

**POLICY ISSUE**  
**(Information)**

March 18, 2016

SECY-16-0035

FOR: The Commissioners

FROM: Victor M. McCree  
Executive Director for Operations

Maureen E. Wylie  
Chief Financial Officer

SUBJECT: ADDITIONAL RE-BASELINING PRODUCTS

PURPOSE:

As discussed in SECY-16-0009, "Recommendations Resulting from the Integrated Prioritization and Re-baselining of Agency Activities" (Agencywide Document Accession Management System (ADAMS) Accession No. ML16028A189), this paper provides additional products to the Commission resulting from staff's efforts to re-baseline the agency's workload. The staff is providing candidate activities to pursue longer-term efficiencies and improvement projects as well as a projection of significant changes in workload through Fiscal Year (FY) 2020, which are enclosures to this paper. The staff is also providing its assessment that re-baselining will not adversely impact the effectiveness and openness of stakeholder interactions as directed by the Commission in Staff Requirements Memorandum (SRM)-SECY-14-0148, "Implementation Plan for "Public Engagement Coordinator" Position in Response to Staff Requirements Memorandum – SECY-14-0078" (ADAMS Accession No. ML15282A544).

CONTACT: Mauri Lemoncelli, OEDO  
301-415-1338

BACKGROUND:

On June 8, 2015, the Commission issued SRM-SECY-15-0015, "Project Aim 2020 Report and Recommendations" (ADAMS Accession No. ML15159A234). In its SRM, the Commission directed the staff to prioritize and re-baseline the agency's work in an integrated manner consistent with the agency's mission, values, and the Principles of Good Regulation.

On August 24, 2015, the staff provided the Commission an Information Paper, SECY-15-0105, "Plan for Integrated Prioritization and Re-baselining of Agency Activities," (ADAMS Accession No. ML15230A313), describing the approach to be used in implementing the Commission's direction on prioritization and re-baselining.

In SECY-15-0105, the staff noted its expectation that, as it examined its work and work processes through re-baselining, the staff would identify potential business practice improvements to achieve increased efficiencies in FY 2018 and beyond; the staff also expected to identify changes in its projected workload that would occur in FY 2018 through FY 2020. The staff committed to identify these items for the Commission's awareness and address them through the existing budget and process improvement processes. In addition, the staff committed to identify additional activities throughout FY 2016 that can be shed and reduced from our workload without impact to the mission as a result of the other Commission approved tasks within Project Aim (vice the singular re-baselining task).

On January 31, 2016, the staff provided the Commission with a notation vote paper, SECY-16-0009, which requested Commission approval to implement recommendations on work identified to be shed, de-prioritized, or performed with fewer resources. In SECY-16-0009, the staff committed to provide the Commission with five additional products. Those products were as follows: (1) a list of candidate topics to pursue longer-term efficiency and improvement projects resulting from internal and external stakeholder consideration; (2) a projection of expected significant workload changes for FYs 2018, 2019, and 2020; (3) an assessment of the current drug testing program to determine whether near-term efficiencies can be achieved; (4) an assessment of the current security clearance minimum requirements for the Nuclear Regulatory Commission (NRC) to determine whether near-term efficiencies can be achieved; and (5) an assessment of the impact (if any) re-baselining may have on the effectiveness of openness and stakeholder interactions and, thus, the need for a dedicated staff position for external communications.

DISCUSSION:

As described in SECY-16-0009, the staff developed an inclusive common prioritization process to assess all work activities and their relationship to the safety and security mission of the agency, the agency's values, and the Principles of Good Regulation. Through this process, the staff identified activities that could, if approved by the Commission, be shed, de-prioritized, or performed with fewer resources in FY 2017 (although a small number of activities, if approved, will be actionable in FY 2018). To be considered for shedding, de-prioritization, or resource reduction, the process required a clear description of the resultant end state and quantified savings. This list of activities that could be shed, de-prioritized, or performed with fewer resources was provided to the Commission as Enclosure 1 of SECY-16-0009.

Although internal and external stakeholders identified a number of activities for potential additional efficiency, we were unable to develop a clear end state or quantify savings for some within the time available to complete the common prioritization and re-baselining tasks. However, the staff remains committed to capture additional efficiencies and will continue to evaluate them to identify improvements. Several examples of such activities include: the review process for Regulatory Guides; the NRC correspondence manual; and the adoption of digital signatures. Although the individual effect of changes in these activities may be small (e.g., only a few hours of time saved), because they impact multiple aspects of agency work, the aggregate savings over time may be substantial. When justified by potential cost savings, a Business Process Improvement (BPI) evaluation will be performed to develop a new end state and allow both quantification of the savings and identification of how the expected savings will be confirmed and reflected in budget development.

In developing SECY-16-0009, and consistent with the “Guidance and Criteria for Integrated Prioritization and Re-baselining,” staff ensured that the recommendations for the Commission on proposed sheds, de-prioritization, or reduction of resources were separate and distinct from the longer-term efficiencies and projected significant changes in workload. As a result, the enclosures to this paper complement the re-baselining effort rather than supplement it; they represent the staff’s forward looking approach to additional efficiencies. In addition, while the enclosed list of longer-term efficiencies are an important component of Project Aim, the following ongoing initiatives may yield further efficiencies, consistent with the Project Aim tasks described in SRM-SECY-15-0015: the evaluation of the consolidation of the regional materials program; the evaluation of merging the Offices of Nuclear Reactor Regulation and the Office of New Reactors; and improvements to the operating reactor licensing process to reduce the backlog and further enhance the predictability, timeliness, and efficiency of licensing actions.

With the exception of drug testing and security clearances discussed more fully below, this paper marks the conclusion of the deliverables associated with the one-time re-baselining effort; the staff, however, will continue to pursue efficiencies and process improvements as it seeks to achieve the highest standards of performance in carrying out its mission. Indeed, this commitment to continuous improvement is rooted in the culture of the agency and reflected in the efficiency principle of NRC’s Principles of Good Regulation. While the staff’s primary focus will remain on the assurance of the safe and secure use of radioactive materials, our efforts to advance Project Aim have underscored the importance of taking steps to further institutionalize efficiency and effectiveness into NRC programs, processes and procedures. We have recently begun to engage this topic, however, our preliminary discussions have centered around several areas of improvement: 1) create stronger mindfulness of the impact and costs of our regulatory activities; 2) better leverage staff knowledge and creativity to promote innovation and increased efficiency and effectiveness in work processes; and 3) enhance methods of assessing program effectiveness to reveal other worthwhile opportunities to streamline and gain program efficiencies.

### *Longer-Term Efficiencies*

In developing its recommendations for re-baselining, the staff identified several activities that needed further assessment to identify potential longer-term efficiencies, beyond FY 2017. A list of those candidate activities is provided to the Commission in Enclosure 1 to this paper for

its awareness. At this point, the potential savings from these activities cannot be quantified, as they involve cross-cutting areas which impact multiple offices and/or regions. In addition, some activities may require a BPI evaluation to assess the new end-state and estimate of the aggregate savings.

The activities identified in Enclosure 1 do not include specific Project Aim tasks captured in the Overall Implementation Plan (ADAMS Accession No. ML15216A607). Also, the staff does not anticipate the need for additional resources, beyond our current and requested appropriations, to carry out the work associated with the items in Enclosure 1.

The majority of the activities identified in Enclosure 1 are within the staff's authority to address without additional Commission approval. However, any policy and program issues identified during the assessment of the longer-term efficiency improvements will be provided to the Commission for decision. In addition, consistent with the Overall Implementation Plan, we will continue to partner with the National Treasury Employees Union on these items, as well, when appropriate.

#### *Projected Significant Changes in Workload*

In an effort to provide quantitative insights into projected changes in workload, the staff assessed its current resources and identified projected significant changes in workload beyond FY 2017 in response to external drivers. The budget adjustments associated with these changes in workload will be developed in formulating the NRC's Budgets for FY 2018-2020.

For the purpose of this paper, projected significant workload changes are changes in workload that would be associated with a change in staff resources of at least five full time equivalents (FTE) or \$1M in program support in any given fiscal year, as compared to the previous fiscal year. These changes are not budget estimates. They reflect either the completion of currently budgeted significant activities for which replacement work has not been identified or anticipated new workload. The items provided in Enclosure 2 are a forecast of the staff's work based on the information known at this time. A brief description of each significant change in workload along with the associated resource impacts (FTE and total dollars) are included in the enclosure.

#### *Drug Testing and Security Clearances*

The staff will provide a separate paper presenting options and a recommendation related to the costs to implement the NRC's historic interpretation that the Atomic Energy Act requires all NRC employees to have at least a Secret level national security clearance. That paper will also present staff's assessment of potential reductions in drug testing of NRC employees. Staff expects to provide this paper no later than April 6, 2016.

#### *Assessment of the Impact Re-Baselining may have on the Effectiveness and Openness of Stakeholder Interactions*

In SRM-14-0148, the Commission directed staff to assess the benefits of a dedicated staff position to direct or navigate external stakeholders to other NRC organizations. The staff assessed the impact that re-baselining may have on the agency's ability to maintain

effectiveness and openness in stakeholder interactions and has concluded that the staff's re-baselining efforts will not adversely impact the agency's ability to continue to be successful in outreach and engagement of external stakeholders. The common prioritization process described in SECY-16-0009 assessed all work activities and their relationship to the safety and security mission of the agency, the agency's values, and the Principles of Good Regulation. Openness is common to the values and principles, and the staff believes the process used was an effective approach to ensure accomplishment of the NRC's safety and security mission while appropriately balancing the interests of the NRC's stakeholders, including the public and licensees. For example, to inform the common prioritization and re-baselining process, the staff solicited both internal and external stakeholder input and held public meetings to discuss progress and upcoming activities. In light of this assessment, the staff does not recommend the creation of a dedicated staff position for external outreach. The staff remains committed to enhance coordination and coherence of communications across the agency.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objection.

***/RA Michael R. Johnson for/***

Victor M. McCree  
Executive Director  
for Operations

***/RA Mary C. Muessle for/***

Maureen E. Wylie  
Chief Financial Officer

Enclosures:

1. Longer-term Efficiencies
2. Projected Significant Changes in Workload through 2020

effectiveness and openness in stakeholder interactions and has concluded that the staff's re-baselining efforts will not adversely impact the agency's ability to continue to be successful in outreach and engagement of external stakeholders. The common prioritization process described in SECY-16-0009 assessed all work activities and their relationship to the safety and security mission of the agency, the agency's values, and the Principles of Good Regulation. Openness is common to the values and principles, and the staff believes the process used was an effective approach to ensure accomplishment of the NRC's safety and security mission while appropriately balancing the interests of the NRC's stakeholders, including the public and licensees. For example, to inform the common prioritization and re-baselining process, the staff solicited both internal and external stakeholder input and held public meetings to discuss progress and upcoming activities. In light of this assessment, the staff does not recommend the creation of a dedicated staff position for external outreach. The staff remains committed to enhance coordination and coherence of communications across the agency.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objection.

***/RA Michael R. Johnson for/***

Victor M. McCree  
Executive Director  
for Operations

***/RA Mary C. Muessle for/***

Maureen E. Wylie  
Chief Financial Officer

Enclosures:

1. Longer-term Efficiencies
2. Projected Significant Changes in Workload Changes through 2020

**ADAMS Accession No.:** Pkg. ML16077A184

OEDO MLemoncelli	OEDO RLewis	OGC MDoane (BJones for)	OCFO MWylie (MMuessle for)	OEDO VMcCree (MJohnson for)
03/17/2016	03/17/2016	03/17/2016	03/18 /2016	03/18 /2016

**OFFICIAL RECORD COPY**