an agency-wide approach to improving the NRC and implementing the NRC's Strategic Plan goal to "carry out the NRC regulatory program efficiently and effectively." The Excellence Plan also supports the NRC Performance Plan goals to "evaluate and implement needed improvements for five major NRC processes by July 1, 1999," and "implement the agency's plan for regulatory excellence". To accomplish this, the Excellence Plan contains three goals as shown in Figure 1. Each of these goals are supported by various strategies. These Excellence Plan goals and strategies are expected to change as part of a periodic update process. Diagrams of the strategies included in the Excellence Plan show how the outputs of the strategies contribute to program outputs which, in turn, contribute to outcomes that support the agency's goals.

The activities associated with the Excellence Plan will be integrated into the agency's planning processes. Figure 2 shows the relationship of the Excellence Plan activities with various other agency plans and activities.

The Excellence Plan will be periodically updated from a selection of assessment and improvement initiatives. Each office will periodically develop proposed plans for assessment and improvement initiatives that would be included in their operating plans. These initiatives will be compiled and prioritized along with candidate issues for improvement developed from other sources and presented to the PRC. The PRC will provide recommendations to the Executive Council (EC) on the scope of issues to be addressed and which of these initiatives warrant oversight at the PRC/EC level. The EC will

then select the assessment and improvement initiatives that will be described in detail in the NRC Excellence Plan. The prioritization and extent of response to these candidate issues will be based on considering the impact on safety, the potential for improving the ability of the agency to meet its goals, resource impact to the NRC and licensees, impact on quality of agency work, and public confidence in NRC activities. The initiatives not included in the Excellence Plan will either be incorporated in operating plans and considered by the PRC and EC as part of the planning, budgeting, and performance management process or, because of narrow impact or small resource implications, be implemented at the discretion of the lead office.

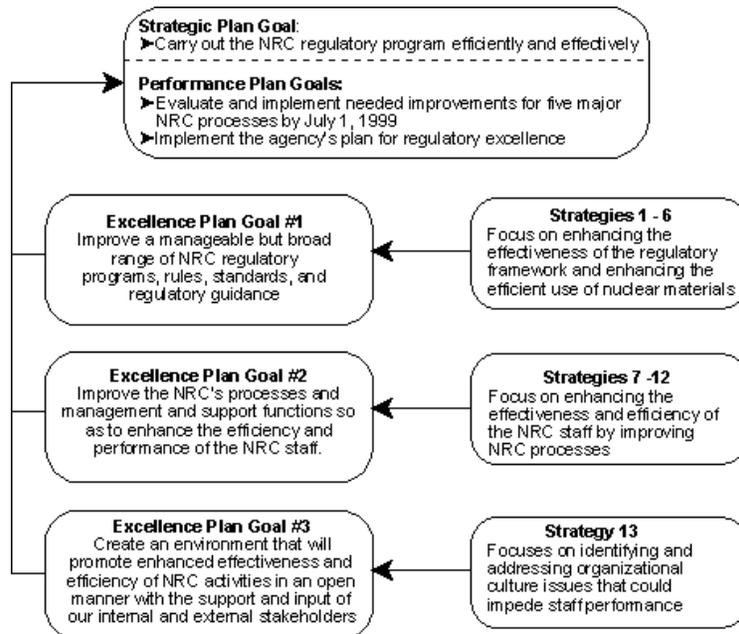


Figure 1
Relationship of Strategic and Performance Goals to Excellence Plan Goals and Strategies

Candidate issues for improvement will be developed from self-assessments, program reviews, and a variety of other sources such as the labor/management partnership, any NRC staff member, the Commission, OIG, GAO (or other outside entities), and meetings with the public and industry. Staff assigned to the Deputy Executive Director for Regulatory Effectiveness (DEDE) will compile, review, and synthesize these candidate issues for improvement. A point of contact will be identified and an e-mail address established to allow any NRC staff member to input a candidate issue for improvement directly to the DEDE staff.

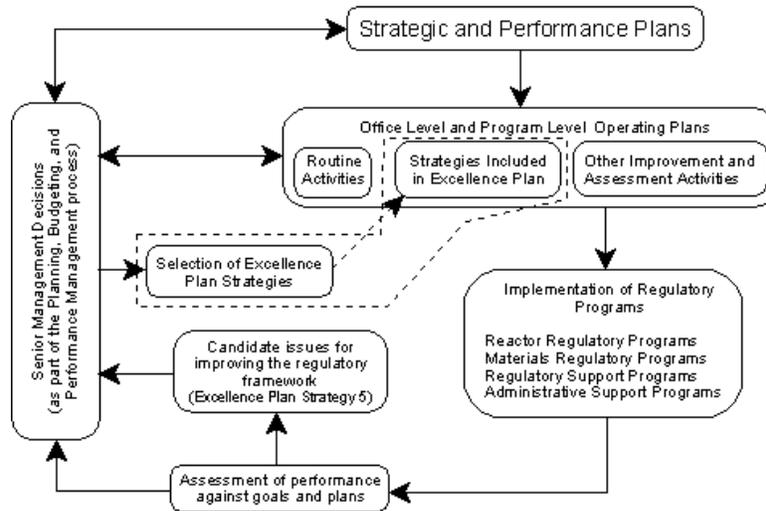


Figure 2
Relationship of Excellence Plan with Overall Planning Process

Excellence Plan strategy 5 will be a key component in the planning, budgeting, and performance assessment process in that it will provide a systematic approach to propose potential improvements in the effectiveness and efficiency of rules, standards, regulatory guidance, and their application. The strategy 5 process is described in detail in the attached Excellence Plan and will consist of an issue identification phase, an issue analysis phase, and an issue proposal phase. Issues will be proposed at various times and be input into the normal planning and budgeting process. Critical issues of a more immediate nature may occasionally be proposed that could result in the reprogramming of resources.

The role of the Excellence Plan is intended to be a seamless and integrated part of the agency's planning and budgeting process. Eventually, as more experience is gained with the agency's planning, budgeting, and performance management process as supplemented by strategy 5 as a mechanism to

identify new areas for improvement, it may become unnecessary to continue to maintain the Excellence Plan as a formal agency document. Impacting the decision to maintain the Excellence Plan will be whether the key principles incorporated into the Excellence Plan strategies, such as stakeholder involvement, criteria for measuring success, and clear cost/benefit considerations become integrated into the more routine agency improvement activities. When this occurs, the activities shown enclosed in a dashed line in Figure 2 can cease to exist, and the maintenance and revision of the Excellence Plan can be "sunset" as a separate management activity.

RESOURCES:

Details of the resources required to implement each of the FY 1998 Excellence Plan strategies are discussed in the attached Plan. These assessment and improvement activities have been included in the FY 1998 budget as discussed in the details of each strategy. The resources required to implement the planning, budgeting, and performance management process have been budgeted and will come primarily from the overhead costs of implementing each of the NRC's programs. The resources required to implement the excellence program planning and support are estimated at less than one FTE and have been budgeted. Attachment 3 depicts the resource estimates associated with each strategy.

COORDINATION:

The Office of the General Counsel has no legal objection to this paper. The Office of the Chief Financial Officer has reviewed this paper for resource implications and has no objections, and the Chief Information Officer has concurred in this paper.

RECOMMENDATION:

The Excellence Plan strategies are proceeding consistent with the descriptions in this plan and other staff commitments on these issues. Unless directed otherwise by the Commission, the staff plans to continue implementation of the FY 1998 NRC Excellence Plan and remove the draft designation of this plan within 10 days of the date of this paper.

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[Attachments](#): As Stated