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UNITED STATES NUCLEAR REGULATORY COMMISSION
BRIEFING ON AGENCY INFRASTRUCTURE

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FRIDAY

May 16, 2008

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The Commission convened at 9:00 a.m., the Honorable Dale E. Klein,
Chairman presiding.

NUCLEAR REGULATORY COMMISSION

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3 JIM McDERMOTT, Director, Office of Human Resources

4 DARREN ASH, Deputy Executive Director for Information

5 Services and Chief Information Officer

6 THOMAS BOYCE, Director, Office of Information Services

7 TIMOTHY HAGAN, Director, Office of Administration

8 JIM DYER, Chief Financial Officer

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1 P-R-O-C-E-E-D-I-N-G-S

2 CHAIRMAN KLEIN: Today, we will have a briefing on our
3 infrastructure and we have three new victims in their new positions that we
4 should acknowledge. This is Bill's, I believe, first official act in a public way,
5 I guess, of your being EDO. Jim Dyer is the first time he's presented as his
6 CFO position and Tom is his first position.

7 So, at least we have three experienced individuals. Of course, Jim is
8 very experienced in his position, but congratulations for these new
9 assignments and I think our succession planning is robust. And so, we will
10 continue with great things.

11 Today we're going to hear four areas: human capital, IT, we're going
12 to hear about the administrative structure and financial activities. Any
13 comments before we start?

14 MR. BORCHARDT: Thank you, Chairman and good morning.
15 Can I have slide two, please? The staff's briefing this morning will cover
16 several of the agency's infrastructure programs. Each of these programs
17 directly support our ability to accomplish the NRC mission and are a major
18 factor in making the NRC the best place to work in the Federal government.

19 These programs impact the quality of life for our employees. It
20 impacts our ability to hire and retain staff and it impacts our individual and
21 collective productivity. Our continued focus and commitment of resources

1 in these areas is necessary to attract and retain highly qualified staff, to
2 address the needs of an increasingly mobile work force, and to keep pace
3 with the changing business requirements and current technology.

4 During this morning's briefing you'll be hearing about the actions the
5 staff plans over the next several years. I will now turn the presentation over
6 to Jim McDermott.

7 MR. McDERMOTT: Thank you, Bill. About three or four
8 weeks ago, there was a meeting at the Treasury Department, the avowed
9 purpose of which was to knock NRC off its number one rating and get it for
10 Treasury. At that meeting, Secretary Paulson, who as many know used to
11 be the CEO of Goldman Sachs said, "At Goldman Sachs you think it would
12 be about the money. It was not about the money. It was about the people."
13 And he stressed that.

14 What you'll hear this morning is also about the people; the NRC staff
15 here in the room and watching this on TV. It's about what we're doing to
16 get them, to get them engaged and to give them the tools and facilities and
17 support to do the job they want to do. And that's the reason why I get to go
18 first because what follows is how we're going to get this done. Next slide,
19 please.

20 Strengths: We're on track to achieve our FY 2008 hiring goal of a
21 net gain of 200 staff for the third year in a row. As for employee

1 satisfaction, our FY 2007 annual employee survey says we're doing slightly
2 better than we did in the 2006 government-wide survey. And that's the one
3 that got us our best place to work rating.

4 The results of OPM's government-wide survey of the SES were
5 released last Tuesday. The NRC came out on top in both of their major
6 categories: pay for performance and executive development. We were way
7 ahead of everybody else in executive development.

8 Our training program is rising to the challenge of training many more
9 people in many more ways and on many more subjects. The agency's
10 leadership development programs in particular have a lot to do with our
11 number-one rating.

12 The survey showed that quality supervision, especially first level
13 supervision, is perhaps the major contributor to employee satisfaction. It's
14 also a major contributor to retention.

15 Our challenges: The last three years were all about hiring. I think the
16 next three years will be mostly about training. With 1,200 employees here
17 for less than three years, we will continue to be challenged to get them
18 plugged in, to train them and to retain them. We have to very rapidly
19 evaluate and apply current and emerging learning and knowledge
20 management tools and methodologies.

21 We're into our new learning management system, video

1 teleconferencing, Web and pod casting, online learning, virtual classrooms.
2 We'll have to look into all of these things to rise to the occasion, if you will,
3 of equipping our people.

4 And finally, we believe that hiring and retaining skilled employees will
5 become increasingly important as industry gears up for new reactor
6 construction. We're looking at our human capital flexibilities to ensure that
7 they're fully utilized and we're reviewing areas of our human capital
8 program that perhaps are constrained by some statutory things and
9 deciding what, if anything, we should do about that.

10 We've completed one Six Sigma review of the hiring process. We
11 have two more reviews under way. OPM has asked us to be one of the
12 lead agencies in their end to end hiring improvement initiative.

13 Their goal and ours will be to get the whole process down to 80 days
14 from you start to recruit and the body walks through the door. We've got to
15 make the application process more user-friendly and we have got to
16 improve -- the new buzz word is on-boarding, which means starting new
17 employees off in a way that makes them feel and believe that we are
18 actually glad to have them. Next slide, please.

19 Planned activities: We plan to expand the use of available
20 flexibilities, particularly with regard to work schedules and teleworking.
21 NRO is going to pilot a much more flexible approach to work schedules and

1 we'll get some lessons learned out of that.

2 We're continuing to explore options, needs and approaches to
3 expand some legislative authorities related to human capital and provide
4 recommendations to management. In what areas, perhaps in pay, perhaps
5 in enhancing student loans; maybe do something about the taxes the
6 students have to pay on the loans.

7 OPM is suggesting some refinements to pension offset waivers that
8 we might want to take advantage of. And more about that, I'll say, in a
9 couple of weeks when we will brief you on the human capital plan.

10 Shortening the time to competency will require finer tuning of
11 curricula and taking greater advantage of new automated tools, such as our
12 learning management system that we recently implemented and it will take
13 more trainers. And I don't mean more training staff.

14 It will take more supervisors and senior specialists who can coach,
15 monitor and evaluate the progress of our recent hires. On-the-job training
16 is still the path to competency.

17 Balancing training with real work is code. Its code for responding to
18 feedback we've gotten from some newer employees. They say, "We'd like
19 to stay with some of the meaty assignments we get, see them through and
20 get better connected to the work of the organization."

21 If that process is interrupted too frequently by training assignments of

1 some duration that disengages them. And it's something we're looking at to
2 figure out how we can do a better job there.

3 Finally, core values. This is kind of squishy, but with so many new
4 people we need to make sure that we give our core values enough
5 exposure. We need to publicize them. We need to talk about them and, of
6 course, we need to model them. And I don't think we can assume that this
7 will happen without any attention or effort to it.

8 I'm not real clear on exactly how to make that happen, but we need
9 to do that. That's ultimately who we are and with that many new folks in the
10 agency we have got to pay attention. That's all I have to say.

11 MR. ASH: Jim, thank you. Chairman Klein, Commissioner
12 Lyons, Commissioner Svinicki. Thank you. I echo in many ways what Bill
13 and Jim have already said. You've been presented with our assessment of
14 our infrastructure in its entirety.

15 In my opinion, I believe it's an accurate view of really the state of the
16 infrastructure and it has, and I guess you've seen and what you'll hear
17 today, it has a number of strengths and, of course, a number of challenges
18 and weaknesses.

19 The challenges and those weaknesses, of course, relate to our
20 ability to be able to maintain what we've got; to be able to implement and
21 maintain those things that we implement now as well as over the coming

1 years; our ability to keep pace with growth; our ability to keep pace and be
2 able to support new facilities and new buildings; our ability to support and
3 address disaster recovery needs as well as other types of emergent needs;
4 all incredibly complex. all requiring a great deal of subject matter expertise.

5 The issues and solutions we're going to present today as you've
6 heard are necessary to support our mission and our staff. The reason why
7 we did Jim first is of note because that's one area that I'm concerned about.
8 I know that hearing from a variety of you; you expressed that concern, too.

9 A number of our staff are coming out of college. They're coming out
10 of graduate school or they're coming from other agencies. Their
11 expectations, their needs, particularly for IT are very different; different than
12 what we've been able to provide to them.

13 Their expectations are different. My fear is that if we cannot meet
14 those needs adequately, whatever those are, they'll leave. And so, all the
15 great work that Jim has been doing and the staff have been doing to attract,
16 that if we don't provide the necessary infrastructure we won't have a strong
17 ability to retain those core competencies, those key folks.

18 I do need to temper your expectations. I hope it's obvious that
19 improving our infrastructure is going to take money, people and time. I
20 mean, that's an obvious one. What we presented, what we have is a
21 prioritized, integrated schedule, a logical, well thought out roadmap and a

1 timeline from which to improve our infrastructure.

2 The schedule was designed and thought through to make optimal
3 use and efficient use of our staff and the resources we've got. The
4 schedule also reflects dependencies and interdependencies between all of
5 our different offices. You'll hear a little more about that in the coming
6 presentations.

7 On a personal note, I've appreciated and welcomed all of your
8 advice and guidance and support. And I welcome your thoughts and
9 guidance on today's briefings and what we're going to talk about today.

10 With that, I'm going to turn it over to Tom to talk about IT.

11 MR. BOYCE: Good morning. I appreciate the opportunity
12 after my three and a half months with the agency to go over this
13 assessment of our technology. Although I'm here to talk about technology,
14 I'd like to recognize one of our major strengths and that's my staff and our
15 people.

16 In my time here I've recognized they're key to being successful, key
17 to the agency being successful. We have very good staff in the technology
18 area and I think we're well positioned to address these challenges that
19 we're going to go over.

20 The staff's been responsible for building out our baseline network
21 infrastructure which provides a good baseline for moving forward. We need

1 to do a little more in this area, but we're well positioned with what we have
2 today.

3 NRC was out in front in providing desktop standards and a secure
4 environment for our employees. OMB has come out with recent mandates
5 which day one we met 86% of what they were asking of all Federal
6 agencies and nobody else could say that.

7 We have a history of strong network reliability, three 9's last year.
8 We're always aiming for better and more, but something we track closely
9 and we want to make sure we're providing a reliable infrastructure.

10 The employee survey that was mentioned shows that the employees
11 are quite happy with our existing remote access. I think we need to pay
12 attention to that area and make sure that it stays such and the demand for
13 Blackberry's and mobile communication is obviously an indicator of its
14 success.

15 We're getting increasing requests for more mobile communications,
16 which you'll hear more about. Some of our recent accomplishments are a
17 good start in improving our technology. Next slide.

18 Outlook migration went well, but there's more to do. We need to truly
19 work to keep pace with technology, especially as Darren mentioned as
20 we're bringing on new staff who have high expectations. We need to make
21 sure we pay attention to what they're asking us, which I believe this

1 assessment is largely about.

2 There's an increasing demand for mobile technology, especially as
3 our staff is not only mobile, but dispersed in other buildings. We need to
4 make sure we have technologies out there so the staff can dial into
5 meetings like this. Commissioner Jaczko was gracious in demonstrating
6 the need for that and I appreciate that.

7 We also need to, as a reliance on technology grows and there's
8 more and more daily need for everything tech, we need to make sure our
9 disaster recovery is well positioned to provide that backup necessary in
10 case there is a disaster or there is an incident where we need to move
11 elsewhere.

12 And not just the daily work, but our secure work. We need to make
13 sure that we're providing mobile access or at least access on demand to
14 safeguards information and classified information. We also need to pay
15 attention to our research and licensing side in making sure we have an
16 integrated high performance computing environment that's easily
17 accessible and meets their needs. Next slide.

18 Darren mentioned the roadmap and we do have many planned
19 activities in this area. Mobile technologies: We want to make sure we have
20 a laptop program where corporately we can support encrypted laptops
21 throughout headquarters and the regions as needed.

1 I mentioned the BlackBerry demand. We need to increase our ability
2 to deliver BlackBerrys and other remote access devices. We also have
3 plans for rolling out wireless access in a secure manner such that staff can
4 be anywhere and access our information securely.

5 Along with this is collaborative technologies. We need to expand our
6 video telecommunications so we can have people dialed into this and be
7 sitting at their desktop and talk to each other in a meeting.

8 A lot of this infrastructure needs background work that's tied into the
9 next bullet, which is modernize our communication capabilities. It's more
10 than putting a new desk set on somebody's desk so they have caller ID.

11 It's an integrated approach to provide unified communications so you
12 can get your voice mail on your BlackBerry eventually; that we have one
13 place to go for all our communication needs.

14 We're also working with NSIR to implement a secure LAN electronic
15 safe environment that will eventually be rolled over to OIS for support in the
16 coming years and we're working to address the high-performance
17 computing capabilities.

18 We're doing some of that work in '08, but we have about a three-year
19 plan to address the research and licensing needs.

20 Moving along to just not the technology base, but how we deal with
21 applications, the data behind them, and how we manage that. I want to

1 recognize what I see as one of the strengths that when I came in here is
2 that we have an IT Business Council and an IT Senior Advisory Council.

3 The key to doing this right and having NRC success in this area is
4 listening to the business side and having the business side drive our
5 technology. Not having the technology come up with an answer that
6 partially addresses some need, but we need to have the business side
7 prioritize and set the needs.

8 We have a strong project management improvement program. I was
9 very glad to see that when we I got here. Not only is it mandated by OMB
10 these days, but it's just good business. I don't think you can open up a
11 trade journal and not see an article about some failure in an IT project
12 somewhere.

13 We have a strong program for training, getting people credentials
14 and having seasoned staff work on our projects.

15 Our agency wide document management system has long been
16 recognized as a strength. NARA has recognized it for excellence. It is a
17 strength. I'll talk more about that later, though.

18 Our web site was rated well. Both the internal and external web sites
19 have ratings higher than others in the Federal government. Our FOIA
20 program has been recognized as one of the best in the government; its
21 responsiveness, its accuracy.

1 However, we're not without our challenges. I think we need to work
2 with the IT Business Council, look for opportunities for collaboration and
3 consolidation of systems. It will save us money in the long run and it's good
4 business. It provides better access to data.

5 We need to move away from some of the paper based process and
6 the routing of documents for concurrence so we have electronic work flow
7 and we can sign things electronically where needed.

8 We already mentioned we need to provide better access to our
9 systems from mobile and remote locations. That's more than just being
10 able to dial in, but it's clear access to the data and the applications and we
11 need to design our applications in such a way that we recognize they're
12 going to be used for mobile and remote platforms and we don't limit
13 ourselves in the technology choices we make.

14 More effective search tools. We've mentioned we've added 1,200
15 staff recently. As we add more staff, we need to be able to provide data to
16 them when they need it, where they need it and having more effective
17 search tools is key to that. As you bring in new staff, they need to be able
18 to on their own find information and figure out how to address our needs.

19 And although ADAMS was recognized as a very good document
20 management tool, we need to move to next generation technologies. It's a
21 somewhat aged system. It meets our needs, but integrating search tools

1 and other needs and addressing those needs is going to take some time
2 and planning.

3 So, planned actions to address these challenges. I think you've
4 heard the recurring theme of access to data and applications when people
5 need to do it and where they need to do it from.

6 So, we need to build a base and we've got plans for providing
7 convenient, secure access to our data and applications from remote
8 locations.

9 Improving our data management, increasing data sharing. To me,
10 that means we need to work with the document management system and
11 make sure we clearly identify people and documents as to who can have
12 access, where they can have access and what's in those documents in an
13 indexed manner so they can find them easily.

14 Although we have some immediate needs in the document
15 management area to increase our resources just to handle documents
16 coming in the door, that's more of a processing workload need. We also
17 need to look at our technology base.

18 As I mentioned, we need to look at next generation technologies and
19 improved access to unstructured data. Again, I think this is key as we bring
20 in new staff to allow them to manage their data themselves.

21 And we need to pay attention to using IT smartly. I mentioned

1 workflow. We need to make sure we have forms that are intelligent that tell
2 the user what they need. The forms themselves have the security
3 designations built in and where necessary we can provide electronic
4 signatures.

5 In summary, I'd like to say the issues identified in this assessment of
6 our technology infrastructure map well to our IT roadmap that was first
7 developed in 2007, I believe. We've updated it. It's part of the package
8 here.

9 I've worked with my staff to make sure that the needs expressed in
10 this assessment are reflected accurately in the roadmap. They are. We
11 have a good plan going forth and I look forward to working with you to
12 address these needs.

13 With that, I'll turn it over to Mr. Hagen.

14 MR. HAGAN: Thank you, Tom. Chairman Klein,
15 Commissioner Lyons, Commissioner Svinicki. Contrary to popular belief,
16 administration is not only space. We do a lot of other things. When my
17 infrastructure colleagues and I teach the Corporate Management segment
18 of the NRC course, "NRC: What It Is and What It Does". What I'd like to
19 say is if it doesn't involve computers, personnel or money it must be ADM.
20 It's very true.

21 We cover a wide spectrum of activities and we take a lot of pride in

1 the fact that NRC is the best place to work. We think we play a vital role in
2 that activity to make sure that happens. That is a continuing challenge to
3 keep us there.

4 In addition to space, we do facilities, contracting, security,
5 rulemaking support, directive support, printing, graphics, distribution, mail,
6 warehouse services, and a wide array of administrative services that are
7 handled through the Administrative Service Center.

8 I will cover office space first, since it is, I think, high on someone's
9 list. As you know, we have a lot of challenges in space, but I want to go
10 over some strengths we have and feedback has shown that we do have a
11 well maintained and safe and secure and accessible workplace here. And
12 we are meeting the near term operational needs.

13 Workspace conditions are constantly monitored through the Fix It
14 system and we're collecting data to make sure that we're being proactive in
15 that regard and making sure that we're out looking for things that need to be
16 improved so employees are not sending in Fix Its to do a lot of that activity.

17 The data has shown that we're improving in that area. The number
18 of employee Fix Its has actually gone down recently despite the fact that
19 we're increasing our staff. So, we're pleased with that trend.

20 In terms of the interim moves and the activities we've taken. I think
21 you all are very familiar with the housing strategy that we have. We have a

1 long-term housing strategy and then we had to do a lot of things that would
2 line up with that long-term strategy in terms of acquiring interim space and
3 moving people within the complex.

4 Last summer we completed the Smooth Project moving over 1,100
5 people over the summer with tremendous help from OIS in that regard.
6 That was a huge success.

7 The plan to achieve reconsolidation -- as you know, we're working
8 with GSA on the acquisition. Because we're in the acquisition process, it's
9 a procurement sensitive thing, so we won't be able to talk in much detail
10 today about that activity, but I want to thank the Chairman for all his push to
11 get us in a position where we can be consolidated at some point in the
12 future and we have to go through the acquisition process to acquire the
13 space and that's moving along.

14 We also have in the area of space many other activities going on.
15 As you may be aware, each of the regions has some space initiative going
16 on. First, Region II is going to move and that's in the near-term. I think
17 they're right at the point now where they're going to do the -- GSA's about to
18 award the lease for Region II's new space.

19 We have other activities I'll mention in a minute about the other
20 regions. Throughout the space -- all the space initiatives we've had a very
21 good working relationship not only with offices, but NTEU. It's been a very

1 collaborative thing and it's worked well.

2 It's required constant communication. I'd emphasize that as
3 probably the key to the success we've had so far is that we communicate
4 with each other every day, both at the office level and with NTEU and with
5 HR, obviously.

6 One of the things we wanted to do in our decentralized environment
7 we see as a particular challenge is to do things to make sure that the
8 agency employees still feel connected. It relates to something Tom said.
9 We have a deconsolidated headquarters right now. We need to make sure
10 that people don't feel like they're apart or separate from headquarters.

11 So, we're trying to do that through a variety of things and
12 communication is one of them. The VTC capabilities in the other buildings
13 and obviously our shuttles and things help that cause.

14 In terms of our planned actions, near term we have plans to move
15 the Office of Research to Church Street. I think everyone has visited that
16 location. We're very fortunate, I think, to get that spot. The Office of
17 Administration is moving -- at least part of the Office of Administration is
18 moving to the Twinbrook location. That's scheduled for September. The
19 Church Street -- June and September.

20 The Contracts Division will move in June to Twinbrook and my office
21 and the Personnel Security Branch will move in September. Church Street

1 move is scheduled for late October and that would be Research.

2 What that's going to do is it's going to free up some space so we can
3 do what we had committed to the employees a long time ago and that is
4 free up some of these conference rooms that we've had people occupying
5 for some time.

6 Tom mentioned we've hired 1,200 people. We like to refer to that as
7 the bow wave. Space really is not -- the space business, let's just say, is
8 not the kind of business that can adapt to that quickly, so we had to jam
9 people in conference rooms and do what we could to accommodate that
10 growth.

11 I think now we're reaching a point where we can actually with the
12 Church Street and Twinbrook locations get some of that relief we've been
13 looking for some time.

14 We also have the need to continue to work aggressively with GSA to
15 keep them on schedule in terms of acquiring what I like to call White Flint
16 Three. We have been working closely with them. I think we're still on target
17 to meet our goal of when we're going to actually select and enter into a
18 lease for the third building.

19 We've have bumps and grinds along the way, but we're going to stay
20 on top of it and keep that moving.

21 Refurbishment: The buildings, as you know, are getting old. I

1 looked in my notes. The last restack of this building was over 10 years ago.
2 As you look around and you can see as you go through the hallways and
3 the elevator lobbies are my favorite. Nicks and bumps and things are a
4 problem.

5 That's cosmetic, pretty much, but we also have mechanical
6 equipment that needs to be taken care of. This building is in pretty good
7 shape because we already replaced the chillers and cooling towers and we
8 upgraded some things.

9 The second building -- there's really been very little done on the
10 second building. So, we have continuing challenges in that area. One is
11 the air conditioning in this building needs work.

12 I think the Chairman will be happy to hear that the lobby project that
13 GSA has been working on for some time -- GSA has decided to approved a
14 redesign and refurbishment of the lobby to expand it and address some of
15 the security issues we have there and the space issues we have in the front
16 of one White Flint. So, they have a designer online to come up with some
17 plans for us to look at.

18 I mentioned the region's -- Region II is going to move first. That will
19 be later this calendar year. Region IV is going to move in 2009. And we're
20 working right now in Region I in terms of their space needs. They have a
21 lease already in place, but it looks like their space needs may warrant

1 another move for them.

2 We're working with them and we're going to come up with a
3 recommendation there. Region III has some moderate space needs that
4 we're looking at also. So, in the area of space it's across the waterfront.

5 Security: I think when you look at our security and what we're trying
6 to achieve in the security clearance process, we are getting the job done in
7 terms of properly vetting applicants as people who are going to work for the
8 NRC. We make sure that we have properly vetted them before we grant
9 them a clearance.

10 I know one of the challenges we have, of course, is timeliness of all
11 that, but I'll get to that in a minute.

12 We have an effective drug testing program. I'm sure you're aware
13 we have gone through a change in how we handle the drug testing program
14 and all employees are now in the pool and we'll be fully implementing our
15 drug testing plan changes August 25th.

16 And we've been going through the awareness sessions for
17 employees and we've executed an MOU with NTEU so things are moving
18 forward in that area.

19 We also have very secure agency facilities. The perimeter project
20 has been a success in that area and I think our guard force does a good job
21 keeping this place safe.

1 In terms of challenges, timely adjudications. One of the things we
2 focused on as we knew we were going to hire so many people was what
3 should our objective be. Is it more important to get the employees in the
4 door or should we be focusing on adjudications which are more time
5 consuming?

6 We thought it was important and I think the offices agree to get the
7 workers in the door is more important. So, we've been focusing our
8 attention on the 145B process and that has worked well.

9 Ninety-five percent of the cases that we've had we've been resolving
10 in three weeks and getting people in house quickly. What that does,
11 though, is it creates a workload issue on the other end in terms of
12 adjudications because our staff has been focused on getting people in the
13 door. Right now, Q and L clearances are taking about six months and
14 three months respectively.

15 That's a huge challenge for us because the Intelligence and Terrorist
16 Prevention Act of 2004 set targets and one of those targets says by
17 December 17th of '09 we need to adjudicate 90% of completed
18 investigations in 20 days.

19 What that means is once we get the case back from OPM and we
20 start our adjudication of the issues in that particular case, we have to
21 complete those in 20 days. So, we're not meeting that now and we have an

1 aggressive plan to make use of contractors.

2 We're hiring people. We're going to try and use contractors for parts
3 of the activity that are not inherently governmental activities, obviously, and
4 use them to the best of our ability and then we're also hiring and we're also
5 going to do a Lean Six Sigma review of the adjudication process.

6 How do we do adjudications and are we doing the right things? Are
7 we doing too much? All of those things we're hoping are going to allow us
8 to achieve this target.

9 HSPD-12. I think you're familiar with the review that GAO did on the
10 HSPD-12 initiative. Was there a mandate to get something done too
11 quickly? Yes, but we have a plan and we provided the plan to OMB and
12 we're moving forward with implementation. It's just not in the timeframe that
13 came out in the original requirement and I don't think we're any worse than
14 other agencies in that regard.

15 I think GAO recognizes us as being in the middle. In this particular
16 one, we like being in the middle. We are going forward with the issuance of
17 cards and badges. We expect to have badges -- to have everyone badged
18 by October 2009.

19 And then physical access controls. The other part of this plan on the
20 physical access controls. There's multiple pieces, but the badges is what
21 was focused on first. Everybody needed to have credentials and get

1 badges. We're doing that right now.

2 Our first priority is to give badges to the first responders that we have
3 in our agency in terms of emergencies. We expect to issue about 450
4 badges. Then we expect to have physical access controls in place at the
5 buildings and that's going to happen in the first quarter of FY 2010.

6 So, that means that all of our facilities will then have the necessary
7 reading capability installed in all of our facilities. Now, I say all of our
8 facilities. There are two regions that might not be ready -- the ones that are
9 about to move. So, we have to watch when the moves are going to take
10 place and make sure they get accommodated when the move takes place.

11 Logical access controls is yet another phase of this and I know that
12 OIS and Logical Access is completing a study in June, I believe it is. I think
13 December 2009 is the target for the Logical Access control piece. Next
14 slide.

15 Contract Administrative Services: One of the things we're proud of in
16 terms of our contracting program is we need to make sure that our program
17 is fair and equitable in the treatment of people who want to do business with
18 NRC. I think our program has consistently demonstrated that.

19 We have very few challenges to what we do from the outside. We
20 do have a significant increase in our workload in this area. We ran some
21 numbers for the first seven months of FY08 and we had completed 1,300

1 contract actions for about \$98 million and all of last year -- this is in
2 commercial contracts -- in all of last year was 1,500 actions for about
3 \$146 million.

4 So, you can see we're on a pace to exceed where we were last year.
5 Last year was significantly greater than the previous year. So, this trend is
6 up in the contracting business.

7 We also are very, very happy that we achieved a green -- the agency
8 received a green in its socioeconomic contracting effort. We play an
9 integral role in that as do all the program offices. Ren deserves kudos with
10 her shop for being very aggressive in promoting that program.

11 One of the strengths I also want to mention -- for those of you that
12 know our Mary Lynn Scott has been the Director of the Division of
13 Contracts for some time and she's going to retire next month. And the
14 reason I mention her is I think her legacy is in the people she brought in.
15 She has recognized the need for contracting professionals to be
16 well-educated, well-trained and experienced and she's brought in a
17 tremendous group of people. So, I think she's leaving the organization in
18 very good hands.

19 Phyllis Bower is going to head up the Division of Contracts and she
20 brings in a wealth of knowledge and experience from NIST. So, I think the
21 Division of Contracts is in a good position.

1 The continuing challenge, anyone in the 1102 series and I'm sure
2 you've read this, it's an area where the government as a whole doesn't have
3 enough contracting professionals, qualified contracting professionals. So, I
4 think what's going to happen to us is we're going to have people targeting
5 our people. So we have to make sure that we're doing what we can to keep
6 our people.

7 In challenges -- let me mention one more strength. The centralized
8 administrative services. I think that's been a very successful activity as an
9 agency. We have the Administrative Services Center where we provide a
10 wide array of services, but we also have centralized graphics, printing,
11 distribution.

12 If you've ever visited the P1 Level we just went through a complete
13 overhaul of P1 Level to redesign the floor. And basically it was designed to
14 make our production in that area more efficient. I'll say we took Luis on a
15 tour before he left and certainly invite Bill to go down and see it.

16 We're about three-quarters of the way through that redesign, but you
17 can see how it's going to shape up and we're very encouraged by that. It's
18 something that can increase productivity through that change.

19 One of the challenges we have, though, as we look forward. The
20 manual contracting process that Tom alluded to the need to have electronic
21 work flow. All of those things relate to these process oriented things that

1 we do. Certainly, contracting is a process.

2 As we move forward we want to look at how the electronic work flow
3 might facilitate a more efficient and effective contacting process for us.

4 Dispersed locations: I just want to mention that in terms of the
5 centralization of services. We have a centralized service and we think that
6 works really well. Well, we were a consolidated headquarters. So now our
7 challenge is how do we continue to sustain that level of service and keep
8 people happy in a deconsolidated environment. So, that's a particular
9 challenge we face.

10 Planned actions: As I mentioned, we're going to leverage
11 technology to improve our procurement planning and administrative
12 services. We have in the administrative services area we have a web page
13 where you pretty much go and press a button and get whatever you need in
14 administrative services.

15 So, we're in the process of updating that page and each of the
16 programs that are behind that page. One we just changed was the visitor
17 access system and we're getting very positive feedback on what we did
18 there, but we want to continue to take each one of those services and
19 improve those.

20 I mentioned the acquisition area as an important one. I know Jim is
21 probably going to speak a little bit about the core financial system. We're

1 part of that. We should be part of that. The acquisition piece is something
2 that's been on the horizon, I think, for a long time and it's important to have
3 the financial system and the acquisition system integrated. Otherwise, a lot
4 of things that Jim does and the CFO and a lot of things we do in contracts
5 just are duplicative in the system area.

6 The internal processes and controls to balance cost and risk. This is
7 something that I think is something I can just kind of put on a board above
8 my door, this is something we always have to do. We always have to look
9 at our processes and decide where the risks are. What are we doing? Why
10 are we doing it? What are the risks? And assess it. It's a continuing thing.

11 We have used Lean Six Sigma in the contracting area. I mentioned
12 earlier we're going to use it again in the adjudication process. I think it is a
13 good methodology to use to assess this very thing, but we think this is just a
14 continuing thing that we need to do when you have an organization that's
15 tied to a lot of services.

16 There's a lot of processes. It will help us balance that cost and risk
17 because we have a lot of issue for compliance. That's the constant struggle
18 we face that once you're doing these services, you don't always just salute.
19 You've got to make sure you're saluting and you're consistent with the rules
20 and regulations governing that particular area.

21 And I think you all are familiar with the update to the management

1 directive system and the streamlining of the rulemaking petition processes.

2 The directive initiative -- I think we've created a very solid framework to
3 make sure that our directives not only are updated, we have a five-year
4 plan, but not only that they're updated, but we have a system in place to
5 keep them updated. That's been our problem. The system and framework
6 was not such that we had regular checks to make sure that those directives
7 were kept up to date.

8 And coupled with that was the streamlining of how you do it and that
9 is that simple changes would be able to be made very quickly. In the past, I
10 think offices would look at a directive change and say it's a difficult task to
11 just make a simple change, so they'd hold it.

12 We're making the system a little difference so you can make a simple
13 change, simple updates that don't impact policy and get those things done
14 so that you don't have these totally outdated directives when there's a
15 whole laundry list of small things that could be accomplished.

16 So, the two things we're doing there is to streamline how we do
17 these things, also use automation because the directives are online now
18 and it'll be easier to update them and to keep them within the cycle of
19 review so that we have timely updates and we don't ever get them out of
20 date.

21 The last thing I want to mention is the property inventory. That's an

1 important aspect of what we do. One of the things we did this year was to
2 change how we do those. It's another area where we looked at the process
3 for conducting inventories. They're done every two years.

4 So, this year we looked at it and said we don't have the resources
5 right now because of the moves. The very same people that do moves and
6 warehouse services also get involved in the property inventory. So, we did
7 something different this year. We engaged all of the property custodians
8 and had them assist in the inventory, but not on their accounts.

9 They're like adjunct inventory specialist now. They're going around
10 and helping, but they're inventorying another person's account. We felt it
11 was a much more efficient way to get it done. It took away the problem we
12 had every year or every other year when we went to do an inventory where
13 we needed to add 10 people to our staff for a couple of months.

14 So, now it's much more spread out and it's working well. We're
15 about halfway through or a third of the way through and it's working very
16 well. So, I wanted to close with that because it I think it exemplifies what
17 we're trying to do and everything that we do in ADM and that is look at
18 different ways to do it and do it a better way. Thank you.

19 MR. DYER: Chairman, Commissioners, good morning.
20 Chairman, thank you for the opening remarks. I've been your Chief
21 Financial Officer now for two weeks and for two months I was your Acting

1 Chief Financial Officer. And I kind of liken the transition from a renter to an
2 owner.

3 For the previous two months as acting, I was trying not to break
4 anything and now that I've owned it for the last two weeks I'm working on
5 trying to fix things. So, that's where I am in my transition now to the Chief
6 Financial Officer. I would like to thank the Commission for their support.

7 This is a job that I wanted and asked for and it's one I think I can
8 contribute to after multiple years on the program side of the fence here at
9 the NRC.

10 This morning, I will discuss the strengths, challenges and planned
11 actions with our financial programs and I think important is the backdrop
12 that we have for this, which is a period of very rapid growth in the last five
13 years or actually less than five years where we've grown by over 50%.

14 And what's happened is I think a lot of our financial processes and
15 systems have been slow to change given that backdrop. And so, we've
16 been reacting to some of the problems as they find us and I think where we
17 need to head is to catch up and then get ahead of some of these
18 challenges and predict where they're going to be and get out in front. Next
19 slide, please.

20 One of the key strengths of the -- can you go back? The key
21 strengths for the financial program certainly is its external financial

1 reporting. It's been a continued strength. We've had unqualified opinions
2 on our financial statements.

3 In 2007, we eliminated a fee billing material weakness and we're
4 working on eliminating our remaining weakness with the security of our
5 financial systems under the Financial Information Security Management Act
6 or FISMA certifications.

7 Also, our financial statements are a key component to our
8 performance and accountability report which was recently recognized by
9 the Association of Government Accountants for its seventh consecutive
10 certification of excellence in accountability reporting, as well as the
11 Mercatus Foundation recently recognized us as the fourth best government
12 agency in providing information to the public on agency performance.

13 I think this is a tribute to the overall agency staff who prepare these
14 reports as well as the Office of Inspector General auditors who work with us
15 throughout the year on our financial statements and then staff in OCFO who
16 put together the performance and accountability report. I would just like to
17 say in light of some of our technical challenges it's even more impressive to
18 me as a newcomer in this area.

19 Speaking of our challenges, one of our key challenges is to integrate
20 the budget execution and formulation. Currently, our budget and execution
21 come together a few discreet periods during the year. It's usually very

1 painful as we go through it and try to remember.

2 That was, I think, okay for the static environment we had in the past,
3 but given where we are in the uncertainty in our budget planning, I think we
4 need to become more dynamic to respond and get ahead of our dynamic
5 environment that we're currently in.

6 And I think this has been a key contributor to some of our carryover
7 growth at the NRC, which translates to me into ineffective use of resources
8 that we get in house. It's one of our areas of focus.

9 We also need to improve our financial structure. The current budget
10 structure has evolved from an organizational based structure and increased
11 challenge for cost accounting. I've discussed with all of you, I think, some
12 of our -- during the budget process the cost accounting and the products
13 and that.

14 But it's even more of a challenge when dealing from the Program
15 Offices during the fiscal year as we adjust our schedules and our resources
16 within the offices. And so, I think we need to restructure the budget to
17 become more of a cost to our product lines and across all of our material
18 reactor and waste areas of concern as well as our corporate management
19 areas.

20 We also need to reduce our financial system obsolescence. I noted
21 in preparing for this Commission meeting I read through the OCFO program

1 review that was conducted last February 2007 and there was a lot of
2 discussion on that. It's not that hard to update you from February of 2007.

3 We have improved the HRMS, Human Resource Management
4 System hardware, which was a concern on its failures and that and I think
5 we have a pretty robust system now with plenty of back ups. And we
6 periodically challenge them, but the system does work.

7 It still has the old software and we need to work to improve our
8 software as well as Tim was talking about the core financial system will no
9 longer be supported at the end of 2010. So, during 2010 we need to move
10 to a new core financial system as well as incorporate in the Fees 9
11 Subsystems for our billing area in that and move to the next generation of
12 sophistication.

13 We also need to improve our payment timeliness and accuracy. As
14 our budget grew, the OCFO office in transactions continued to process the
15 paper and we did increase the number of staff as we did. So, we really
16 stressed our staff with our existing processes and as a result the system
17 overloaded and we lost documentation and we had payment errors. We're
18 working to correct these legacy problems and, of course, to prevent future
19 challenges. Next slide, please.

20 So, what are we doing to address these challenges? What are our
21 planned actions? Well, first of all, we need to work to increase our financial

1 management discipline and that's throughout all the NRC offices. Luis
2 Reyes, when he was the EDO, and I established some expectations for
3 improved resource management on a trial basis, if you would, when we
4 created these in response to the Commission's directions after the last
5 round of budget development activities.

6 And we're going to establish and do training at Office Director and
7 Regional Administrator level on the needs of good financial management. I
8 think I used myself as a benchmark. Coming from a program office, I
9 thought I was a pretty informed Office Director.

10 When I came to OCFO and saw all the different challenges and the
11 requirements, it gave me a new perspective and I think some of that
12 perspective I need to share with the other offices and the EDO as we move
13 forward because it is a valuable learning experience.

14 The Office of Chief Financial Officer needs to improve the
15 information we provide to the offices, particularly in the cost information so
16 they can make more timely decisions and make these adjustments.

17 In addition, we need to do some independent financial analysis and
18 the whole office is accountable. We set the expectations. Now, we need to
19 provide the offices the information and we need to hold them accountable in
20 their office assessments for good financial performance.

21 We also need to expand our cross servicing activities. I think this is

1 part of the Office of Management and Budget financial managers' line of
2 business efforts on certainly standardizing the financial management
3 practices across the government and reaching a consolidated government
4 financial statement.

5 The NRC has been using the Department of Interior National
6 Business Center since the 1990's to host its core financial system, which is
7 now outdated and running out of support.

8 We recently transferred some transaction responsibilities for
9 accounts receivable and travel management. On May 1st, we transitioned
10 the accounts payable and from my perspective this looks to be a win/win
11 situation.

12 From what we've seen so far, the support is excellent and it does
13 save us resources on the net cost. So, we need to continue -- it changes
14 our role into one of oversight as opposed to processing the paper.

15 So, we need to make sure we carry out those functions judiciously
16 and carefully to make sure that as we farmed out this activity that it still is
17 performed properly. But everything we've seen so far has been quite
18 promising.

19 And the other thing is on the cross servicing. In addition to
20 transactions and obviously hosting, we're becoming aware that the cross
21 servicing has a lot of other options. There's many -- as Tim was talking

1 about, the acquisition management is another option that's available for
2 cross servicing as well as budget formulation from the OCFO and there's
3 other capabilities the program offices can handle.

4 I think in a measured manner, we need to look to transition where it's
5 appropriate and inform others of these capabilities as we continue this
6 transition process.

7 We also need to enhance our independent financial analysis. I
8 spoke of that earlier as part of providing feedback to the offices on how
9 they're performing their duties, but it is part of improving the financial
10 discipline in the overall learning.

11 We started this as part of the 2010 budget process in response to
12 the Commission SRM and as we're developing the 2010 budget, I think on
13 the first go around after a lot of work by the OCFO staff, my assessment is
14 that because some of those challenges I spoke of earlier with budget
15 structure and availability of information and that, I think we're providing
16 reasonable cost data, but we need to take it to the next level, distill it down
17 and provide an improved analysis and assessment of how we're using our
18 resources. That will be a goal we need to make forward.

19 And then as I said earlier I think we need to be able to report out on
20 this in a more timely manner. And that is get it on a website, which is
21 obviously part of the infrastructure planning look at one of the things we

1 need to do is to be able to get this information out and move away from
2 periodic reports that we either send out electronically or pass out by paper.

3 We also need to modernize our financial management systems. As I
4 said, this was a discussion back in February of 2007. The core system and
5 the Fees 9 Subsystems, we are on schedule to get the system in place.

6 The real challenge in my mind will be to make sure that all the
7 connecting systems are going to be lined up in sufficient time. We're late
8 on getting that done so that's an area that we really need to focus on in the
9 next year and a half and working with OIS and the Program Offices as we
10 move forward in this area.

11 I think it's going to require some significant outreach on the part of
12 OCFO to those offices, so we need to get moving with that.

13 Implementing e-travel: We are currently in our pilot phase. There
14 have been some challenges, but we're working through them right now. At
15 the current stage, we've pretty much worked with Program Offices, like
16 OCFO is on it and I've had to learn how to do e-travel.

17 We're still in a pilot program, but at the stage we're at right now, we
18 haven't really challenged the system. Later this summer we're going to
19 move it to the regions and that will be a true test of the system with some of
20 the sites and the amount of travel that goes on in those organizations.

21 So, the true test as we transition will be throughout the summer

1 months and then, we intend to go into full production at the beginning of the
2 next fiscal year.

3 As I said earlier, we believe that is a critical element to supporting
4 our deployed staff, if you would, in flexibility in our work situations.

5 We also -- as the Chief Financial Officer, we need to implement the
6 Performance Improvement Officer responsibilities. This is caused by a
7 Presidential Executive Order 13450 to improve government program
8 ownership.

9 As I said, the Chairman designated the Chief Financial Officer as the
10 Performance Improvement Officer. That has a good alignment with the
11 responsibilities and liaison with the Office of Management and Budget that
12 my office has.

13 A lot of the responsibilities and roles that we're going to set up to do
14 are the same as the things that I just have been speaking about. It's to
15 align the financial management, financial performance with the program
16 performance and to develop a better consolidated assessment and output
17 for the agency and to be able to report that to all our stakeholders.

18 And so, at the end of this month we're going to have -- I'll have my
19 first meeting as the Performance Improvement Officer here in the NRC and
20 we'll continue to work with the President's Performance Improvement
21 Council, which works through the Office of Management and Budget.

1 I think this is truly going to be an interesting -- it will allow us in
2 OCFO to benchmark against other agencies as well as internally in the
3 NRC to continue best practices.

4 So, I think we've done some good work. I know from the EDO staff,
5 we initially -- I think under Jack Strosnider some years ago, we convened a
6 team to look at standardizing and improving our own operating plans across
7 the offices.

8 And so, it's sort of a logical extension of some of those efforts and
9 we're going to continue to build on that effort. So, no shortage of
10 challenges and actions as we go forward. With that, I'll turn it over to Bill.

11 MR. BORCHARDT: Thanks, Jim. Next slide, please. I just
12 like to note that in about two weeks we'll be having a very closely related
13 Commission meeting, on the EEO program and a more thorough discussion
14 on work force planning. This completes the staff's presentation.

15 CHAIRMAN KLEIN: Thanks for a good overview of the
16 activities. It's nice to know that Tim has other things other the space,
17 although space is the one that seems to occupy a lot of time. We'll begin
18 our questioning with Commissioner Svinicki.

19 COMMISSIONER SVINICKI: Thank you. I want to thank
20 everyone for their presentation. I'm going to start, though, with a sidebar
21 and a comment for Mr. Boyce.

1 I know we've got some folks today here in new capacities, but if
2 there's a new guy label, you and I carry it. And the rest of them; they're
3 pretending to be rookies, I'm not falling for it. That's my initial comment.

4 I have some fairly detailed questions, but I want to comment on -- if I
5 step back and look at it, its actually comforting that my questions are
6 detailed and at this level because the Commission offices were provided a
7 wealth of information in preparation for this meeting and when I look at it in
8 its totality, what I see is an agency that is at least forward looking.

9 If you know what your challenges are, you're so much better off than
10 people who aren't doing the planning and aren't looking at what the future is
11 going to portend for them.

12 So, I don't raise any of these things as issues that we're not looking
13 ahead the way we need to be. It's just things that came to mind for me as I
14 looked at the materials that we have and the planning that's been done so
15 far.

16 I think I'll start in the order the presentations were given, so I'll start
17 with you, Jim. I was really appreciative that you used the term "on
18 boarding". I had a question about -- I was going to ask you if that term was
19 in use here because I think government-wide there's been so much focus
20 on the hiring process and looking at those time lines, but there was a report
21 that came recently and I don't recall to whom it was attributed, but it looked

1 at this key initial period when folks begin their Federal service.

2 And it's interesting. I had a meeting with Eric Leeds and when we
3 got on this topic and we were sharing our stories about our first day or week
4 of Federal service. You show up. They take you to a desk. If you're an
5 engineer, they hand you a bunch of manuals or perhaps some safety
6 analysis reports and say, "I guess you can read these for a while -- or
7 someone will come back you and tell you what to do."

8 Eric was talking about things that NRR -- it seemed like more
9 informal things, though, that they're doing in the on-boarding process to
10 reach out to folks who are starting. Is NRC looking at agency-wide
11 processes or programs that might be put in place?

12 MR. McDERMOTT: Yes. Here's what we plan to do. First of
13 all, we've got to do something about Monday morning when we --

14 COMMISSIONER SVINICKI: If you could fix Monday morning
15 that would be great.

16 MR. McDERMOTT: It takes a lot of coffee. It's almost -- we
17 treat new hires pretty much the way we treat new kids at the Job
18 Development Center downstairs. We practically give them a rope to hold
19 onto as we lead them down. That does not go well. How will we fix that?

20 There's a whole lot that these individuals can do online if we set it up
21 right. They can do almost all the forms work or a lot of things or they could

1 at least get their questions answered online because I don't want to sit them
2 in the auditorium all morning when they get here.

3 I don't want -- Bill's already ahead of me on this. He's come to me
4 and he's said, "Why don't I talk to the new hires on Monday when they show
5 up?" I said, "Great idea." And then, get them to their offices.

6 At the Office of the Comptroller of the Currency, they don't take them
7 to an auditorium. On your first day there are flowers and a useful boxful full
8 of things like staplers. We used to have something, I've got to reinstate it, a
9 little certificate for lunch in the cafeteria that day and things like that. In
10 other words, welcome people.

11 And much of the information we dump on them Monday morning we
12 could give in another way. So, we're looking at it. We have got to make the
13 first day -- and I've asked some of the program officers -- a couple of them
14 told me, "This is an awful thing to do." I said, "Where were you Monday
15 morning?" And the one I was talking to said, "You got me. I should have
16 been down there to say hi to my new person when they showed up."

17 Little things. The kind of dry EOD letter you get from HR. It would
18 be nice to get one from your boss; who your boss is going to be that says,
19 "Hi. You'll check in with HR, but I'm really looking forward to you. We got
20 your office. We got your desk."

21 I walk around now for my own staff and I say, "Does the phone

1 work? Is there a computer in the office?"

2 COMMISSIONER SVINICKI: I think we're all kind of laughing
3 and smirking and maybe reflecting on our own experiences, but this has
4 been identified the first few weeks, the first few months as the key period
5 when some of these folks will make their decision about whether a Federal
6 career is going to be rewarding to them, so little things matter and I
7 appreciate that you're thinking about that.

8 MR. McDERMOTT: Any suggestions, more than welcome on
9 this.

10 COMMISSIONER SVINICKI: Okay. I have another question
11 for you on acquisitioning contracting professionals after hearing Tim's
12 presentation. I think if either of you want to respond. There is rating that
13 goes on between agencies and there is a key shortfall in trained and
14 accredited professionals in this area.

15 Is there any thought being given to maybe -- I call it "growing our
16 own", but you know we have a lot of really strong administrative staff here.
17 It may be a potential career ladder or something that they would like to grow
18 into. Is there any thought to kind of developing contracting professionals
19 from other folks who work here already?

20 MR. McDERMOTT: Oh, yes. Most of the Program Offices --
21 my office, we use it as a retention tool. I tell my staff, my mid career staff

1 grades 13, grades 14. I say, "You need to go and go through all the
2 acquisition management competency training. It's a real good thing for you
3 to have because that's a skill and an ability you can take out to the program
4 offices" -- this is heresy, but I like to have my staff move on to the program
5 office at some time and get some experience there and come back or
6 whatever. And Tim, I know, they're oversubscribed -- these courses.

7 MR. HAGAN: We've done that and we have a very
8 aggressive, I think, intern program for developing and recruiting people.
9 We get people from the outside, but we also get people from the inside for
10 that program.

11 We used to have a very, very good program, but when the 1102
12 requirements required a degree -- that happened back in, I think, the
13 mid-90s. We used to have a very good program where administrative people
14 who didn't necessarily have a degree or might have been working on a
15 degree would come and we'd bring them up that way.

16 But now you have to post jobs and say a requirement of this job is a
17 degree. So, that slowed that process down somewhat. And we're also
18 looking for ways to try and bridge that; create jobs that might capture those
19 people who are in that middle where they're working on a degree, but not
20 there yet.

21 We couldn't put them in 1102 position, but there are other

1 opportunities maybe in an 1105 series or something like that.

2 COMMISSIONER SVINICKI: Okay. Well, this is an area of
3 predicted shortfall across the government, so maybe that will be re-looked
4 at in the future in bridging opportunities that you're talking about.

5 I'd like to turn to IT quickly here and again thank you for all the work
6 you've done to really look forward. One thing that wasn't clearly addressed
7 to me. There was discussion about IT support for mobile and dispersed
8 workforce.

9 I took from some of the materials that that's focused a lot on telework
10 and flex place and things like that. In terms of the dispersed work force that
11 if construction activities manifest in FY10 and '11 as is postulated now, the
12 NRC would have -- this would be unique in recent decades, but would have
13 what I call a deployed work force at sites.

14 I think there's been some thought about trailers and things to house
15 people at construction sites, but as far as the IT that would support them
16 tablet PCs and laptops and phones and things. If you have a really
17 dispersed workforce at vendor sites, at construction locations; is that in
18 here? Is that encompassed by kind of the remote -- reference to a remote
19 workforce?

20 MR. BOYCE: Not by name specifically, but yes. The fact that
21 we want to have more corporate support for a laptop program and secure

1 laptops. I don't know if you're aware that headquarters -- we're providing
2 direct support and people are getting things off of our contracts, but some of
3 the laptops are brought out in the regions.

4 Our contracts weren't positioned to meet their needs. We have
5 some contracts that are coming up for renewal and we're taking a very
6 serious look at how these need to be structured so they meet headquarters
7 needs, but they're also flexible enough that people can get type and brand
8 that they need to address wherever they're at.

9 MR. ASH: I think the other aspect gets back to the wireless
10 because if you're going to be at a construction facility and a trailer, you're
11 not going to have the type of landlines, the hard lines that we would want to
12 provide a secure type of access.

13 That is in the report; to be able to provide that secure type of
14 wireless capability for wherever you are, be it a somewhat remote location
15 within DC Metro area or one of our inspectors out in the regions doing their
16 job.

17 COMMISSIONER SVINICKI: Okay. Great. I'll take a closer
18 look that.

19 MR. BORCHARDT: I would just add that the regions have
20 piloted a number of these initiatives, such as use of tablets for inspectors
21 that have inspection procedures already loaded, pre-formatted inspection

1 reports. All they need to do is add the data.

2 What we'll need to look at as we go into the construction inspection
3 phase is incorporating this nationwide and it will require headquarters'
4 support. We know the idea works, but sound -- inspectors like it, so it's just
5 a matter of rolling it out on a broader frame.

6 COMMISSIONER SVINICKI: Okay. Great. In my remaining
7 time I just wanted to talk briefly about next generation ADAMS. I'm trying to
8 get a sense of what's contemplated there, but just again in my experiences
9 ADAMS I know is a bedrock of document availability here. When I think
10 about -- I know the platform is getting a little difficult to support. I think it's
11 been in place for a long time. Maybe you can speak some more to that.

12 This would be a nontrivial migration to a new platform. Can you talk
13 at all about that? I know that it's a rather protracted schedule to kind of
14 analyze it and then move to something. I think it's beyond FY11. Is the
15 platform going to maintain stability until we can get there?

16 MR. BOYCE: I believe so. I've been paying a lot of attention
17 to next generation ADAMS and what resources are going to be available
18 when. We have a very good holistic view. It's not just next generation
19 Adams, but its tying our document management system in with Share Point
20 and other collaborative tools and making sure we're doing this intelligently.

21 I just had a meeting yesterday with staff on some of the collaborative

1 technologies, but Next Gen ADAMS came up. While we may not be able to
2 immediately do a wholesale replacement, what we're looking at is
3 incremental needs; addressing business needs, making sure that business
4 needs are mapped out and that -- it's not point solutions, but we're doing
5 things with the roadmap in mind and going okay, we can address that need
6 now and it's going to fit into our future model, also.

7 COMMISSIONER SVINICKI: Okay. And some of this is
8 federated search engines as well?

9 MR. BOYCE: Yes.

10 MR. ASH: You've got to be able to -- one of pain points, I
11 guess, for ADAMS, the current ADAMS, is to support all of the different new
12 reactor type activities, licensing activities to be able to support that
13 workload. There are some concerns.

14 We have concerns about our ability to be able to sustain that, so
15 what Tom is referring to; are there some interim type of approaches, both
16 from a technology perspective, but also from a pure intake, the actual scan
17 and the input of those documents and those services.

18 Tom had mentioned that real briefly in his presentation. So, we have
19 to look at how do we mature our service intake capability, but also in an
20 interim perspective ensure that we can meet NRO's requirements in
21 particular?

1 COMMISSIONER SVINICKI: Okay. I appreciate that you're
2 focused on that. Thank you, Mr. Chairman.

3 CHAIRMAN KLEIN: Well, I'll also start with the order in which
4 the presentations occurred. So, that means Jim gets to start. In terms of
5 your on-boarding, I know one of the aspects that Commissioner Lyons and I
6 are familiar with, a lot of times when you hire people at the National Labs
7 and they need clearance, they sort of go into a holding place where they
8 can't really communicate. They can't go in.

9 Do we have a problem with that here? Can people get up to speed
10 and start doing things without the clearance?

11 MR. McDERMOTT: Outside of a few pockets where you
12 really need Q type access, it's transparent. The 145B is all we need in the
13 vast majority of the positions. We can give folks anywhere. Now, we can't
14 do that in your office and we can't do it in some safeguards areas and
15 things like that, but for the majority of the positions -- if it's a yellow badge
16 position, the 145B -- I'm looking at Tim as I say this, the 145B has them in
17 business with virtually no restrictions.

18 CHAIRMAN KLEIN: Good. I assume on the training side,
19 when you look at 1,200 people with less than three years' experience, that's
20 a massive change for any agency. I think you all have done a great job of
21 getting people in.

1 Any way that you can measure how effective our training is? Any
2 benchmarking that you're doing? Any feedback? How do you know we're
3 doing what we need to do?

4 MR. McDERMOTT: I don't. That's why I'm looking to staff up
5 in supervisors and some senior people. The proof of that pudding is are
6 they doing good work? Is what these new people do acceptable or better?
7 I don't know how to measure that except saying what's the bottom line
8 result? Do you trust these people? Have they demonstrated that you're
9 getting what they need?

10 Now, we get a lot of feedback and most of the time anecdotal and we
11 find out something's gone wrong here, something's gone down and we
12 tweak the system to deal with that. We should have more systemization in
13 analyzing that. Maybe they're doing better things than I'm personally aware
14 of, but I don't think we're far down the road on that.

15 CHAIRMAN KLEIN: I think that's one thing we'll always want
16 to keep track on. In CR, we're giving the timeliness training that people
17 need to do their job. That's always a challenge.

18 Well, on my favorite subject of IT. Obviously, when I first came to
19 the agency there was room for improvement and I think you all have done a
20 great job. I think the transition to Outlook went much smoother than I would
21 have expected. I think you all did a great job in that area. I guess in terms

1 of general IT, how do we compare with other agencies?

2 MR. ASH: That's a tough one. Not because its -- I don't know
3 if there is a right answer. It depends. I'm going to use my previous
4 agency's experience -- and Tom, you might want to elaborate on where
5 you've been.

6 It's not unique in terms of agencies letting legacy applications sort of
7 linger on without any type of major modifications or major modernizations.
8 The agencies that seem to be struggling are those that have done a poor
9 job at project management.

10 I think there's plenty of examples out there. GAO has done plenty of
11 reports out there on how they've tried to modernize. IRS agency that I've
12 been at. No, I'm not directly responsible for a lot of their failing, but they've
13 been modernizing their agency for 20+ years.

14 FBI has had major failings; DHS and a variety of others. The list is
15 long. I think every agency struggles at trying to maintain what they've got to
16 be able to support what they've got, some have emerging needs. Some are
17 a little further ahead either because of infusion of resources or decisions
18 they've made, but it's still a challenge.

19 CHAIRMAN KLEIN: It would probably be good to think about
20 how we can benchmark ourselves not only with other agencies, but other
21 industries. In other words, sometimes comparing ourselves to other

1 agencies may not be where we really want to be.

2 We may want to compare ourselves to more of the private sector in
3 terms of how they do. So, you might think about how we can benchmark
4 ourselves. We tend to sort of get to be a closed group and we sort of look
5 at ourselves. We always need to look out and see what other people are
6 doing and make sure we're at the cutting edge.

7 MR. ASH: The things that frustrate me and I've said this to
8 Jim and others is I came from an environment where I never had to sign a
9 time card. I came from an environment where I never physically signed a
10 travel voucher. It was all done electronically. These things can and are
11 being done by other agencies. I know they can be done here. I think
12 everybody wants that to get done.

13 CHAIRMAN KLEIN: So, you didn't have 10,000 codes that
14 you had to look through?

15 MR. ASH: No. A lot less.

16 CHAIRMAN KLEIN: Its Bill's fault, right? The other area that
17 we need to look for is getting more and more BlackBerrys out to people.
18 What's the current limit now? Is it money? Is it servers? Is it training?
19 What's the limit?

20 MR. ASH: From a non-techie perspective, it's our
21 infrastructure. It's our architecture. The original design allowed for us the

1 ability to support, frankly, about 200 and that's what it is. We made a
2 conscious decision not to change that architecture, the ability to support
3 more until after we completed the Outlook migration. We've obviously since
4 completed that.

5 So, there's an opportunity now for us to relook and revise our
6 architecture to be able to adequately and appropriately support more. The
7 biggest issue then with BlackBerrys is who should get it, what the need is?
8 The first group that I tend to think of that really needs a BlackBerry are
9 emergency responders. That's a dedicated work force.

10 There's others that should get it. Again, I'll look at it from a need
11 versus want. There's a lot of folks that would love to have a BlackBerry.
12 Do they really need it? Then it becomes a matter of just money being a
13 provision of those types of devices out to those folks.

14 CHAIRMAN KLEIN: I know as I was traveling in my last
15 challenging two weeks that whenever we would have any downtime there
16 was Luis, Becky Schmidt, Eliot, and me; we're all working on our
17 BlackBerrys to make sure we're checking e-mail, find out what's happening.
18 So, it does let us do our job in a more effective way.

19 MR. ASH: And we even gave you Web access, too.

20 CHAIRMAN KLEIN: I know. We're making progress. That
21 good. I appreciate that.

1 MR. ASH: You're welcome.

2 CHAIRMAN KLEIN: On the basic telephone system, I
3 noticed on slide nine you talk about modernizing our communication
4 capabilities. I guess I'm a little concerned about getting to the 100%
5 solution before we get to the 80% solution. A lot of our employees would
6 like basic things like being able to see the red light on that there's a
7 message, looking at caller ID.

8 What's the cost to get part of the solution in? If you looked at doing
9 that, how much would it cost to let our employees have what I would call
10 basic services?

11 MR. BOYCE: I believe we could do that near-term for around
12 a quarter million dollars. I think it would be money wisely invested. To me,
13 it's much like getting interim space while we plan and build out the new
14 infrastructure so we can be consolidated.

15 It's meeting an immediate need and it gives my staff time to plan
16 unified communications smartly and do it effectively rather than trying to
17 jump into it and only doing it halfway at first.

18 CHAIRMAN KLEIN: I like where you are looking at where you
19 want to be, but at the same time if we wait for that 100% solution, we may
20 not get there. So, I would encourage you to look at getting that first phase
21 done. I think for that amount of funds it would let our employees be more

1 effective and it would show that we care in providing them with information.

2 MR. ASH: I think the thing that we've come to realize about
3 what true voice modernization is. It is definitely more than just a new desk
4 set or a phone on your desk. It's much more complex. There's more
5 requirements and frankly I think that in our best interest to meet; be it
6 disaster recovery or like Tom had mentioned about adding other types of
7 capabilities that really make sense for the agency.

8 MR. BOYCE: If we're going to modernize our voice system, I
9 want to make sure it's a 10-year buy that we have the technology in place
10 for not just what we know about today, but 10 years out and it's adaptable
11 and flexible. We need some planning time and some background
12 infrastructure changes to tie all that together.

13 MR. ASH: It's building the right foundation. It's akin to what
14 we've been doing with our network refresh and our VTC type capabilities.
15 We're building those -- we're putting in place the right pieces that are not
16 obsolete two years from now.

17 CHAIRMAN KLEIN: Good. This may be a Tom and Tim
18 question. On HSPD-12, what's the -- I know there's a bunch of challenges,
19 but what's preventing us from going with that computer chip in our ID's that
20 let's us do things like electronic signatures and things of that nature?

21 MR. BOYCE: On HSPD-12, GSA who is the provider of what

1 they call shared services focused almost solely on physical access. Logical
2 access is what the electronic signature part is. It's not part of what they're
3 doing. Not a service they were even thinking of providing.

4 That being said we have a consulting group working with us to look
5 at how do we bridge that gap. What are the impediments to doing that?
6 Can we do it smartly or are we going to have to roll out some physical
7 access only badges and then catch up with the rest of the agency so we
8 can blend the physical and logical access?

9 MR. HAGAN: It's illogical, to put it bluntly. It seems to me
10 that what Tom was talking about before about putting the infrastructure in
11 place first would seem to have been the right thing to do maybe in this
12 case, but it went backwards.

13 I think the focus was getting everybody to have the same ID badge.
14 It was an important focus of this thing and having that information verified.
15 That was important, but then the actual usage of the card. We're issuing all
16 these badges and they're not being used. It's just an ID card for people.

17 But that's been the focus and I'm where you are that we want to get
18 to that point where they put it in the computer and that's what starts the
19 security measure. That's the value in it, I think, ultimately.

20 Our agency was unique, also, that we all had badges. We all had
21 this reading capability. We had the kind of security that they were looking

1 for all agencies to adopt formally was already here pretty much.

2 So, we had a leg up on other agencies in that sense. I'm looking
3 forward to when we get to the logical access and we can make full use of
4 the cards.

5 MR. BOYCE: I think we can get there. There's some
6 interoperability questions between what GSA is offering and what really
7 makes sense from a logical access from the computer standpoint. In my
8 short time here, I've already met with administrative staff. I've made sure
9 that through this consulting study that we're asking the right questions and
10 they're not only thinking about the blending, but making sure CFO systems,
11 Time and Labor are all thought through and we're capturing those
12 requirements.

13 I think we'll have a good plan going forward and if we make a
14 decision to do something for just physical access, we know why we made
15 that decision and it was based on sound business and where we're at today
16 with the technology.

17 CHAIRMAN KLEIN: Great. I'm sure I have more questions
18 for the CFO later. Commissioner Jaczko?

19 COMMISSIONER JACZKO: Thanks. I would say I had an
20 opportunity to test out our BlackBerrys. Our first need is for BlackBerrys for
21 emergency responder, I think we have a ways to go because I don't think --

1 certainly, in the situation I was in this morning when I did get in I asked
2 everyone, "Did you get my e-mail? I sent it from my BlackBerry." My staff
3 looked at their BlackBerrys and said, "Oh, yeah, I just got it right now." It
4 was about a 20 minutes delay or so. So, I think we have some challenges
5 with timeliness and I don't know exactly what the reason was.

6 CHAIRMAN KLEIN: I can tell you. If you were on the Metro,
7 it seems like Verizon has a lock on that. So, if you have another server,
8 you go into a dead zone. I don't know how we solve that one.

9 MR. ASH: Either change the service or hope that other
10 companies have access to the tunnels within Metro.

11 COMMISSIONER JACZKO: Regardless of what the cause
12 may be, that is certainly an issue. I think if we're going to be relying on
13 these as an emergency communication device they need to be effective
14 and functioning with that expectation that it is a rapid communication
15 device. I'm not convinced that that's necessarily the case for BlackBerrys.

16 I also wanted to comment on an issue that Commissioner Svinicki
17 raised about Next Generation ADAMS. One of the things that I think -- and
18 I think, Tom, you talked about this is integrating ADAMS internally within our
19 business plans and our business models so that it really becomes not this
20 stand-alone document management system, but a part of the work process.

21 I think that is also something that we need to think about externally

1 as well. Websites have become more and more of an information portal
2 than anything else. And so, as we move forward and look at these issues,
3 in my view, there should be a seamless integration with the website and
4 ADAMS.

5 In many ways it shouldn't necessarily be distinct systems that
6 effectively someone goes to the website and they do a search, the
7 expectation is they're searching our document management system to
8 some extent. I think that's something we have a ways to go. Again, as we
9 look at modernizing and updating.

10 The last point I'll make before I get into questions is about the
11 telephones. I'm glad the Chairman brought it up. This is something that
12 I've been surprised by the lack of availability of phones that alert you to
13 messages and all these kinds of things; caller I.D., all these simple things
14 that really make for an efficient work environment.

15 I think I certainly would concur with the suggestion that we don't want
16 to wait for the 100% solution if there are things that we can do to get better
17 handsets on people's desks sooner. I wouldn't consider that voice
18 modernization. I think it would have been voice modernization 10 years
19 ago.

20 I think that is certainly a part of it, but I think when the Commission
21 included that language in the budget the expectation was really first and

1 foremost to try and get that capability in place and not necessarily to
2 embark on a very long-term project to upgrade the infrastructure, which I
3 think is important and necessary. And I appreciate the work you're doing.

4 Again, I recognize we don't necessarily want to put in place one
5 system that once we modernize, it becomes immediately obsolete. So,
6 there has to be some coordination of those, but again, I would certainly
7 concur with the Chairman that we want to get those things -- those phones
8 on people's desks as soon as we can because I think it really is an
9 efficiency enhancement for staff. And just an improvement in the quality of
10 their work environment.

11 A couple of questions. I'll start, I guess, with tradition. Jim, you get
12 the first question. We've talked a bit about -- and the Chairman
13 commented, I think, and others did as well -- Commissioner Svinicki --
14 about the large number of new employees and bringing new employees on
15 board.

16 One of the issues that I've been very interested in is what we're
17 doing about retention as well. That's certainly for us a very, very important
18 aspect of ensuring a good solid work force at the agency as well as how
19 we're doing with recruiting.

20 One of the processes that the Commission, I think, adopted or
21 requested from the staff was that we have a robust exit interview process

1 for employees that are leaving the agency so that we have a good
2 understanding of why they may be leaving; whether its retirement, whether
3 it's another position they're taking or whatever it may be.

4 So, maybe if you could comment a little on where we stand with that
5 exit interview process and what, if anything, we're learning from that?

6 MR. McDERMOTT: We've gone into this in the last two senior
7 leadership meetings, I think. The staff is concerned about what do we know
8 and how do we know it? We've done a couple of simple times. Let's have
9 a face to face interview, please, on your way out with your supervisor and
10 with a personnel specialist.

11 It sounds simple, but a lot of times we were just scooting in and out
12 and we weren't getting that exchange of information that we need; why
13 you're really leaving. What could we have done to keep you? Simple
14 questions.

15 We now have an exit interview form that captures electronically a lot
16 of information. What's it told us so far? Not a lot. Frankly, we still get
17 better insights almost anecdotally from people. The good news is we don't
18 have that many test cases. The vast majority -- vast majority is too strong --
19 but more than half of our losses are to retirement.

20 COMMISSIONER JACZKO: Do we still do an exit interview
21 with retirees?

1 MR. McDERMOTT: We do. The retirement counselor, our
2 benefits person usually does, but let's face it; it's not geared to extracting
3 good information about what do we need to change around here. It's
4 usually about here's what's going to happen to you and your benefits, but
5 it's a face to face.

6 COMMISSIONER JACZKO: I think certainly that is an
7 important point that you're making and I would certainly encourage you to
8 look at that as well. I think this isn't just necessarily about understanding
9 why people are leaving, but it's also a good opportunity to get probably
10 candid information from people about what they think -- things that can be
11 done to improve the workplace.

12 Because someone is retiring, that may not necessarily -- there may
13 have been reasons why they decided to retire at that point and there could
14 have -- may have been things we could have done to keep them. So, I
15 think certainly retirees are just as important a component as people are
16 leaving the agency for other employment -- or other reasons.

17 MR. McDERMOTT: The good news is the number of quits as
18 we call them, resignations, has gone down slightly between this past year
19 and the year previous. But, you know, don't pat yourself on the back too
20 hard. That could be the economy. It could be people electing to stay put.

21 There's a subterranean ticking time bomb going on in the staff right

1 now. We hired a large number of mid to late career people. Half of our
2 hires last year were mid to late career. A significant number of them came
3 to the agency to get guaranteed health benefits coverage in retirement.
4 They were candid about that; that was a big attraction.

5 Well, once that guarantee is locked in, then what? So, I'm gathering
6 data to say when will we approach that period and exactly who's in that
7 situation because that one makes me just a wee bit nervous. Just when we
8 need them most then they say, "I got it. I got my small pension and my
9 health benefits. I'm gone."

10 We still keep people on board after they're eligible for retirement for a
11 fairly good period of time. Again, that may be not just that we're wonderful,
12 but it could also be the economy that's encouraging that.

13 COMMISSIONER JACZKO: I appreciate that. As I said, I
14 certainly can't stress enough, I think, how important this program is and to
15 the extent that we can with as many of the employees that do leave the
16 agency as possible do whatever the most effective data collection process
17 is; whether its face-to-face interviews, whether it's improving the form that
18 you talked about that we're using. I think it's really going to be extremely
19 valuable information for us as we continue to improve that process.

20 Jim, I guess I will turn to a couple of questions for you, I think, or
21 these are perhaps more comments than questions. I certainly can't stress

1 enough, I think, the importance on your slide the bullet about financial
2 accountability and ensuring that we have a good relationship between
3 budget execution and budget implementation.

4 I know -- I guess financial management discipline was the term you
5 used. I had a chance before this meeting to look -- you sent up the second
6 quarter Budget Execution Report, I think, is the title of it and I certainly
7 appreciate getting at. There is some information in there that shows we
8 have some work to do.

9 I think the data point that most stuck in my mind was the fact that we
10 have 18 to 19 months of available funding and that the target for that was
11 about 10 months, I think, as I recall from the report.

12 I would certainly encourage any of your efforts to continue to work on
13 those and probably to Bill as well. Those are things we really need to get a
14 handle on, I think, as an agency. These have been discussed and we're
15 aware of these issues. I think we're at the point now where we have to get
16 towards tackling them and put those numbers closer to where our goals are
17 for the use of our funds.

18 MR. DYER: If I can comment on that, Commissioner. It is an
19 area that we pursue afterwards, but those are based on historical averages
20 in the back.

21 What we're finding out in this time of growth is that we need to start

1 looking out our front view mirrors as opposed to our rearview mirror -- or
2 front window, rather, and our rearview mirror and taking a look at what are
3 the projections, are the offices delivering on their projections. That's one of
4 the things I think we need to improve.

5 COMMISSIONER JACZKO: Well, I didn't have any other
6 questions at this point. Thank you.

7 CHAIRMAN KLEIN: Commissioner Lyons?

8 COMMISSIONER LYONS: I think this briefing did an
9 excellent job of demonstrating the vital role that all of the areas of
10 infrastructure play in performing our mission. For that, I very much thank
11 you.

12 I did, though, have an interesting opportunity last week along with
13 several of you to get another view of how the infrastructure services of the
14 agency are absolutely critical. Three of the folks at the table joined Bruce
15 Mallet and I at an undisclosed location and representatives of the rest of
16 you also were there.

17 In all, I think we had about 30 people deployed last week for the
18 national level exercise as Hurricane Zoe with 135 mile an hour winds
19 moved into the capital region. The net effect of that was that headquarters
20 was uninhabitable and would be uninhabitable for a very long period of
21 time.

1 As we struggled together, that was another very impressive
2 demonstration not only of the capabilities that all of you have built up in the
3 different areas of infrastructure, but also of the tremendous challenges that
4 we would face as an agency if something like Hurricane Zoe actually did
5 happen.

6 I think there were a number of learning opportunities from last week.
7 We did come up with areas where -- different areas of infrastructure that
8 can perhaps lean forward a little bit more to anticipate potential crisis like
9 that, but if you ever needed proof of the importance of the functions that all
10 of you provide last week, certainly you provided it to me. It was a very, very
11 impressive demonstration as well as we picked up some areas that could
12 be improved on.

13 Again, starting with Jim. I guess starting with your slide four. You
14 certainly outlined a number of impressive accomplishments; the recruitment
15 has been very impressive. I was just curious if you happen to have off the
16 top of your head how the average age has moved in the agency in the past
17 few years?

18 MR. McDERMOTT: In the past three years, it's moved to just
19 under 50 to just over 47.

20 COMMISSIONER LYONS: That's impressive. That really is
21 impressive. It also ties in with some of the comments that Greg was

1 making just a second ago on retention, which I very much agree with. I was
2 very favorably impressed in looking at some of the charts you provided that
3 retention, if anything, has improved in the last year.

4 I appreciated the comments you just went through. Certainly, that
5 could be from a number of different possible causes and we shouldn't
6 overdo patting ourselves on the back, but it is very, very positive.

7 MR. McDERMOTT: It's a good place to be.

8 COMMISSIONER LYONS: On your slide five, you talk about
9 balancing training with real work. I just wanted to kind of put in a plug for
10 that from the standpoint of some things I've heard that some of our new
11 employees really do value an opportunity to be able to, as you said,
12 perhaps see an assignment through or contribute a little bit longer in some
13 of the activities that they're moving through as part of their training.

14 I know that in the long run I guess you could say that delays are
15 coming up to maybe full competency, however we're defining that. But at
16 least in my mind the time that is spent in trying to give our new employees a
17 sense that they really are contributing and seeing projects through probably
18 is very, very important and contributes to this first impression that several of
19 my colleagues have already mentioned as being very, very important.

20 So, my compliments and at least for me, if it slows down coming up
21 to full competence, so be it, but still very positive.

1 I was going to make a comment on slide seven for Darren and Tom
2 just on one of the lessons from last week was the need -- was in general
3 emergency planning, the need to be able to update the web site from
4 places other than headquarters.

5 I think it really did highlight the tremendous challenge that you folks
6 have in terms of recovering an IT infrastructure if something actually did
7 happen at headquarters. It brought home to me, as I'm sure you already
8 know, brought home the importance of increasing secure communications
9 throughout the agency, not just at headquarters, and well, just doing what
10 we can.

11 I realize there's going to be limits and certainly in the situation last
12 week any of the folks who didn't evacuate out of this region didn't have
13 communications for a while, but those were good lessons from last week.

14 MR. ASH: Without even speaking to just even the ability to
15 recover how the agency operates, I think one of those key observations is
16 how do you ensure that your staff is safe? How are they able to
17 communicate with us?

18 COMMISSIONER LYONS: That was our biggest challenge.

19 MR. ASH: That was the biggest challenge is accountability.
20 It's being able to account for your key folks and hopefully their families. Are
21 they safe?

1 COMMISSIONER LYONS: Are they safe? Where are they?
2 Are they in any position to return to work assuming they had IT
3 connectivity? Just many, many challenges.

4 MR. ASH: I think some of the first orders of business even
5 just the lessons from Katrina -- and we talked about some of those. It's one
6 thing to recover an agency and how it functions. It's another to definitely
7 account for the folks that make it happen, so I agree.

8 COMMISSIONER LYONS: Tying in with this on slide nine,
9 Tom, that you went through. You talked about implementing systems to
10 share safeguards and classified materials electronically. Coming from Los
11 Alamos that has had, let's say a colorful history of problems in this area --
12 as the Chairman can only chuckle or maybe cry.

13 I was wondering if you could talk just for a few minutes about how
14 you folks in the IT area are learning from some of the very negative lessons
15 that have happened at some other locations, certainly including Los Alamos
16 from the standpoint of misuse of classified electronic communications.

17 There are certainly ways you can build in protections against that
18 and I was just curious if you're planning ahead towards assuring that while
19 yes, we make the electronic communications available that we also provide
20 adequate protection against loss of information. And I know that's a big
21 challenge.

1 MR. BOYCE: From my observations -- I came from a civilian
2 agency that didn't quite have the same security needs, but from 30 years in
3 the industry NRC is doing a very good job now of looking out for and
4 protecting data wherever it resides electronically.

5 And the plans are for the secure LAN, the electronic safe system, I
6 think are quite good and we are also planning on looking at as we transmit
7 data either via e-mail or to the regions over the network what type of
8 encryption do we need, where does that encryption need to be, and how
9 onerous is it going to be for our employees which is one of my major
10 concerns because if it's too hard to do they're not going to do it.

11 We need to be able to build it in as transparently as possible where
12 the systems decide, oh, this one needs to be encrypted and safeguarded.
13 That was one of my comments earlier about the document needs to know
14 what its security designation is.

15 We should not rely on the people to do that because if we've done
16 that designation once, it should live with the life of the document. So, I'm
17 looking at plans for -- the data itself knows how it needs to be protected and
18 the people through the identity excess management are mapped to the
19 security designations. It's going to take us a little while to get there, but
20 that's the plan.

21 COMMISSIONER LYONS: I think those are very positive

1 steps. Some of the lessons that have been learned I hope we do follow up
2 on particular with regard to portable or transportable storage media.

3 Now, to the extent you build in that type of knowledge that you just
4 described within the document maybe that means you can avoid the error
5 sometime of downloading inappropriately.

6 But I recognize it's going to be a challenge and tying in with this I've
7 certainly been one of the ones very interested in Digital I&C as we move
8 ahead with new reactors and as sites continue to modernize.

9 That's going to continue to present, I think, very substantial
10 challenges in cyber security, not just within the agency, but to some extent
11 you folks and certainly NRO and NRR are going to be heavily involved with
12 how do we maintain cyber security in an increasingly digitized environment
13 and I think an increasingly challenging environment.

14 I don't know that that needs a comment unless you want to, but Bill I
15 know this is something that you worried about before and will be worrying
16 about in the future.

17 MR. BORCHARDT: You're right. It's a major focus for us
18 being able to move forward with all these programs. We'll continue to focus
19 on it.

20 COMMISSIONER LYONS: I have a few more if we have
21 another round.

1 CHAIRMAN KLEIN: I think we will. Commissioner Svinicki?

2 COMMISSIONER SVINICKI: Thank you. I think the second
3 round will be where Mr. McDermott can sit back. So, let me talk to you,
4 Jim, for a little bit.

5 When I think about -- well, thank you for the thoroughness of your
6 presentation. When I think about what you signed on for and I'm
7 nonplused, which is a fancy way of saying I kind of lose my words when I
8 think about all the challenges that you're taking on. So, I thank you again
9 for your willingness to do that. I think we're going to benefit from the high
10 standards you're going to set for yourself as you address these challenges.

11 Your presentation was thorough. I had a couple of questions for you,
12 but I scribbled some notes here and I think they kind of answered the mail.
13 I was going to talk about the agency availing itself more of cross servicing
14 activities, but you did address that.

15 So, I'm encouraged that you're looking aggressively at that. The
16 experience to date has been positive, I take, from your presentation. Could
17 you talk a little bit more -- I think you said you were targeting some
18 additional areas.

19 MR. DYER: Yes, ma'am. It has been positive, but one of the
20 great revelations when I came over to the CFO is I found out that we were
21 cross referencing. I think in the program office as big as NRR, I didn't know

1 it.

2 It may have been in the PMDA, but it wasn't part of our strategy. So,
3 I think one of the things we need to do is if you look at our whole financial
4 suite of systems there's a lot of systems that the program offices are
5 maintaining and working with OIS and that that the cross service provider
6 have comparable systems and the question is we need to do an evaluation
7 -- will those work for us? Because if they do, the cross system for the
8 in-service provider will take care of the FISMA accreditations and a lot of
9 the legwork that we do the updates, the patches and that and really provide
10 us a very valuable service. I was unaware of that until I got in this job.

11 COMMISSIONER SVINICKI: That's great. That's
12 encouraging and it's always good to hear some good news. So, I
13 appreciate that. The other issue I was going to address and you talked
14 about this as well, but the core system or the Federal financial system.

15 It's a mainframe based system and it's kind of been the centerpiece
16 for a long time, but it's no longer being supported as I understand it. And
17 the fees system, the NRC fee billing system is obsolete.

18 I have some notes that said it requires manual intervention. That
19 sounds very labor intensive to me. It sounds like we're kind of patching
20 together some systems that are not well supported.

21 My question -- you did talk about the fact that you're on this, you're

1 addressing it, but in terms of the FY09 budget request is that adequately
2 resourced to do what you will need to do in '09?

3 MR. DYER: Yes.

4 COMMISSIONER SVINICKI: Okay. And then I have one last
5 IT related question. There was some discussion in the IT plan about
6 high-performance computing and I'll admit I'm not real familiar with the
7 high-performance computing needs. I imagine Research has needs.

8 You mentioned licensing as well and I know the high level waste
9 folks are running TSPA models and repository modeling, so they have
10 some needs. Is it basically right now -- is the status quo just distributed
11 platforms and then where are you thinking about going? Is it more in
12 integration task or is it that we need more computing power? If you could
13 just talk about that generally.

14 MR. BOYCE: I'll look to Darren to help me out here being my
15 short time. My understanding is it's more these high-performance
16 computing systems have grown up sort of organically as the need was and
17 now we're seeing that we want secure access to them. And the people that
18 are running the models on them need access right away. So, that presents
19 some challenges.

20 We want to consolidate them into one center so they get central
21 support. They get patches from a security perspective, but we're also

1 enabling the staff that needs access to them to have it immediately rather
2 than hampering them with controls and stuff. It's a balance.

3 MR. ASH: Part of it gets back to their ability to access data
4 outside. I guess the best way to describe it, try to wall them off; allow them
5 to provide in a centralized uniform approach. Again, eliminate some of the
6 redundancies of having to do patches and those types of things. Create a
7 more efficient and more effective process or environment for them to do
8 their job.

9 COMMISSIONER SVINICKI: Okay. The term used in the
10 plan was a "network zone".

11 MR. ASH: Zoned off, walled off.

12 COMMISSIONER SVINICKI: Okay. That's what you're
13 describing there. My last thing is just a comment and it is about electronic
14 work flow, which some of you have talked about. I think it manifests in all
15 your product lines, but again, if I think about the workload, the up tempo of
16 the agency will increase and I think simple work tools are going to be make
17 or break here in people being able to handle electronic concurrence.

18 We've talked about contacting with too many manual processes. I
19 think the extent we can through Lean Six Sigma or other means that we can
20 find the right tools, get them in place and people can use them. I think it will
21 be a make or break in terms of the amount of paper that would otherwise

1 have to flow. So, I just add my voice to the urgency of that. Thank you.

2 MR. DYER: Commissioner, let me amend my answer on that.

3 When I say we do have resources in the '09 budget. OCFO does for
4 bringing in the core. The area that I think we need to worry most about and
5 question is the support system aligned to support the cuff systems in
6 aligning with it.

7 Because we don't know what that's going to take to realign those
8 systems, whether it's a reactor program system in NRR or in NMSS or in
9 New Reactors and that for the EPM system, that's a big question.

10 And so, until we get the core system in place, which I think is one of
11 the reasons we need to aggressively pursue the contracting and the
12 necessary work to get that in place so we can find out just what
13 accommodations we do need to make.

14 COMMISSIONER SVINICKI: Okay. In response to that, I
15 would ask that as we get into '09 and you get that better defined, please
16 keep us informed about that. Thank you.

17 CHAIRMAN KLEIN: Thank you. Well, Tim, I noticed that
18 even though you do things other than space, the relocation that you did of
19 all the employees in our shuffle has really worked smoothly. No one likes to
20 move, but it does let people have to clean out their closets when they do
21 move. But I think that went very well.

1 MR. HAGAN: Thank you very much. The staff did a great job
2 on that. I applaud their work.

3 CHAIRMAN KLEIN: When we ultimately get White Flint 3, we
4 may put stronger windows in their after Commissioner Lyons' experience
5 with the hurricane.

6 In the area of contracting, you talked about streamlining. I have the
7 opportunity, whether I want it or not, to approve all the contracts that come
8 in. And I guess I see a lot of things on timeliness that's challenging and
9 accuracy that is challenging.

10 I guess, do you have a path forward for those contracts that I need to
11 approve making sure that when you streamline them that it's timely and
12 accurate?

13 MR. HAGAN: I know that Bill is getting ready -- I don't know
14 where it is, but the EDO is getting ready to make recommendations along
15 the lines as to how we might streamline that process.

16 I think you've noticed that there's been a big improvement in terms of
17 the accuracy of the documents and the things I think were of concern to the
18 Commission initially.

19 In terms of our streamlining, we did the Lean Six Sigma on the new
20 reactor work and that's achieved about a 38% efficiency in the placement of
21 task orders for new reactor work. So, we want to build upon that -- what we

1 learned from that and apply it in other areas.

2 That's basically what we're going to do is more assessments of the
3 process to make sure that we take advantage of those efficiencies, but I
4 know that Bill is getting ready to send you something on the other area in
5 terms of how we might change the delegation process. That will also
6 improve us a lot in terms of our efficiency.

7 CHAIRMAN KLEIN: One of the things I had expected when I
8 first came in was by prior Commission agreement that I look at all the
9 contracts that come through. I was looking at levels of contracts that I
10 never would have looked at in my former assignment, but what I had hoped
11 to find is that I didn't need to look at them.

12 Unfortunately, there were issues with those. So, I would hope that
13 both with the CFO, with Bill and with your area that you all can come up
14 with a better way to handle those contracts.

15 MR. HAGAN: I think you will see that in the presentation from
16 Bill.

17 CHAIRMAN KLEIN: Thanks. Well, Jim, you didn't realize
18 how valuable that accounting degree would be, did you? The thing that -- I
19 think we do have an opportunity to improve our budget process. It will take
20 time and I think your comments -- all of you made -- the fact that our agency
21 grew fairly rapidly so the processes we had in a lot of areas including HR

1 need to change as we grow and we do different things.

2 The budget process is probably the one that's the most visible right
3 now that we need to work on. So, I would encourage you to look at how we
4 can do that budget process better.

5 The area that I think is really interesting -- the fact that you have a lot
6 of experience on the programmatic side and you commented a lot on the
7 things you've learned coming over on the CFO side, which sort of raises the
8 question should we be doing more interchange between people in the CFO
9 and the program side where we have a formal rotation program.

10 So, we better understand each side. You take people out of EDO,
11 move over to CFO, CFO over to EDO shop. Have you look at creating a
12 formal rotational program so we do a little bit better cross training so we
13 better understand what each requirement is?

14 MR. DYER: I think, Chairman, that I agree. That's a very
15 good initiative. I haven't had time to do that yet, but it's certainly something
16 I'm going to look into. The CFO has by and large a history of keeping its
17 people in the pipeline, if you would. I think there can be a lot of benefit.

18 If we're going to go for the envisioned state of being an integral part
19 of the program office financial decision-making and outreach efforts that
20 you outlined to the OCFO management team then I think we're going to
21 need to do that.

1 CHAIRMAN KLEIN: Maybe in Reggie's spare time he can
2 come up with a plan to let us take a look at. I would encourage you all to
3 look at that because I think it would help if each program side and the CFO
4 side better understood what each one needs. I think it would make us more
5 efficient.

6 I think one thing that we, not being an executive branch -- you know,
7 we don't have a chance often times of comparing ourselves with other
8 areas and I think this Performance Improvement Office is going to help us
9 communicate and learn what others do. And so, I think that's going to give
10 us an opportunity.

11 So, you might just keep the Commission informed as you observe
12 what other agencies are doing in this performance improvement what we
13 can do and learn. Sometimes you learn what not to do, but it might also let
14 us see what we can do better. So, I think it will be a good opportunity.
15 Commissioner Jaczko?

16 COMMISSIONER JACZKO: Tim, I have a question for you.
17 You talked about the goal of -- the 20-day goal for adjudication of the
18 security clearances after we get back the OPM investigation and that is, I
19 guess you said 2009 would be the target for that. I'm not sure if you at this
20 point can tell me what our average time is right now? How far are we from
21 achieving that goal?

1 MR. HAGAN: Pretty far on L clearance. It's about three
2 months. The Q clearance is about six.

3 COMMISSIONER JACZKO: Do you have a program in place
4 at this point to get us to improve?

5 MR. HAGAN: We recognize this. We're in the recruitment
6 effort, so we're staffing up in this area. The other thing we're going to do is
7 going to increase the use of contractor support in those areas that we can
8 without crossing the line into our business, which is the adjudication
9 business to make sure that we can deal with that workload.

10 It basically comes down to a resource issue. The other thing were
11 going to do is the Lean Six Sigma study of the adjudication process. We're
12 thinking those three things will put us in line to achieve that target.

13 COMMISSIONER JACZKO: Following on with what
14 Commissioner Svinicki question to Jim, where are you in terms of resources
15 for that in '09? Was that in the Commission approved budget? Do you
16 need resources to do that that you don't have a budgeted?

17 MR. HAGAN: Well, there's resources being added to '09. I
18 don't know if it's the right time to say that right now, but there are two
19 resources that were just added in the security area for that purpose. We
20 went forward with the '10 budget it was recognized that we need those
21 resources sooner. So, I don't know how we're --

1 MR. BORCHARDT: It's going to be part of the adjustments
2 that we'll recommend.

3 MR. HAGAN: Those are recognized.

4 COMMISSIONER JACZKO: What kind of adjustment are we
5 in the range of talking about?

6 MR. HAGAN: In terms of FTE?

7 MR. DYER: We'll have to get back to you.

8 COMMISSIONER JACZKO: Okay. That's fine. But we'll get
9 in a paper at some point?

10 MR. DYER: Yes, sir. It will be in the budget submission.

11 COMMISSIONER JACZKO: Okay. That's fine. No need to
12 send another paper on that. We'll have a chance to look at it then.

13 The last question that I have and this is -- I'll make a comment and
14 then I'll have one more question. And Tim, perhaps if you want to comment
15 on this you're welcome to.

16 We have instituted the new drug-testing policy and I was certainly
17 supportive of moving towards a larger pool and a larger frequency of
18 testing. Now that we're in the process of doing that and moving forward
19 with that, I do think it would be useful probably for the Commission to be
20 kept aware of how that's going and if we're getting the frequency right or
21 perhaps if we're testing too many or we should adjust that. It's certainly

1 something that I'd be open to looking at as we go forward with this.

2 I think it's an important program and I think it's an important thing for
3 us to do. I think it's also important for us to recognize we do have a good
4 work force here and we don't expect this to be a significant problem by any
5 means.

6 So, if in fact we have gotten the frequency slightly wrong, I'm
7 certainly willing to take a look at that in the future as we get more
8 experience with the program.

9 MR. HAGAN: We'll be fully implementing August 25th of this
10 year. Our focus has been to work with the union and the awareness aspect
11 of it. We've had awareness sessions for employees to make them aware of
12 how things are going to work and we work with HR in terms of making the
13 necessary changes to let applicants know that we're increasing -- since
14 everybody's going to be tested, now all applicants are going to be tested.

15 So, there's a big change and we've been trying to do the
16 communication thing on the front end and set up all the systems and make
17 sure we implement this thing correctly. So, it will be after August 25th we
18 start gaining some experience with it and we certainly will let you know
19 whether we're hitting the right frequencies.

20 COMMISSIONER JACZKO: Okay. Great. The last question
21 I have, and this is for Darren or for Tom if either one of you want to

1 comment. We have -- an area that I've seen a lot of changes since I've
2 been a Commissioner here and really a lot of significant improvement is in
3 the area of our FISMA work.

4 We probably really couldn't go anywhere, but up. We certainly have
5 done that. I think maybe if you just want to comment briefly on where we
6 are right now with our FISMA activities and how you see this year playing
7 out in that area.

8 MR. ASH: You're right. There was only one place to go; it
9 was up. Jim had made the point that the material weakness for the agency
10 is FISMA. Fundamentally, its two reasons. One is our ability to issue
11 authorities to operate for our systems, particularly our most significant
12 systems and our ability to conduct contingency plan -- put in place
13 contingency plans for our systems -- for those major systems as well as test
14 those.

15 Again, I think as we learn through some of the COOP exercises how
16 important that is. A couple quick things. One is we've put together the right
17 staff to do this, to implement the program. We recently brought on board
18 our Chief Information Security Officer, I think about two months ago;
19 basically fully staffing with the right people in that organization really to lead
20 that effort.

21 From an ATO, Authority to Operate perspective, we made a

1 commitment to the Commission back in December that particularly we
2 would issue Authorities to Operate for 14 key systems before June. The
3 reason we put in June in place was -- looked at it from an audit perspective.
4 Again, we intend to do more after June.

5 These had to get done. We need to get these in place. Since we
6 provided that -- made that commitment to the Commission, three were
7 done; three more are going to be done within the next two weeks; three
8 more are going to be done likely in June -- expect to be in June. There are
9 two others that we hope to have done buy the end of June. If they're not
10 done by the end of June, it's a matter of weeks, not months or years.

11 There are three systems, though, that were delayed, not from a pure
12 security perspective, but from a development perspective and the decision
13 was from the system owner, they need to be pushed out so that likely they'll
14 be pushed out into '09.

15 We're doing much better from an ATO perspective on top of the ones
16 we've already done. Contingency planning and testing: we've committed a
17 great deal of resources from an -- I'm sorry; it used to be OIS -- the CSO
18 perspective, the Computer Security Office perspective, to work with system
19 owners to get that in place.

20 We set a target again for June 30th and we used the EDO's ticket
21 process for each of the systems and making significant progress in that

1 way.

2 COMMISSIONER JACZKO: It's good to hear. As I said,
3 when I first came to this agency we were issuing the interim authorities to
4 operate and doing all kinds of things. It really wasn't the most modern and
5 most up-to-date methodologies.

6 I think we have made tremendous progress and it's good to hear
7 we're going to have nine of those systems with authorities to operate. I
8 think certainly what I've seen is that we have a lot of time and effort into the
9 infrastructure and getting a system that's going to work and it seems like
10 now we're demonstrating that it will work. I think that really is a significant
11 improvement. So, keep up the good work.

12 MR. ASH: Thank you. The commitments we've made to the
13 Commission, even the conversations we've had with the Inspector General
14 and OMB is we need to show significant progress.

15 There's always room for improvement and I think everybody knows
16 from a security perspective there's always going to be threats; there's
17 always going to be vulnerabilities. There's always going to be bad guys out
18 there.

19 We can continue to mature and improve and that's what I've
20 appreciated; what we've been able to do. It's a long way to go, don't get me
21 wrong. Obviously the IG when they issue their report later this year will

1 demonstrate that they'll have findings and I know that they will, but those
2 are opportunities for us, for me to -- what can we do to fix it and make us
3 better.

4 COMMISSIONER JACZKO: Thank you.

5 CHAIRMAN KLEIN: Commissioner Lyons?

6 COMMISSIONER LYONS: Tim, you started off with a
7 comment that Administration is not just space and several of us have
8 commented on that already. I thought that the list of accomplishments that
9 you provided to us as well as what you went through in your presentation
10 certainly made the point very, very well that it's not just space.

11 I had a couple of questions on the security slide and Greg and I
12 didn't compare notes, but Greg kind of covered what -- I give one slight
13 different twist, but I appreciated Greg's questions and your response on the
14 timing of security clearances.

15 Certainly, it's an area to continue to improve, but I think I'm right in
16 saying that that is an improvement over where it was some years ago. I
17 remember numbers that were much worse. So, we got a long ways to go,
18 but that is improvement.

19 MR. HAGAN: I think just a few short years ago it was like a
20 year for a Q --

21 COMMISSIONER LYONS: It was every bit of a year and

1 maybe 18 months is what I'm remembering. Commissioner Jaczko also
2 asked about the drug testing program. I was interested in that, too. I
3 certainly concurred that we should do it agency wide.

4 We demand that of licensees and to me that is sufficient to say we
5 should demand it of ourselves. But I was curious and it's a slight twist on
6 Greg's question. Do you hear concerns or significant push back on the
7 drug testing program?

8 MR. HAGAN: We have not.

9 COMMISSIONER LYONS: There's been one letter to the
10 Commission, but beyond that I'm not aware.

11 MR. HAGAN: We have not had negative feedback on the
12 change that I'm aware of.

13 COMMISSIONER LYONS: I appreciate that. I really hope we
14 don't because at least where I would come from is we demand that of our
15 licensees. To me, that is sufficient to say we should demand that of
16 ourselves including all of us on this side of the table.

17 The only other slight question I had, Jim, was more for you, but I did
18 want to just add before I ask the question my personal appreciation that
19 you're willing to take your tremendous expertise in other parts of the agency
20 and couple them with your accounting background and provide the
21 leadership in CFO.

1 I think it's very important for the agency and I personally very much
2 appreciative it. I had one, I hope, small question on e-travel.

3 MR. DYER: Where's my lifeline?

4 COMMISSIONER LYONS: Let me just make a comment.

5 Personally, I've been frustrated at seeing in the past -- not attributable to
6 certainly your management or even the past management, but I've seen
7 some reluctance to use nonrefundable tickets and I sometimes -- I know
8 we're starting to use them, but so often when I get a ticket purchased
9 through travel, I'm appalled at the cost and I'll go online and find out I could
10 have bought that exact ticket for hundreds of dollars less. It really
11 continues to bother me.

12 I think some of that is the use of nonrefundable tickets. I'm hoping --
13 I don't know -- I'm hoping that e-travel makes it easier to use nonrefundable
14 tickets. Nonrefundable tickets; the cheap ones, in appropriate
15 circumstances.

16 And I would hope, too, that we're setting up a mechanism where the
17 occasional time that an employee -- a member of the staff is charged a
18 penalty for having to change a ticket based on a work related reason, I'm
19 guessing that we're still far ahead to use the cheaper tickets.

20 MR. DYER: Commissioner, I can't really comment, but I don't
21 have the specifics on that. I know that we started gain sharing or the

1 sharing with the employees who could do that, but I don't have good
2 information right now.

3 COMMISSIONER LYONS: Well, just put it down as a
4 comment from me that I continue to be frustrated with what I see the cost of
5 tickets and continue to be frustrated when I go online and see that I could
6 have done a whole lot better right then and there on the spot.

7 In any case, however we can manage to achieve economies in that
8 area given the cost of travel, I'm all for it. That's all I have, sir.

9 CHAIRMAN KLEIN: Thank you. Well, on the subject of drug
10 testing, I also endorse that policy. I think it's one which is important and in
11 order to maintain public confidence, I think we need to pursue that option.

12 I always find it fascinating that as a Presidential appointee, I'm not
13 sure how random it is because when I was at the Pentagon and while I've
14 been here I have had the opportunity to participate in that program more
15 than once a year.

16 So, I'm not sure exactly how that program -- I think you must have a
17 special button for Commissioners that you push more often. But it is an
18 important program and I think we do have to give the public confidence in
19 what we do.

20 As Commissioner Lyons said, we should hold ourselves as
21 accountable as to those that we license.

1 On that note, let me thank you all for your presentation. I think you
2 did a great job. It's a very active area and you all have great programs and
3 I think even though there are a lot of challenges, our glass is half full. It's
4 not half empty.

5 We have a great agency and our job is to work at it every day to
6 make it even more great. And to retain that best place to work in spite of
7 those agencies that want to take us off of that chart. Thank you for your
8 presentations. The meeting is adjourned.

9

10 (Whereupon meeting was adjourned.)