

EXPLANATION OF THE FULL COST BUDGET ALLOCATION

The fiscal year (FY) 2009 Performance Budget identifies the infrastructure and support costs for the U.S. Nuclear Regulatory Commission (NRC) and distributes them to programs as a portion of the total program cost. The allocation methodology is consistent with the methodology used for preparing the agency's financial statements.

The agency's infrastructure and support involve centrally managed activities that are necessary for the staff and agency programs to achieve goals more efficiently and effectively. These activities include rent and facilities management, approved¹ space acquisition, physical and personnel security, administrative support services, acquisition of goods and services, human resources management, training and development, matters involving small and disadvantaged businesses and civil rights, information technology, information resources management, planning and budget analysis, accounting and finance, and policy support services to the Commission and program area staff in performing regulatory mission activities and achieving their performance goals. The following table provides a breakdown of the costs of infrastructure and support by program.

INFRASTRUCTURE AND SUPPORT ALLOCATION BY PROGRAM

| Program | FY 2007 | | FY 2008 | | FY 2009 | |
|--|----------------|------------|----------------|------------|----------------|------------|
| | \$M | FTE | \$M | FTE | \$M | FTE |
| Nuclear Reactor Safety | | | | | | |
| New Reactors | \$30.8 | 93 | \$55.5 | 132 | \$62.5 | 144 |
| Licensing Tasks | 59.0 | 148 | 63.0 | 150 | 63.0 | 145 |
| License Renewal | 7.9 | 21 | 8.2 | 20 | 9.5 | 22 |
| International Activities | 2.7 | 7 | 3.1 | 7 | 3.0 | 7 |
| Reactor Oversight | 95.4 | 241 | 99.8 | 238 | 106.8 | 247 |
| Incident Response | 5.6 | 12 | 6.7 | 16 | 7.6 | 18 |
| Subtotal Nuclear Reactor Safety | \$201.4 | 522 | \$236.3 | 564 | \$252.5 | 583 |
| Nuclear Materials and Waste Safety | | | | | | |
| Fuel Facilities | \$11.9 | 29 | \$12.7 | 30 | \$17.3 | 40 |
| Nuclear Materials Users | 14.4 | 36 | 12.3 | 29 | 15.8 | 36 |
| Decommissioning and Low-Level Waste | 9.0 | 23 | 9.3 | 22 | 11.6 | 27 |
| Spent Fuel Storage and Transportation | 8.5 | 20 | 9.3 | 22 | 9.3 | 21 |
| High-Level Waste Repository | 7.0 | 24 | 10.3 | 17 | 10.4 | 14 |
| Subtotal Nuclear Materials and Waste Safety | \$50.8 | 132 | \$53.9 | 121 | \$64.3 | 139 |
| Total Infrastructure and Support Allocation² | \$252.2 | 654 | \$290.2 | 685 | \$316.8 | 721 |

¹ In all cases throughout this section, references to space or facilities acquisitions include only those appropriately approved as of the date of this document.

² Numbers may not add due to rounding.

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BUDGET AUTHORITY AND FULL-TIME EQUIVALENTS BY FUNCTION

| Programs | FY 2007 | | FY 2008 Enacted | | FY 2009 | | | |
|---|----------------|------------|--------------------|------------|----------------|------------|------------------------|-----------|
| | | | | | Request | | Change from FY 2008 | |
| | \$M | FTE | \$M | FTE | \$M | FTE | \$M | FTE |
| Administration, Rent, and Human Resources | \$101.4 | 201 | \$127.9 | 213 | \$131.3 | 228 | \$3.4 | 15 |
| Information Technology and Information Management | 86.2 | 192 | 91.3 | 195 | 110.9 | 213 | 19.6 | 18 |
| Financial Management | 23.7 | 111 | 28.0 | 117 | 31.0 | 118 | 2.9 | 1 |
| Policy Support | 23.9 | 148 | 26.3 | 158 | 27.4 | 160 | 1.1 | 2 |
| Permanent Change of Station | 17.0 | 2 | 16.7 | 2 | 16.3 | 2 | (0.5) | 0 |
| Total¹ | \$252.2 | 654 | \$290.2 | 685 | \$316.8 | 721 | \$26.6 | 36 |

¹Numbers may not add due to rounding.

Justification of Costs by Function

Infrastructure and support comprise five functions: administration, rent, approved space acquisition, and human resources; information technology and information management; financial management; policy support; and permanent change of station. The following sections highlight significant changes from FY 2008 resources levels and discuss major activities in FY 2009 for each of these functions.

Administration, Rent, and Human Resources: Resources increase for the government-wide FY 2009 pay raise and other nondiscretionary compensation and benefits increases, as well as for cost escalation in contracts and rent of existing space. An amount of \$18.4 million of FY 2009 administrative one-time new reactor costs were realigned directly to the New Reactor program before the full cost allocation. These one-time costs include: design and construction of approved new facilities; office and systems furniture; and X-ray machines, metal detectors and card readers. Specifically, the budget provides resources for the following:

- headquarters full-time equivalent (FTE) staff, buildout and rent for approved additional space, systems and office furniture, transit subsidies, supplies, security equipment, security investigations, and guard services for the approved additional space;
- modernization of security information systems, the Integrated Personnel Security System and the Headquarters access control system, including resources for procuring and implementing a physical and logical access control system compliant with Homeland Security Presidential Directive-12 (HSPD-12), "Policy for a Common Identification Standard for Federal Employees and Contracts," dated August 27, 2004;
- strategic workforce planning, increased recruitment activity, and internal training and professional development programs; building and maintaining a positive, discrimination-free work environment; advocating for contracts with small businesses; and continuing efforts to implement NRC's Outreach and Compliance Coordination Program (OCCP) in accordance with applicable Federal civil rights statutes and NRC regulations. These

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resources also support the agency's program for minority-serving higher education institutions with the goal of obtaining a highly qualified, diverse workforce to meet hiring needs;

Output Measures: The requested resources will support agency efforts to achieve the output targets in the following tables. The tables provide historical performance data on the measures from FY 2004 (where available). In addition, following these tables are the most significant accomplishments in FY 2007.

| | | | | | | |
|---|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Output Measure: OMB Directed Acquisition Reform Initiative Measure. Percent of eligible service contracting dollars (contracts over \$25,000) that use performance-based contracting techniques during the fiscal year. | | | | | | |
| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2005 | Not less than 40% | Not less than 40% | Not less than 40% | Not less than 65% | Not less than 65% |
| Actual: | | 72% | 67% | 67% | | |

| | | | | | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Output Measure: OMB Directed Acquisition Reform Initiative Measure. Percent of required synopses for acquisitions that are posted on the government-wide point-of-entry website (www.FedBizOpps.gov) during the fiscal year. Synopses for acquisitions are those valued at over \$25,000 for which widespread notice is required including all associated solicitations except for acquisitions covered by an exemption in the Federal Acquisition Regulations. | | | | | | |
| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | 100% of all required synopses. | 100% of all required synopses. | 100% of all required synopses. | 100% of all required synopses. | 100% of all required synopses. | 100% of all required synopses. |
| Actual: | 100% | 100% | 98% | 100% | | |

| | | | | | | |
|--|------------------------|----------------|----------------|----------------|----------------|----------------|
| Output Measure: Percentage of professional hires retained for a minimum of 3 years after initial NRC employment. | | | | | | |
| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2005 | 75% | 75% | 85% | 85% | 85% |
| Actual: | | 90% | 93% | 82% | | |

| | | | | | | |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Output Measure: OMB Directed Acquisition Reform Initiative Measure. Competitive Sourcing FY 2004. Number of business case analyses performed on commercial activities listed on the approved FAIR Act inventory and conducted in accordance with Agency competitive sourcing plan. (Measure Revised in FY 2004.) | | | | | | |
| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2004. | 3 business case analyses. | 3 business case analyses. | 3 business case analyses. | 3 business case analyses. | 3 business case analyses. |
| Actual: | N/A | 3 | 3 | 3 | | |

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FY 2007 Significant Accomplishments

Strategic Management of Human Capital: To address challenges presented by the projected growth in the nuclear industry, the NRC has streamlined recruitment procedures and the review and approval process for relocation and retention incentives, thereby allowing offices to expedite extensions of job and incentive offers to outside applicants to better position the agency to handle new work.

Through the use of an automated strategic workforce planning tool, the NRC is able to determine what critical skill/knowledge gaps exist and can thereby focus its recruitment and other programs appropriately. The agency has identified the following fields for aggressive recruitment and staff development: engineering (nuclear, structural, thermal, geotechnical, electrical, environmental, fire protection, and mechanical), security (physical protection, cyber, and network), nuclear physics, health physics, probabilistic risk assessment, digital instrumentation and control, seismology, volcanology, geology, and hydrology.

The NRC's strategic approach to training and development allows the agency to better establish priorities and leverage investments to ensure a comprehensive, integrated, competency-based system of staff training. This year, the NRC conducted concurrent Senior Executive Service candidate development programs and offered more frequent leadership potential programs to meet the need for additional supervisory and managerial positions created by the new reactor program and anticipated retirements.

Competitive Sourcing: One of the NRC's corporate management strategies is to acquire goods and services in an efficient manner. To achieve this, the NRC adopted a performance-based approach to contracting, and posted procurement synopses on the agency's web sites.

The NRC uploaded its 2007 Federal Activities Inventory Reform Act inventory in the Office of Management and Budget's (OMB) Workforce Inventories Tracking System on June 29, 2007. In accordance with the NRC's Competitive Sourcing Plan, the agency completed three business case analyses in FY 2007.

Information Technology and Information Management: An increase of resources in FY 2009 will provide the information technology infrastructure for enhanced user authentication and secure access to the National Source Tracking System (NSTS), information technology seat management contract escalations, document and records management requirements, enhanced information security to meet new requirements and Government mandates, computer security training, and migration to the Homeland Secure Data Network. Increased resources also provide for the deployment of the Secure LAN/Electronic-Safe, which is a network to manage safeguards information and allow its transmission to authorized individuals within the NRC Headquarters and regional offices. Furthermore, increased resources will provide for the government-wide FY 2009 pay raise and other nondiscretionary compensation and benefits increases. The agency directly

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realigned \$0.7 million of FY 2009 information technology and information management one-time new reactor costs to the New Reactor program before the full cost allocation. Specifically, the budget provides resources for the following:

- telecommunications services and support and equipment, data and voice communications services, internet service provider services, and audio and video-teleconferencing services;
- application development, maintenance, and operational support activities for agency information systems. Resources are also included to support the agency’s Enterprise Architecture program and Federal Information Security Management Act compliance;
- implementation of Title 10 Part 95, “Facility Security Clearance and Safeguarding of National Security Information and Restricted Data Implementation,” of the *Code of Federal Regulations*;
- information management activities, including the agency’s document management system, public document room, internal and external web sites, and Freedom of Information Act and Privacy Act compliance.

Output Measures: The requested resources will support agency efforts to achieve the output targets in the following tables. Significant changes are being made to align these output measures with the measures in the NRC’s Information Technology/Information Management Strategic Plan. In addition, following these tables are the most significant accomplishments in FY 2007.

| Output Measure: Information Dissemination Timeliness - Meets agency timeliness targets for key information dissemination channels, including public meeting notices, Freedom of Information Act responses, and documents made publicly available through ADAMS. | | | | | |
|---|------------------------|---------|---------|---------|---|
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2009 | | | | Timeliness targets met for FOIA responses, public meeting notices, and NRC documents made publicly available ³ |
| Actual: | | | | | |

³ Targets for FY 2009 are as follows: Percent of the time NRC responds to FOIA requests within 20 working days (75%) percentage of category 1,2, and 3 meetings on regulatory issues for which NRC posted a meeting notice on the public meeting notice web site at least 10 days in advance of the meeting (90%); percent of non-sensitive, unclassified regulatory documents generated by the NRC and sent to the agency’s Document Processing Center that are released to the public by the sixth working day after the date of the document (90%); percent of non-sensitive, unclassified regulatory documents received by the NRC that are released to the public by the sixth working day after the document is added to the ADAMS main library (90%).

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| | | | | | |
|--|------------------------|----------------|----------------|----------------|--|
| Output Measure: External Stakeholder Satisfaction - Meets agency targets for external stakeholder satisfaction with key NRC information dissemination channels, including the NRC public web site. | | | | | |
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2009 | | | | Satisfaction target met for the NRC public web site ⁴ |
| Actual: | | | | | |

| | | | | | |
|---|------------------------|----------------|----------------|----------------|----------------|
| Output Measure: OMB Exhibit 300 Scores - Percent of major IT investments that are rated as “acceptable” based on OMB’s evaluation of NRC’s Exhibit 300 submittal. | | | | | |
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2009 | | | | 90% |
| Actual: | | | | | |

| | | | | | |
|---|-------------------------|----------------|----------------|----------------|------------------|
| Output Measure: NRC's Enterprise Architecture maturity level as assessed by the Government Accountability Office. | | | | | |
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure for FY 2009 | | | | Maturity level 4 |
| Actual: | | | | | |

| | | | | | |
|---|------------------------|----------------|----------------|----------------|--|
| Output Measure: System Certification and Accreditation - Percent of major applications and general support systems that have been certified and accredited. | | | | | |
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2009 | | | | 90% of those scheduled to be accredited in FY 2009 |
| Actual: | | | | | |

| | | | | | |
|--|------------------------|----------------|----------------|----------------|----------------|
| Output Measure: Contingency Plan Testing - Percent of major applications and general support systems that have completed the annual test of their contingency plans. | | | | | |
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure in FY 2009 | | | | 90% |
| Actual: | | | | | |

| | | | | | |
|--|-------------------------|----------------|----------------|----------------|----------------|
| Output Measure: Percent of the time that key IT infrastructure services are available. | | | | | |
| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | New measure for FY 2009 | | | | 99.5% |
| Actual: | | | | | |

⁴ Target for FY 09 is as follows: NRC score on the annual American Customer Satisfaction Index for Federal web sites (72).

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FY 2007 Significant Accomplishments

The NRC has largely aligned its information technology investments with the Federal Government's Electronic Government program (E-Gov). The NRC has completed migration to a number of E-Gov services and is in the process of migrating to other E-Gov services. The NRC has also institutionalized internal processes to ensure effective use and compliance with E-Gov requirements.

The NRC uses E-Gov services for payroll, security clearance, acquisition support, government-wide customer service, recruitment, and is aligned with the E-Records, Budget Formulation, and Geospatial programs. The NRC is currently implementing E-Travel, E-Training, E-Authentication, Federal Information Security Management Act reporting and training services, and E-Rulemaking. The NRC is also converting its paper-based employee records to the Office of Personnel Management's (OPM's) electronic personnel folder (EHRI). To institutionalize E-Gov, the NRC has established procedures to avoid information technology investments that would duplicate other Federal E-Gov programs and to take advantage of the SMARTBUY program. The NRC receives financial and human resource services from the U.S. Department of the Interior, a selected shared service provider, and is in the process of replacing its core financial systems.

The NRC established the Personally Identifiable Information (PII) Task Force to identify how PII is used at the NRC and to develop policies and procedures to protect PII while minimizing the impact on agency operations. Also, the NRC created a "PII Project" web site and maintains a site related to the NRC's Sensitive Unclassified Non-Safeguards Information (SUNSI) program on NRC's intranet. The web sites provide the NRC staff with current information related to PII and SUNSI activities at the NRC as well as links to NRC's policy for SUNSI and PII. Furthermore, NRC issued Regulatory Issue Summary (RIS) 2007-04, "Personally Identifiable Information Submitted to the U.S. Nuclear Regulatory Commission," to enhance the awareness of permit holders and licensees about PII and the need to protect it from inappropriate disclosure. In addition, RIS 2007-04 was discussed during the SUNSI program session at the annual Regulatory Information Conference on March 13, 2007.

Additionally, the first phase of the New Reactor Application Document Intake and Review Pilot was deployed. This solution provides the capability for applicants to create and submit electronic Combined Operating License Application (COL) submittals to the NRC. Westinghouse successfully submitted a new reactor design control document (DCD) to the NRC on May 30, 2007. The Westinghouse DCD consisted of 270 individual files with navigational links and was profiled into ADAMS in two hours. Manual processing of this DCD would have taken two days (160 man-hours) and would not have supported the navigational links.

Financial Management: An increase of resources in FY 2009 will provide for payment and payroll services to support an increasing agency workload and modernization of the core accounting system. This is necessary because of the lack of continued vendor support for the existing software. Furthermore, the resource increase will provide for the government-wide FY 2009 pay raise and other nondiscretionary compensation and benefits increases. Specifically, the budget provides resources for the following:

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- agency planning, budgeting, accounting, and financial systems and activities;
- ensure agency compliance with the Government Performance and Results Act (GPRA), including updating the agency’s Strategic Plan and developing its annual Performance Plan and annual Performance Report;
- implement E-Travel, which will provide an integrated travel system that is expected to reduce the need for repetitive data input and more efficiently meet the needs of the travelers.

Output Measures: The requested resources will support agency efforts to achieve the output targets in the following tables. The tables provide historical performance data on the measures from FY 2004 (where available). In addition, following these tables are the most significant accomplishments in FY 2007.

| Output Measure: Meet statutory fee collection requirement. | | | | | | | |
|--|---|---|---|---|---|---|---|
| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | |
| Target: | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. | Achieve approximately 100% actual collections when compared with projected collections. Maintain past due accounts receivable at 1% or less of annual billings for the fiscal year. |
| Actual: | Target met. | 98.9% collected. Maintained past due accounts receivable at less than 0.08% of annual billings. | Target met. | Target met. | | | |

| Output Measure: Percentage of non-salary payments made electronically and accurately within established schedule. | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Target: | 95% | 95% | 95% | 95% | 95% | 95% |
| Actual: | 99% | 99% | 99% | 95% | | |

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FY 2007 Significant Accomplishments

Budget and Performance Integration: The NRC continues to make progress in achieving budget and performance integration in accordance with the President's Management Agenda. This progress includes adopting new outcome-based performance measures aligned with the agency's Strategic Plan, accurately monitoring program performance, and integrating performance information with associated costs.

Staff examined the output measures to ensure that they specifically address the agency's major resource drivers, as well as activities of particular interest to Congress and the public. As a result of that analysis, the agency will no longer report a number of output measures in an effort to create a more focused link between resources, activities, and results.

The NRC used the budget formulation system in FY 2007 as a pilot, replacing an outdated single-user, desktop database for the formulation of the FY 2009 Budget. The budget formulation system (with web-browser) has increased efficiency by enabling real-time aggregation of entered budget data, and offering more robust reporting capabilities. The system will be populated agency-wide in FY 2008, allowing multiple users access to the system for the formulation of the FY 2010 budget.

Improved Financial Management: The agency's vision for improving financial management is to get out of the business of operating and maintaining financial systems by moving to a shared service provider of fully integrated financial systems based on commercial off-the-shelf software. This financial management systems strategy will improve business processes, system performance, and information access, in addition to reducing life-cycle costs. A Federal shared service provider currently hosts and operates the NRC's core accounting and payroll systems. The NRC maintains and operates its other financial management systems, which interface internally with the core accounting and payroll systems. The NRC is also working to upgrade its time and labor system, with the long-term goal of having the system hosted and operated by a shared service provider.

In FY 2007, the NRC completed its second year of implementing the OMB Circular A-123, Appendix A, requirements for assessing internal control over financial reporting. The deficiencies noted during testing were classified as either a simple or a significant deficiency. No material weaknesses were identified. The NRC implemented corrective actions to remediate the deficiencies. The agency included the results of the assessment in the Federal Managers' Financial Integrity Act Statement of Assurance.

Policy Support: An increase of resources in FY 2009 will provide for additional policy and adjudicatory support to the Commission. The increase also provides for the government-wide FY 2009 pay raise and other nondiscretionary compensation and benefits increases. Specifically, the budget provides resources for the following:

- agency policy formulation, advice and assistance to the Commission on Congressional and protocol issues, adjudicatory review, legal advice, management

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and oversight of agency programs, and public affairs activities leading to openness and increased public confidence.

- independent evaluations for the OMB Program Assessment Rating Tool reviews.

Permanent Change of Station: Resources in FY 2009 will provide for permanent change of station activities, based on projected FTE increases. Specifically, the budget provides resources for employee relocations, including resident inspector moves and new agency hires. Agency FTE growth, mandatory transfers of resident inspectors, and inflation have resulted in increased costs.