

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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BRIEFING ON PROJECT AIM

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THURSDAY,

JULY 21, 2016

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ROCKVILLE, MARYLAND

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The Commission met in the Commissioners' Hearing Room at the Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, at 9:30 a.m., Stephen G. Burns, Chairman, presiding.

COMMISSION MEMBERS:

STEPHEN G. BURNS, Chairman

KRISTINE L. SVINICKI, Commissioner

JEFF BARAN, Commissioner

ALSO PRESENT:

ANNETTE VIETTI-COOK, Secretary of the Commission

MARGARET DOANE, General Counsel

NRC STAFF:

VICTOR M. MCCREE, Executive Director for Operations

MIRIAM L. COHEN, Chief Human Capital Officer

DANIEL COLLINS, Director, Division of Material

Safety, State Tribal and Rulemaking Programs,
Office of Nuclear Material Safety and
Safeguards

ELENI JERNELL, Deputy Division Director, Office of
Administration

ROBERT LEWIS, Assistant for Operations, OEDO

MAUREEN WYLIE, Chief Financial Officer

SHERYL BURROWS, National Treasury Employees Union

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

2 9:32 a.m.

3 CHAIRMAN BURNS: All right, good morning
4 everyone.

5 I want to welcome our panelists today from
6 the NRC staff, other staff and members of the public who
7 may be in the audience or maybe listening in.

8 The purpose of today's meeting is to
9 discuss progress on Project Aim implementation.

10 Through Project Aim the NRC is working to
11 improve efficiency, effectiveness and to use our
12 expertise in creativity to ensure that we are
13 efficiently accomplishing our safety and security
14 missions.

15 The Commission looks forward to hearing
16 from the staff on the status of implementation of the
17 Project Aim strategies and upcoming activities to
18 further streamline our work processes.

19 Before we begin, my colleagues want to say
20 anything?

21 If not, then we'll turn the meeting over to
22 Vic McCree, the Executive Director for Operations.

23 MR. MCCREE: Good morning, Mr. Chairman,
24 Commissioners.

25 On behalf of my colleagues here at the
26 table, today, as well as those throughout the Agency,

1 we appreciate the opportunity to update you on our
2 progress with Project Aim.

3 Well, as you would expect, we've remained
4 focused on our safety and security mission. We've also
5 made substantial progress since our last briefing of you
6 on this important topic.

7 We continue to implement the 150 Commission
8 approved re-baselining recommendations. And, to date,
9 nearly half of the re-baselining adjustments have been
10 implemented.

11 We're also on track to implement the
12 majority of the adjustments by the end of this fiscal
13 year, by the end of September, which will allow us to
14 realize significant savings in fiscal year 2017.

15 That said, we're mindful that completion of
16 re-baselining is just part of the transformation of the
17 Agency such that we're better positioned to meet future
18 challenges.

19 I think this is noteworthy progress and we
20 celebrate the achievement of this and future
21 milestones.

22 We also recognize that the ongoing
23 opportunity to welcome and embrace change is what I'd
24 characterize as a strategic enabler. And, by this, I
25 mean refining our regulatory programs, other processes
26 and procedures so that the NRC is a much more effective,

1 efficient and agile organization.

2 A key factor in this transformation
3 involves further ingraining within our norms, our
4 attitudes and our behaviors.

5 The essence of the efficiency principle of
6 good regulation which stipulates, in part, where
7 several effectively regulatory alternatives are
8 available, the one that minimizes the use of resources
9 is the one that should be adopted.

10 To make this happen, we're focusing our
11 efforts on three areas. One, encouraging employee
12 growth and development.

13 Secondly, enabling innovation.

14 And, thirdly, fostering a work environment
15 in which people are engaged and embrace change.

16 I'd be remiss if I didn't acknowledge that
17 implementation of the changes that we will discuss today
18 has been accompanied by some expressions of anxiety and
19 uncertainty about both the direction of the Agency and
20 how the changes will impact people.

21 This is occurring at a time when we've
22 already received feedback on areas for improvement in
23 the 2015 Federal Employee Viewpoint Survey and the
24 Office of Inspector General Safety Culture and Climate
25 Survey.

26 As described in our Action Plan which we

1 issued last month in response to these surveys, we are
2 implementing specific measurable actions to foster
3 improvements and nurture an environment where our
4 people feel comfortable doing their job, voicing their
5 concerns, confident that they'll be heard, understood
6 and respected.

7 Rob Lewis will provide additional
8 information on the improvements, including efforts to
9 create a better shared understanding of what actions
10 we're taking, why and how.

11 Today's discussion, turning to the agenda
12 slide, slide two, we'll highlight several of the
13 completed tasks as well as various programmatic
14 impacts.

15 We'll start today's meeting with Dan
16 Collins who's the Director of the Division of Material
17 Safety, State Tribal and Rulemaking Programs.

18 And then, Eleni Jernell, the Acting Deputy
19 Director of the Acquisition Management Division in the
20 Office of Administration, will provide an update on
21 accomplishments of the Office of Administration as well as
22 the status of Project Aim implementation activities.

23 Eleni will be followed by Rob Lewis, the
24 Assistant for Operations in the Office of the Executive
25 Director for Operations. And, Rob will give us an
26 update on several implementation activities including

1 a more detailed overview of the implementation of
2 re-baselining, the recommendations contained therein,
3 a summary of recently completed tasks as well as a new
4 task force initiative to assess support staffing in the
5 regions and in headquarters offices.

6 And, finally, we'll end with closing
7 remarks from Maureen.

8 So, I'll now turn the presentation over to
9 Dan Collins.

10 Dan

11 MR. COLLINS: Thank you, Vic.

12 Good morning, Chairman Burns and
13 Commissioners.

14 This morning, I will provide a brief
15 summary of the staff's evaluation of potential
16 consolidation of the Regional Materials Program.

17 In my remarks, I will address the
18 evaluation process used by the staff, the options
19 evaluated and associated decision criteria in addition
20 to summarizing the evaluation results, recommendations
21 and expected benefits and efficiencies.

22 A more detailed treatment of this
23 evaluation is contained in the Commission paper,
24 SECY-16-0083, dated June 27th, 2016 which the NRC staff
25 submitted for Commission consideration.

26 Next slide, please

1 This slide provides a visual
2 representation of how the NRC materials program is
3 divided among the NRC Regions I, III and IV in terms of
4 the geographic territory covered and associated
5 Agreement States and the states that are still in NRC
6 jurisdiction.

7 Beginning in fiscal year 2004, Region II
8 transferred its materials program to NRC Region I. Not
9 shown on this map, Region I also covers the Commonwealth
10 of Puerto Rico and Region IV covers Guam and the
11 jurisdictional territory located in offshore federal
12 waters in the Gulf of Mexico and the Pacific Coast, all
13 of which are in NRC's jurisdiction.

14 Before turning to the specific options
15 evaluated, I would like to note that we began with what
16 we called a clean slate approach. We sought input from
17 the NRC staff and external stakeholders such as the
18 Organization Agreement States and we collected a large
19 amount of data on historic and recent program
20 performance and costs.

21 We found that this information painted an
22 opaque picture of the program with many variables and
23 no clear conclusions either for or against further
24 consolidation.

25 In order to bound our efforts, we then
26 decided to define several potential but realistic end

1 states and assess whether any of those potential end
2 states would provide greater efficiency when compared
3 to the current program.

4 I should note here that one of the
5 fundamental assumptions made in the evaluation was
6 that, if there were to be a consolidation consistent
7 with the Agency's past practice, staff would not be
8 required to relocate to a new location.

9 They would have the option to relocate at
10 Agency expense at the appropriate time or to apply for
11 full-time telework in accordance with the current
12 Agency policy.

13 Next slide, please

14 This slide provides the five basic options
15 considered. The first option is one which we refer to
16 as the Enhanced National Materials Program and it would
17 be to not pursue a geographic consolidation, but to
18 continue with ongoing process improvement and
19 re-baselining initiatives.

20 The remaining options all include some form
21 of consolidation of functions. The 4th and 5th of these
22 options each include three sub-options that pertain to
23 the Region or Regions that would remain following a
24 consolidation.

25 Next slide, please

26 Our decision criteria included both

1 qualitative and quantitative factors.

2 The mission effectiveness criteria refers
3 to the potential impact that the option would have on
4 the ability to fulfill the program's mission.

5 This criteria was double-weighted in the
6 evaluation in order to emphasize the importance of
7 mission accomplishment.

8 Considerations included the impacts on the
9 oversight and licensing functions, event response for
10 both reactor and materials events and interactions with
11 external stakeholders.

12 The employee impact criteria considered
13 the potential that the individual options would result
14 in loss of experienced staff, hinder mentoring or
15 potential promotional opportunities or adversely
16 impact employee morale and engagement.

17 Next slide, please

18 The final qualitative factor was
19 implementation complexity which we defined in a manner
20 consistent with the original Aim Commission paper.
21 These considerations focus on the likelihood of
22 successful implementation of the change or changes.

23 For all of the qualitative factors, our
24 evaluation considered the knowledge and experience of
25 the working group members and significant input from
26 multiple internal and external stakeholders.

1 implementation scenarios in which the staff is
2 geographically disbursed from management and support
3 staff, longer response times for some events and
4 additional challenges associated with managing a large
5 staff from a distance if the staff do not relocate to
6 the new hub or location or locations.

7 Employee impact would be negatively
8 impacted by potential loss of experienced staff and
9 decreased morale and this is an area where we received
10 significant input from many staff members who indicated
11 the difficulty they would experience if required to
12 relocate from their current home or work locations or
13 if required to permanently telework.

14 With respect to the implementation
15 complexity, the ratings for options 2 through 5
16 reflected negative effects associated with the
17 challenge of communicating with and managing a large
18 number of remotely located staff to ensure that
19 reorganizations are successfully implemented, the
20 challenges of securing additional physical space in the
21 centralized location or locations and program risk
22 involved with possible lower employee engagement as
23 well as potential diversion of staff focus from fully
24 implementing the ongoing enhancement and re-baselining
25 initiatives.

26 Next slide, please

1 Regarding the quantitative results, we
2 found that potential savings were driven largely by
3 changes in FTE. Those changes would principally be in
4 the management, supervision and administrative staff.

5 This slide provides a summary of the
6 estimates of savings and associated implementation
7 costs.

8 For the consolidation options, the
9 estimated savings range from one FTE for consolidation
10 of only decommissioning functions to ten FTE for
11 consolidation of materials and decommissioning work in
12 a single location.

13 Implementation costs are principally
14 associated with staff relocations. The numbers shown
15 here for the one-time costs are estimates of what it
16 would cost if all of the affected staff move at Agency
17 expense to new hub location or locations.

18 For the purposes of the quantitative
19 analysis, we assumed that all staff move at the Agency
20 expense in order to bound the estimates.

21 As noted earlier, however, we did recognize
22 that the Agency did not require relocation in the prior
23 consolidations of Region V and Region IV or the
24 consolidation of the Region I and Region II materials
25 programs.

26 Next slide, please

1 Overall, we considered the qualitative
2 factors to be dominating, although not precise
3 indicators of likely impacts on the NRC materials
4 program. These outweigh the potential savings shown on
5 the previous slide.

6 Ultimately, the staff concluded that a
7 variation of option 1 would allow us to gain
8 efficiencies assumed in the consolidation options, to
9 retain materials expertise in the regions and to
10 minimize disruptions and costs associated with
11 geographic and organization movement of personnel.

12 Specifically, the variation which the
13 staff recommends is as shown here. Do not pursue
14 further geographic consolidation. Continue to
15 implement the ongoing efforts to enhance the National
16 Materials Program by achieving consistency and
17 improving processes. Implement the Commission's
18 re-baselining decisions.

19 And, for Regions I, III and IV, to each
20 identify an additional two FTE and supervisory or
21 nontechnical staff which would be implemented in fiscal
22 year 2018.

23 Overall, this proposal would yield a
24 reduction of 20 FTE which would be similar to the
25 consolidation options considered.

26 This concludes my remarks and I will now

1 turn the presentation over to Eleni Jernell.

2 Thank you.

3 MS. JERNELL: Good morning, Chairman and
4 Commissioners.

5 I will use my time today to highlight a few
6 of the Project Aim related accomplishments for the
7 Office of Administration (ADM), all in direct support
8 of the NRC meeting its safety and security mission
9 goals.

10 ADM provides a diverse set of services from
11 all things acquisition, which includes the award and
12 administration of a significant portfolio of commercial
13 contracts, interagency agreements and grants to
14 management of the Agency's personnel drug testing and
15 physical security programs, property management and
16 warehouse operations and the operation and maintenance
17 of the White Flint Campus buildings to a wide range of
18 administrative services such as rulemaking, Agency
19 directives support, transportation, parking,
20 translation supplies and much more.

21 This vast array of services provides
22 numerous opportunities for capturing efficiencies and
23 continuous improvements.

24 We, in the Office of Administration, are
25 embracing Project Aim.

26 Next slide, please

1 Some of ADM's accomplishments that I'm
2 highlighting today include the contracting officers'
3 representative, process standardization initiative,
4 also known as CPSI, the White Flint Campus space
5 consolidation, the one-stop-shop in partnership with
6 OCIO and ongoing opportunities for efficiencies and
7 savings.

8 Next slide, please

9 The CPSI project evolved from the Project
10 Aim SRM task to evaluate and improve the acquisition
11 process, to clarify roles and responsibilities of the
12 COR standardized processes and improve quality and
13 process time.

14 Our Agency acquisition workforce which
15 includes our contracting officers, contract
16 specialists and contracting officer representatives
17 plays a critical role in ensuring that contractors and
18 other agencies and laboratories meet the commitment of
19 their contracts and that we get what we paid for.

20 Simply put, all federal agency CORs have a
21 fiduciary responsibility to acquire the resources to
22 get the mission work done. This is no different here
23 at the NRC.

24 Our warranted contracting officers have
25 the sole authority to enter into contracts to accomplish
26 the mission when our in-house resources are not

1 available to perform the work.

2 The CPSI project was initiated by ADM and
3 cosponsored with OCFO and NRR to standardize the roles
4 and responsibilities of our CORs.

5 A chartered integrated project team was
6 comprised of representatives from the large technical
7 offices, OCHCO, OCFO and ADM.

8 NTEU played a key role in representing
9 those CORs that are in the bargaining unit.

10 It quickly became evident that there are
11 crosscutting challenges including the lack of
12 standardized roles and responsibilities, workload and
13 process management, certification and training and
14 recognition and accountability.

15 Next slide, please

16 In addition, the CPSI team identified and
17 prioritized over 75 potential solutions into the short,
18 medium and long term, all of which were detailed in the
19 CPSI Recommendations Report.

20 While the key findings can be explained
21 using three categories, people, processes and tools, a
22 primary theme was additional -- was that additional
23 processes, reporting and accounting have been
24 implemented for COR related activities and that these
25 vary by office.

26 Our COR's responsibilities are generally

1 viewed as a collateral duty and offices have different
2 levels of expectations of their CORs.

3 Offices have added intra-process --
4 intra-office steps over and above Agency required
5 policy and guidance.

6 The COR's role has been supplemented and
7 inconsistencies in COR turnover practices has resulted
8 in contracted management concerns.

9 In terms of tools, there has been a lack of
10 Agency-specific training and inconsistent use of
11 enterprise authoritative systems and data.

12 CORs do not have end-to-end reporting which
13 is needed to provide them with a more complete picture
14 of their assigned contracts.

15 Existing Agency-specific training could be
16 improved to allow CORs to effectively execute their
17 responsibilities here at the NRC.

18 Together, these have added processing
19 cycles, diverted human resources and, in some cases,
20 have necessitated the development of supplemental
21 tracking systems and methods which can require a manual
22 update and maintenance.

23 As a result, in light of today's landscape
24 of limited and constrained resources, the offices much
25 consider the tradeoffs associated with these additional
26 tasks to determine the impact of overall workload and

1 not just the CORs.

2 A COR moving from one NRC division, branch
3 or office to another should not have to relearn an entire
4 process or methodology to monitor and manage outsourced
5 work.

6 Next slide, please

7 The scope of CPSI focused on standardizing
8 and clarifying COR roles and responsibilities to
9 achieve positive contract outcomes.

10 Based on the findings, we have taken steps
11 to increase the tools available to our CORs, many of
12 which were made available to them on April 1st.

13 The NRC's enterprise acquisition portal
14 was redesigned for ease of use based on the COR's user
15 profile. AMD and OCFO partnered to develop reporting
16 that integrates financial and acquisition data for
17 greater visibility into their assigned contracts.

18 ADM and OCHCO partnered to enhance
19 awareness and acknowledge the importance of the work of
20 our CORs by their supervisors with a supervisors guide
21 and draft language the offices can use and include in
22 COR FY 17 performance plans.

23 Subsequent business process improvement
24 activities were conducted to assist the offices in the
25 implementation of the CPSI recommendations by defining,
26 streamlining and standardizing specific offices,

1 acquisition and financial management processes.

2 Based on BPIs completed, overall, it was
3 determined that the offices are meeting regulatory
4 requirements.

5 The NRC must now strategically manage our
6 COR workforce by ensuring the CORs with the right skills
7 are assigned to contracts.

8 They must be prepared to provide firsthand
9 technical direction and then reconcile these actions to
10 accept products and services received and then approve
11 payments.

12 ADM stands ready to facilitate this final
13 step to Agency-wide standardization. In supporting
14 these efforts, a key objective remains a reduction in
15 the number of Agency CORs which will result in reduced
16 training and time and training costs.

17 In parallel, ADM and OCFO are establishing
18 policy to minimize the number of acquisition and
19 financial transactions needed, most of which are
20 initiated by CORs.

21 This should enable increased monitoring of
22 contractor performance, including providing technical
23 direction, assessing quality and timeliness, making
24 scope determinations and fee validations.

25 We are on track to implement at the start
26 of FY 17.

1 We are also taking steps to ensure that the
2 supervisors of our CORs increase their awareness and
3 understanding of the mission critical function their
4 CORs perform.

5 To this end, it is important that they
6 consider how work is assigned and recognize the
7 significance and performance of the work and the role.
8 It's not simply administrative work. Rather, it is
9 work related directly to the mission of the office.

10 We are using a variety of existing forums
11 to accomplish this including COR town halls and COR
12 conversations which enable smaller group discussions.

13 Next slide, please

14 Over the past few years, the NRC has pursued
15 its long-term objective to consolidate staff within the
16 White Flint Campus.

17 In April of this year, GSA signed a
18 succeeding lease for the continued occupancy of Two
19 White Flint through December of 2033.

20 The NRC signed an Occupancy Agreement a
21 full two and a half years ahead of schedule. These were
22 the culmination of a tremendous collaboration of the ADM
23 team with our GSA partners. This was a major
24 accomplishment.

25 The White Flint Campus consolidation is now
26 substantially complete. In consolidating, the Agency

1 released 365,000 square feet of space and relocated the
2 Offices of Research, NMSS, OCHCO and ADM.

3 Staff was returned to the White Flint
4 Campus from four satellite buildings. We completed the
5 Food and Drug Administration backfill of eight floors
6 in Three White Flint.

7 Cross savings resulted from the
8 elimination of rent, shuttle and security services for
9 these satellite buildings.

10 Additionally, the benefits of
11 consolidation include greater operational efficiency,
12 regulatory effectiveness and incident response
13 capability, enhanced communication and collaboration
14 and meeting federal space use guidelines.

15 ADM also completed a small shared space
16 pilot with the Office of Nuclear Regulatory Research.
17 Participants in the program teleworked 50 percent or
18 more of each pay period and worked in an individual
19 workspace divided into two half-sized work stations.

20 This effort was well-received by the
21 participants and the results are helping to inform our
22 future of workplace and mobility plans.

23 Going forward, the staff is exploring
24 further space reductions in headquarters and the
25 Regions in order to continue to reduce our footprint and
26 rent costs.

1 We are developing a strategy to right-size
2 our space portfolio which will be contingent upon
3 renovations and restacking as well as investments in
4 furniture and other needs.

5 Next slide, please

6 OCIO and ADM worked together to create the
7 NRC Service Catalog. The catalog which was released to
8 staff in April of 2016 serves as a one-stop-shop
9 centralized location on the intranet where our people
10 can request a variety of services, including
11 audiovisual and office relocation support as well as
12 other repairs.

13 Prior to the launch of the catalog,
14 requests for these services were made through numerous
15 systems, email requests, phone calls or hard copy forms.

16 For example, requests for furniture repair
17 required the completion of multiple paper forms,
18 whereas, today, it requires one click on the Service
19 Catalog.

20 Overall, this one-stop-shop approach is
21 reducing Agency costs, expediting service initiation
22 response times, eliminating ticket systems and paper
23 forms and reducing time for staff to process the
24 requests.

25 Backend reporting also allows for greater
26 oversight and ensuring the requests are completed

1 timely.

2 Feedback has been very positive from both
3 a customer and the Agency perspective.

4 Next slide, please

5 ADM continues to consider the Agency's
6 future resources and workload as we refine and improve
7 our processes and space management.

8 While ADM's mission will not change, we are
9 regularly identifying processes and services we can
10 enhance or revise to maximize opportunities for greater
11 efficiencies and continuous improvement.

12 We continue to review areas to shed lower
13 priority work while ADM's highest priority work remains
14 the safety and security of each and every NRC employee
15 and the buildings. Other office workload will be
16 re-prioritized accordingly.

17 We are developing a functional inventory of
18 the services the office provides to support the mission
19 and, as we continue to reduce staff, we anticipate
20 identifying COR capabilities and competencies
21 required, identifying gaps and accelerating time to
22 competency to fill these gaps with available and
23 qualified resources.

24 We are also developing a communication
25 strategy for both internal and external stakeholders
26 and users as service levels are adjusted based on Agency

1 workload and resource changes.

2 We, in the Office of Administration, are
3 committed to the decision the Commission makes and will
4 adapt our services and delivery to continue supporting
5 the mission.

6 Thank you for the opportunity to speak with
7 you today.

8 I will turn it over to Rob Lewis.

9 MR. LEWIS: Thank you, Eleni.

10 Good morning, Chairman Burns, Commissioner
11 Svinicki and Commissioner Baran.

12 It's my pleasure to be here today to
13 describe the recent activities of the Project Aim team
14 and the rest of the NRC staff towards fulfilling the
15 goals set forth in the Project Aim recommendations.

16 As the Assistant for Operations, one of my
17 duties is to serve as the lead executive for the Aim team
18 and the Aim project.

19 Today, I'll focus on our progress since the
20 March 29th Commission meeting on Project Aim.

21 We've had several recent successes
22 delivering on milestones identified in the Project Aim
23 plan.

24 I will also highlight recent examples of
25 supplemental efforts initiated to complement the
26 findings of Project Aim tasks.

1 In short, we are confident that the Project
2 Aim remains on the right track and consistent with
3 Commission direction.

4 Next slide, please

5 Project Aim is making progress on a fast
6 paced schedule. In June 2015, the Commission approved
7 19 Project Aim recommendations related to NRC's need to
8 right-size which retaining skills and ability to
9 accomplish our mission.

10 This chart illustrates the progress on the
11 19 tasks and is updated monthly on our public website.

12 Ten of the 19 tasks have already been
13 completed. Eleni and Dan have just provided details on
14 two recently completed tasks, the one-stop-shop and the
15 evaluation of the consolidation of Regional materials
16 programs.

17 Eleni also described the ongoing effort to
18 standardize the processes used to guide our contracting
19 officer representatives.

20 Two additional Aim tasks recently
21 completed include Task 10, issuance of guidance on
22 establishing centers of expertise to ensure that each
23 center of expertise is identified, evaluated and
24 implemented in a standardized manner.

25 And, Task 15, the staff's recommendation on
26 the potential merger of the Office of Nuclear Reactor

1 Regulation and New Reactors.

2 That product is now before the Commission
3 as SECY-16-0075. We look forward to the Commission
4 direction on this matter.

5 The center of expertise guidance is a good
6 example that illustrates that many of the completed
7 tasks on this table have follow-on implementation
8 activities that continue in offices.

9 In fact, the memorandum implementing this
10 first center of expertise, which is on allegations, was
11 issued just in July on July 8th.

12 Next slide, please

13 One of the centerpieces of the Project Aim
14 initiative is Task 5 on the list of the 19. It is the
15 development of a prioritizing and re-baselining
16 framework to enhance NRC's ability to plan and execute
17 its mission in a more agile, timely, effective and
18 efficient manner in an unpredictable and dynamic
19 environment.

20 The framework was developed and applied to
21 all Agency activities to identify items which could be
22 shed, deferred or performed with fewer resources.

23 We sought input from all NRC employees and
24 many external stakeholders and presented our
25 recommendation in SECY-16-0009.

26 The Commission subsequently approved 150

1 separate re-baselining reductions totaling about \$48
2 million and 185 FTE.

3 On the next slide, I will present the status
4 of our work to implement the re-baselining reductions,
5 but before I do, I also wanted to mention that in March,
6 we provided SECY-16-0035 to the Commission which
7 identified additional re-baselining products including
8 known significant workload changes and projects on
9 longer term efficiencies.

10 In May, the Office of Chief Financial
11 Officer led an interoffice review of corporate support
12 offices, full-time equivalent utilization and
13 workloads. This is the first initiative completed from
14 the list of longer term efficiencies.

15 Slide 23, please

16 Turning now to implementation of the 150
17 re-baselining reductions, as of today, we have
18 completed 66 of the 150 items, meaning the Agency is now
19 taken the necessary steps to shed approximately 69 FTE
20 and \$18 million.

21 Of the remaining 84 items, 75 are on
22 schedule to be completed before the start of FY 17 and
23 nine activities initially designated as longer term
24 remain on track to be implemented by FY 18.

25 To remain open and transparent, we are
26 using a SharePoint site that is accessible Agency-wide

1 to track and record completion of each of the 150 items,
2 including the means by which it was completed.

3 As an example of implementation of a
4 re-baselining item, the Office of Nuclear Reactor
5 Regulation working with the Regions identified that
6 they could reduce the resources needed to implement the
7 reactor oversight process by eight FTE while still
8 maintaining program effectiveness.

9 To do this, they revised the reactor
10 oversight process implementing procedures to align with
11 resource estimates -- to align the resource estimates
12 in those procedures with the levels of effort
13 historically needed to implement them.

14 They have since also updated their budget
15 models and revised their budget documentation. This
16 item is now completed.

17 Barring any unforeseen challenges, we are
18 on track to complete all the re-baselining items on
19 schedule.

20 Slide 26, please

21 I would like to conclude my remarks with a
22 look forward into the team's work over the next few
23 months.

24 While we acknowledge our progress and
25 recent successes, we also recognize we need to maintain
26 momentum on the nine remaining of the 19 Project Aim

1 tasks.

2 Given the amount of change and the pace of
3 change that is already occurring, we are committed to
4 the ongoing leadership focus needed through the Project
5 Aim Steering Committee to maintain this momentum.

6 We have also found that, as we complete the
7 Aim tasks, we are identifying opportunities to further
8 examine efficiencies that go beyond Project Aim.

9 For example, the Aim test to review
10 regional corporate support functions led the Aim
11 Steering Committee to charter a new task force to
12 assess, standardize and centralize NRC headquarters
13 offices and Regional offices support staff functions.

14 This initiative has started and this
15 assessment will provide an opportunity to identify and
16 adopt best practices and creative solutions across all
17 the Agency offices.

18 This is only one example that reinforces
19 the notion that the Aim tasks are just the beginning of
20 our transformation into a more effective, efficient and
21 agile regulator.

22 A goal of the Aim team is to ensure that the
23 investments NRC is making in Aim to develop tools and
24 cultivate efficiency will pay dividends long after the
25 Aim tasks are complete and the project is sunset.

26 We also plan to develop tools to more

1 systematically enable innovation and leverage employee
2 creativity.

3 As expected, the implementation of
4 re-baselining and other Aim tasks has prompted an
5 increase in the number and frequency of questions from
6 our people about how they and the Agency will be
7 impacted.

8 We are proactively responding to such
9 questions in a number of different ways.

10 For example, we developed tools to support
11 our first line supervisor staff conversations so that
12 their shared understanding about why we're changing,
13 what we're changing and how.

14 We are sensitive to and responding to the
15 principle question we've heard which is, how will these
16 changes affect me?

17 Members of the Aim team frequently attend
18 small group meetings throughout the Agency with our
19 people.

20 We've also taken an initiative to improve
21 the quality of the information on the Aim website as a
22 source of information for our people.

23 Last week, the EDO held a meeting with all
24 supervisors focused on how we're managing the cultural
25 change associated with Project Aim.

26 Among other things, he reminded them about

1 the potential -- excuse me -- about the importance of
2 communicating well, staying positive, being patient and
3 realistic and staying focused on our mission.

4 With the assistance of the Aim team and the
5 Office of the Chief Human Capital Officer, and Ms. Cohen
6 is here at the table with us today, we have both
7 short-term and long-term strategies to respond
8 effectively to staff's questions and match resources,
9 skills, workload challenges and career development
10 opportunities.

11 At the recent human capital briefing of the
12 Commission, we presented several of these activities.

13 So, to close, we're very proud of our
14 efforts to date and we remain committed to timely and
15 full fulfillment of our Project Aim initiatives goals.

16 Thank you for this opportunity and I'll
17 turn our meeting over for Ms. Wylie to close the meeting
18 and staff comments.

19 MS. WYLIE: Thank you, Rob.

20 Good morning, Chairman, Commissioners.

21 As you've heard from my colleagues, we've
22 made considerable progress since we last briefed you
23 and, as Vic noted, there's always more to do.

24 The NRC staff and management have been hard
25 at work assessing and implementing the various
26 initiatives that will allow us to realize efficiencies

1 and effectively implement strategies to strengthen our
2 capabilities across the board.

3 We look forward to opportunities such as
4 this briefing which enable us to share our successes,
5 challenges and upcoming initiatives.

6 Next slide, please

7 Now, we need to remind ourselves that we
8 began reshaping as far back as 2014 with the kickoff of
9 the idea of the Project Aim.2020.

10 In the period since that group began its
11 work, we have worked hard to better forecast our work
12 and to identify changes to our budget needs.

13 While we embrace the dynamic environment as
14 the new norm, we have to continue to work on improving
15 ourselves as a regulator. To do this successfully
16 requires a continuous and honest self-assessment to
17 strategically identify the true needs of the Agency and
18 to focus our efforts on meeting those needs without
19 limiting our progress to externally driven goals and
20 targets.

21 As we continue to assess our workforce
22 based on the Agency's needs, taking care to maintain a
23 skilled workforce of highly qualified staff, we
24 recognize the importance of actively and openly
25 engaging staff on our challenges.

26 Throughout this period of adjustment, we

1 are also focusing our efforts on the unintended
2 consequences of cultural and organizational change and
3 we're making a conscious effort to invest in our most
4 valuable resources, our people.

5 As we foster cultural and organizational
6 change, we do so with the vision of people and
7 performance that focuses on establishing a new norm in
8 our process of establishing clear expectations through
9 metrics, clarifying roles and responsibilities and
10 ensuring that the leadership team has the
11 infrastructure needed to cultivate an outcome of
12 success across the board.

13 Finally, as we continue to focus on our
14 mission, we recognize that people are the most important
15 asset and continue to reinforce the importance of living
16 to our values and principles as a performance-based
17 regulator, no matter the challenge underway and those
18 that may lie ahead.

19 Success breeds expectation of future
20 successes and an accelerated pace of change, pace of
21 accomplishment and increased external expectations.

22 We appreciate this opportunity to provide
23 you with an update of our efforts to date and we look
24 forward to your questions and comments.

25 Thank you.

26 CHAIRMAN BURNS: Thank you all for the

1 presentations this morning.

2 I'll start off with questioning today.

3 I do appreciate the presentations this
4 morning and what we've accomplished through the Project
5 Aim initiative and what is still on our plate. And, I
6 may have a question or so about that.

7 And, I do appreciate the recognition that
8 the expectation we're putting on ourselves and on our
9 staff is a challenging one.

10 I would quibble whether the environment
11 we're in is a new norm in terms of change because, having
12 spent, I hate to say it, almost 40 years at this Agency,
13 or 38, well, 35, but who's counting, and somewhere in
14 there, the norm is constant change.

15 We are not a static organization. I can,
16 you know, as I say, think of coming into this Agency six
17 months before the Three Mile Island accident, that has
18 some -- that imposed some changes in the Agency.

19 Meeting the licensing challenges at
20 post-TMI, with post-TMI action items, looking at the
21 calls for reform of the Agency and then in the 1980s.

22 A challenge in the industry, which I've
23 often said made a comparison that the early 1990s look
24 a lot like today in terms of a decline -- early plants
25 shutting down, the possibility of some new plants.

26 I can go on from there, you know, post-9/11

1 circumstances, Energy Policy Act, the perception of a
2 renaissance and then pulling back.

3 So, part of my challenge, I think, or the
4 challenge that we all face is, it is a constantly
5 changing environment. It is often difficult to
6 forecast. It's hard to forecast way, way out. We have
7 to do the best we can.

8 But, I do think that one of the things, and
9 Rob spoke to that and might ask a little -- perhaps a
10 little more granularity, at least for the purposes of
11 this audience today, we are in a circumstance with --
12 in terms of consolidating certain functions, trying to
13 address efficiencies and calls and, particularly in
14 light of calls, on the Agency in terms of reducing its
15 footprint in light of its current workload.

16 That has stresses in terms of how that
17 translates to our people. Some of the, you know, and
18 we can talk whether that's, you know, the availability
19 of certain office supplies, whether we're talking about
20 consolidating offices and moving. Those are our
21 challenges.

22 You mentioned, I think, Rob, mentioned the
23 importance of communication strategies, but I guess
24 maybe I'd like to hear a little more, what are we doing
25 to engage employees? Perhaps a more specific level
26 than you talked about, Rob, and I would ask Maureen or

1 Vic also to chime in on that issue.

2 MR. MCCREE: Chairman, thanks for your
3 question. If I might start and certainly, Rob and
4 Maureen can continue.

5 But, I appreciate your conversation about
6 the norm. It's one of the contextual conversations
7 we've engaged in, both with the leadership team and with
8 the rest of the staff because it's important to
9 understand where we are, why and get some picture of
10 where we're headed.

11 And, fortunately, but unfortunately, we
12 don't have as many people who've been around the Agency
13 for 40, 38 or 35 years, but who's counting.

14 But, having that -- because it is a fact,
15 we have been challenged before with significant change
16 and the Agency responded well. We're facing challenges
17 now and we're responding well, differently. But, we're
18 different people.

19 And, it's important to -- so what we're
20 undergoing now in terms of the pace of change, the type
21 of change, probably seems new or different to a lot of
22 the people who are here at the Agency now.

23 And so, to characterize it as new or
24 different is probably not inaccurate for many of the
25 people we have at the Agency.

26 What's most new or different, if you would,

1 is the heightened expectation that we engage the
2 challenges we're facing both from a regulatory and a
3 corporate sense in a way that recognizes that we have
4 to do so mindful of -- with a greater mindfulness, if
5 you would, of the costs of the impact of what we do and
6 have that be reflected in a number of the changes that
7 we make and in the decision that we make. So, that's
8 the newness of it.

9 As far as communications are concerned,
10 we're not limiting ourselves in how we're going about
11 having the conversation.

12 Rob alluded to the all supervisors meeting
13 last week. That's one forum where we're having the
14 conversation about that where we are, why and how, what
15 the expectation is for leaders to engage in good helpful
16 conversations going forward.

17 We have an all SES meeting on Monday or
18 Tuesday of next week, so we're using that.

19 We recognize, again, at the all supervisors
20 meeting that the most important conversation that most
21 people have is with their first line supervisor. So,
22 the supervisors need to understand and own, again, where
23 we are and how we're moving forward.

24 And, there's some other examples with the
25 Project Aim working group, and I'll let Rob share that.

26 MR. LEWIS: So, with the assignments going

1 out to implement re-baselining and the recent papers on
2 consolidating various offices, there has been an
3 increase in staff questions about implementation and
4 how this will affect them. That's clear to us.

5 A lot of the questions like -- we seek
6 clarity on what NRC will look like in two, five, ten
7 years. What is our plan to scale down? Systematically
8 and gracefully as we scale down the size of the Agency.

9 And, then what are the flexibilities to
10 keep our highly skilled workforce and align the work and
11 the people as we scale down?

12 So, those are the types of questions. And,
13 as Vic mentioned, the all supervisors meeting was a key
14 of our strategy to help get responses in the hands of
15 supervisors.

16 Because we do recognize the value of that
17 first response when you have a question as a staffer.
18 The first response you get from a supervisor is very
19 meaningful and we want to put the tools in the hands of
20 the supervisors to give a very good accurate and full
21 response.

22 Or, at least help the staff find out where
23 they can get a response.

24 So, we have several tools. The Project Aim
25 team has created an interactive website that will
26 provide answers to many of the questions we're hearing.

1 The Project Aim team also goes to many small
2 group interactions. We go to Branch meetings, division
3 level meetings all across the Agency to seek that small,
4 small group interaction about what Project Aim's really
5 about and what the Agency's trying to accomplish and how
6 it affects that unit.

7 Also, the Office of the Chief Human Capital
8 Officers is initiating with the Project Aim team's help
9 some listening sessions to go around the Agency and hear
10 about change that's upcoming.

11 And, finally, I'll add that we also have the
12 ``Ask the EDO'' feature which we see a lot of. That's
13 something we started this year and we see a lot of
14 Project Aim comments or questions coming in through that
15 and we can get responses out to a wide subset of the staff
16 through that.

17 So, we have a lot of tools. We have
18 reinvigorated our focus, given the surge in recent
19 questions.

20 CHAIRMAN BURNS: Okay, thanks, Rob.

21 And, I know we're going to hear from
22 colleagues from NTEU later, but one of the things, too,
23 is I think I encourage a continuing engagement with the
24 employee Union because I think, you know, sort of a line
25 level, that's very -- that will be very important.

26 Let me go on to a different question and I

1 appreciate, Eleni, the discussion on the CORs.

2 And, one of the things that struck me that
3 you're trying to address, which I think is something
4 that is probably a common, if I will use the term,
5 infection that will infect other types of processes
6 across the Agency.

7 And, this is basically offices, basically
8 be making a boutique type approach to some of these
9 activities.

10 You said that there are basic things you
11 need to do for these CORs and they're basic things.

12 But, this office add this and adds that and
13 adds this and that and the other. And, as a result, what
14 is meant to be a relatively efficient process or should
15 be a relatively efficient process, is encumbered with
16 other things.

17 So, my question is probably not so much for
18 you, but it's for Vic and Maureen, what do -- at the
19 leadership level, how do you address, not only in this
20 type of process but other processes where, to avoid this
21 type of add-ons and sort of excessive -- extra procedure
22 and process being injected into the system?

23 Because, it's not just in contracting. I
24 think we would say in the growth period, this is one of
25 the issues that we've later had to deal with. Everybody
26 creating -- having their own basically modeling their

1 services based on CFO, HR and the others.

2 So, I'll let that be my last question.

3 MS. WYLIE: So, this is going to be a
4 journey, but I think the real impetus for us that helps
5 us avoid this, let's call it customization.

6 CHAIRMAN BURNS: Yes.

7 MS. WYLIE: Although boutique is probably
8 correct.

9 Is that we've been through the
10 re-baselining process and I think that the discipline
11 by which we conducted that and the documentation of our
12 add/shed/defer procedure afterward made our office
13 directors and other senior leaders within offices more
14 aware of these additional processes that might not have
15 been seen before.

16 Sometimes, these things can grow up on a
17 horizontal basis as well as some hierarchical need for
18 visibility.

19 So, having taken our offices through a
20 re-baselining activity, it showed in high relief the
21 additional requirements that these sorts of processes
22 self-imposed can make.

23 We've also tried to encourage people to use
24 our centralized services for information so that they
25 can see that they don't need to add new procedures or
26 new systems.

1 process improvements that are underway that have legs,
2 if you would, in multiple offices that will benefit from
3 as well.

4 But, as Maureen indicated, I believe that
5 the most longstanding and enduring benefit from this
6 time that we're in where we're focused in a more
7 thoughtful way on our costs is just the mindfulness of
8 what we're doing, how we're doing it and the fact that
9 it could impact across offices, across regions, across
10 business lines.

11 CHAIRMAN BURNS: Okay, thanks.

12 And, I would emphasize that, both that
13 vigilance and mindfulness needs to extend beyond
14 whatever the closure of the particular tasks of Project
15 Aim.

16 Thanks very much.

17 Commissioner Svinicki

18 COMMISSIONER SVINICKI: Well, thank you
19 all and good morning.

20 I don't want to devote a lot of my time to
21 the philosophical discussion about -- setting the
22 clock, thank you -- the philosophical discussion about
23 is change a constant or a new thing.

24 But, I will say that I think that Chairman
25 Burns testimonial is very powerful on that point.
26 First, because he grew up here. And so, the Agency

1 staff, whether or not they were here for a lot of this
2 know that he was here to experience it.

3 And, I'm of a like mind that whether or not
4 change is comfortable, and it's frequently not, it's a
5 constant.

6 So, I think we do have a lot of activities
7 underway. We heard some important progress reports
8 about discrete tasks that are being done.

9 And then, I think it was valuable to have
10 Victor's opening and Maureen's closing.

11 Victor began with talking about the
12 efficiency principle of the good principles --
13 principles of good regulation.

14 And, Maureen closed with talking about kind
15 of, my interpretation, that your energy can flag a bit,
16 but that we are deep into this process and how we're
17 continuing to try to engage employees to keep moving
18 forward.

19 Eleni, I was, what we called in DOE, a COTR,
20 contracting officer technical representative, and I
21 know the importance of that work in terms of advising.

22 At the time, my contracting officer, on
23 payment of invoices and the adequacy of deliverables.

24 So, I think that's a fruitful area to look
25 at. It was -- I read that with a lot of interest just
26 reflecting on my firsthand experiences. But, it's a

1 very, very important role under the federal acquisition
2 regulation.

3 Important, obviously, you're not warranted
4 like a contracting officer, but they often just don't
5 have the expertise to know if the government is getting
6 good value for the dollar and that's what the
7 contracting officer's representatives do.

8 So, thank you for looking at that area.

9 I've described in past meetings that I
10 think that initiatives like Project Aim often have an
11 evolution through three stages.

12 The first of which is deeply activity
13 based. You look a lot at what are we doing? What is
14 the set of activities and work scope?

15 And, we went through that, I think, very
16 squarely and the re-baselining process.

17 The second phase, as I view it, is moving
18 from activity to process. And so, I assess the
19 presentations today are about that process step, we call
20 it business process improvement.

21 There are business process improvement
22 activities occurring. Notably in NRR that really
23 aren't connected to Project Aim, but still, the Agency
24 as a whole is looking a lot at process.

25 And, when Victor's opening talked about the
26 efficiency principle, I see that as just heart and soul

1 of process, how efficient are we?

2 We've kind of looked at what we're doing,
3 but how are we going about doing it?

4 The third and final stage often, and I
5 should mentioned, I feel the increase and complexity and
6 difficulty as you go through the stages, the final stage
7 is structure.

8 And so -- or organization or kind of how do
9 we organize ourselves in order to carry out these more
10 efficient processes for the set of activities we now
11 assessed and decided are adequate?

12 We heard some about that when Dan was
13 talking about the evaluation of further consolidation
14 of the materials program. Passing mention has been
15 made of the paper that is also pending before the
16 Commission on the proposed merger of the Office of New
17 Reactors and NRR.

18 So, I see that as -- and, the stages, in my
19 view, aren't clean. You know, they bleed over a little
20 bit. I think you'll continue to look at activities
21 throughout. Process improvement is just an ongoing
22 culture of the Agency.

23 But, I see us as so squarely in the throws,
24 really, of almost all of the stages because we're -- and,
25 we are kind of, in a sense, at that halfway point. So,
26 I see all of this as being very natural.

1 One question that, as much as I always think
2 I have the pieces of kind of people and funding and
3 organization and activities, I think I have it figured
4 out and then I read things that, all of a sudden, I'm
5 back to square one with a question.

6 There is a lot of external interest in
7 Project Aim and so our Commission has testified a number
8 of times before our oversight committees in the
9 Congress.

10 We continue to be confronted with the
11 question that there aren't any real savings from Aim.
12 And so, but this is a very particular question.

13 This being the fourth quarter of the FY 16
14 fiscal year, we're engaged in a process of what we call
15 the shortfall process. Programs that have under
16 executed the budget, not as performance matter, but
17 simply because the work was executed in a way
18 differently than was planned at the beginning of the
19 year, have identified funds and identified those as
20 being available for other uses.

21 So, the Commission engages with the staff
22 in looking at a set of activities where money could be
23 reallocated.

24 We now have, by today's report, was it 66
25 of the 150 items under the re-baselining? We've
26 completed that activity. The money that's being turned

1 back in, is that the savings?

2 Because there's also the requirement to
3 expend appropriated funds. So, all of a sudden, I
4 became not confident that we weren't actually
5 reallocating those savings and then that, to my mind,
6 plays into that question of, are there any real savings
7 from Aim?

8 Because, whatever it is that we did with the
9 66 items, we're now spending all that money on expanding
10 this type of activity or doing more of something else.

11 How do we answer that?

12 MS. WYLIE: So, most of the savings that we
13 see or we're projecting forward into '17.

14 If you'll recall, the fundamental basis of
15 our re-baselining activity was our '17 congressional
16 budget justification.

17 So, our work here in the second and third
18 quarters of 2016 is to get us ready to not need those
19 resources in '17.

20 There have been some minor savings. I can
21 use as an example, I found some savings in one of my
22 information systems by moving to a cloud provider.

23 Those are the kinds of things that we'll not
24 need in the future because that's part of our operations
25 and maintenance, but I'm using those resources today
26 internal to the system to try to make it more efficient.

1 COMMISSIONER SVINICKI: But, do you think
2 any of this could contribute to some of the
3 communications disconnect with our oversight
4 committees about the fact that, if money is -- even if
5 it wasn't planned that there would be savings in FY 16,
6 if there are accidentally any.

7 I just, I was wondering if there was any
8 message of clarity that could help us on this point?

9 MS. WYLIE: So, we did make some
10 substantial savings to our budget in order to execute
11 the 990 that we received. And, we have -- so, not as
12 a part necessarily of Project Aim, but as a part of our
13 own efficiency reviews.

14 We have met with our external stakeholders
15 and congressional staff in a variety of settings in
16 order to explain to them where we've had actual savings
17 into 2016, where we project savings in 2017 and where
18 the Agency is continued to move toward efficiencies in
19 the future.

20 So, part of the challenges that we're
21 operating in several fiscal years at the same time.

22 COMMISSIONER SVINICKI: Yes.

23 MS. WYLIE: And so, I would just remind
24 some of those external stakeholders, our original
25 Congressional budget request for 2016 was a billion, 20
26 million.

1 We identified to our appropriations
2 subcommittees that we would need less because of our own
3 analysis. You provided that to our appropriations
4 committees and we were marked at 990 for 2016.

5 The re-baselining initiative, when coupled
6 with our congressional budget justification, continued
7 to demonstrate our future resource needs being lowered
8 as a result of Project Aim.

9 COMMISSIONER SVINICKI: And, I know it's a
10 very complicated communications picture and I'm aware
11 of the level of engagement that even you and Victor
12 personally have had with a number of congressional
13 staff.

14 I encourage you to continue to do that. I
15 know it's complicated, any meetings where we all have
16 to sit and look at spreadsheets together are
17 communication challenged. And, I understand that.

18 I, myself, have invested time to sit with
19 you both and also with some congressional staff to try
20 to understand where some of our misunderstandings are
21 or if we could at least begin with the same bases then
22 we can have discussions from there about what is needed
23 or what is viewed as adequate or inadequate.

24 But, when we find that we're not even
25 speaking off of the same set, it's very difficult.

26 So, I think it will continue to be

1 difficult. I'm a very pragmatic person, but we'll just
2 have to continue to do our best.

3 I want to spend a few minutes on the third
4 stage of initiatives like Aim which is structure or
5 organization.

6 It's always scary when Commissioners bring
7 their copies of the SECY papers and they've got
8 highlights and little sticky flags and things on them.

9 I appreciate -- I think, you know, a lot of
10 good work has been done both on the NRO/NRR merger paper
11 and the paper on the materials program evaluation and
12 recommendation.

13 But, I assess this all -- I put it maybe
14 similar to Chairman Burns through the prism of the
15 filter of my experiences, both here and throughout my
16 time in federal government service. And, I can arrive
17 at some slightly different conclusions.

18 I would note that, in the paper on materials
19 program evaluation, I am not sure they intended to do
20 this, but they very helpfully gave very concise history
21 of some of the changes and responsibilities and
22 functions in the Region.

23 And, I had known, of course, that there was
24 an NRC Region V office in the past and that it had, at
25 some point, been absorbed into Region IV.

26 But, this very telling to me. And, you

1 have to remember, I read these two papers in concert
2 again yesterday afternoon. So, sometimes, you leap
3 from one paper to another.

4 But, it says the Commission decided in
5 September of 1993 to consolidate Regions IV and V into
6 single Region.

7 On April 4th, 1994, NRC Region V was
8 abolished and Region IV took on the expanded.

9 That is seven months time. So, I'm not
10 saying that that wasn't a challenging thing to undergo,
11 but when I pick up the NRO/NRR merger paper and look at
12 it, I, you know, the staff said they looked at a lot of
13 uncertainty and couldn't really determine a time or a
14 date that would be advisable for this merger.

15 Now, I conclude very differently, based on
16 the staff's own words. I mean, right in here, here is
17 something that the staff wrote.

18 Reduced workloads and declining Agency
19 budgets in coming years are expected to require
20 reductions in staffing level. The merger of NRO and NRR
21 can support decreasing staff levels by reducing
22 duplication and overlap of functions.

23 The consolidation will further enable the
24 sharing of staff between the two business lines so that
25 the Agency has the right staff in the right place at the
26 right time.

1 In 2015, the Agency shifted NRO staff to NRR
2 to support licensing work. And, more recently, NRR
3 staff have been shifted to NRO to help with COL related
4 hearings.

5 Commissioner Ostendorff shared his views
6 on this merger before he left his service on the
7 Commission and he reflected that, when he came and the
8 metric was the same when I came a few years earlier that
9 him, we had applications, 16 COL applications in-house
10 for 28 new units.

11 And, over the course of the next 11 months,
12 next week we'll do the Levy mandatory hearing and
13 there's the potential for other COL work to be
14 concluded, I think, over the next year, year and a half.

15 So, I think the Chairman used the term in
16 the operating reactor business line meeting is that
17 there's not going to be a Goldilocks moment of just
18 right.

19 I know that the folks who did the
20 consolidation and merger of Region V into Region IV, I
21 don't know them, but it isn't my observation that they
22 were inherently more capable than us, smarter than us,
23 better than us.

24 And, I think that there can be a flagging
25 in your energy and your belief in what you're capable
26 of.

1 I also made the same comment at the
2 operating reactor business line meeting of NRR had
3 presented that it was difficult to do 800 or 900
4 licensing actions year.

5 For the first few years that I was here,
6 they capably did 1,500 licensing actions a year and in
7 meeting their one year timeliness metric for
8 noncomplicated ones, they achieved that. The goal was
9 95 percent and they did 98 percent of those in that time.

10 So, you know, I'm going to conclude with a
11 commentary.

12 Last week, I was at -- visited the Dairyland
13 La Crosse Reactor decommissioning. And, if you're
14 familiar with the Atomic Energy Commission history,
15 early on, it was viewed that small, maybe not modular,
16 but small reactors could help in the rural
17 electrification process which we were still, in the
18 1950s, not all parts of America had equal access to
19 electricity.

20 So, they, you know, had this amazing
21 boldness to plunk down these 50 megawatt reactors in the
22 middle of the rolling countryside of Wisconsin on the
23 Mississippi River.

24 And, driving up there, I just was reminded
25 that some aspect of what you achieve is how much you
26 believe in yourself and how bold you are willing to be.

1 So, I agree with the Chairman that change
2 is constant. I agree that there isn't a Goldilocks
3 moment.

4 I'm sure that the people in Region IV and
5 Region V didn't think it was the Goldilocks moment for
6 the abolishment of Region V.

7 But, I mixed up my Yul Brenner references
8 in the last meeting, I had said that in The King and I,
9 he said, so let it be written, so let it be done. That
10 was Pharaoh in The Ten Commandments.

11 But, it was Yul Brenner in both cases.
12 And, in the King and I, he was quite dictatorial in The
13 King and I, I just didn't have the dialogue right.

14 But, I think I'm arriving on the merger in
15 the same place that others are doing, which is that, if
16 we don't aim for something, we won't know if we're ever
17 getting there.

18 So, I'll close with that. Thank you, Mr.
19 Chairman.

20 CHAIRMAN BURNS: Thank you.

21 Commissioner Baran

22 COMMISSIONER BARAN: Thanks.

23 Well, I really appreciate the discussion
24 Commissioner Svinicki and Maureen had a little bit about
25 walking us through how are these savings being realized,
26 what are we seeing, because the reductions have really

1 been pretty significant.

2 And, I think it's a good time to pause for
3 a moment, take stock of where we are on this Project Aim
4 effort.

5 Because, I think it's easy to lose sight of
6 how far we've come in a relatively short period of time.

7 The Agency will start this next fiscal
8 year, fiscal year 2017 at around 3,348 FTE as a result
9 of all of our Project Aim efforts, including early
10 retirements and buyouts.

11 So, that means that we'll have reduced our
12 workforce by nearly ten percent in just two years. With
13 this reduction, we'll be well on our way, I think, to
14 achieving one of our main goals which is to align the
15 Agency's resources with our current expected workload.

16 In a few months, our FTE levels will be back
17 where they were in 2007 when the Agency was preparing
18 for the expected wave of new reactor applications.
19 That's a major accomplishment to get back to that level
20 where we were in 2007.

21 There may be some further FTE reductions in
22 corporate support or as a result of more efficient
23 processes in other areas, as Commissioner Svinicki
24 alluded to in terms of business process improvements.
25 I think we'll see additional efficiencies down the road.

26 But, I also think there's a strong case to

1 be made that the Agency will soon be correctly sized for
2 our workload.

3 We have work to do in making our Agency more
4 agile and ensuring that we have the right skill sets in
5 the right places. And, we need to internalize and
6 enduring focus on efficiency.

7 But, I think we're quickly approaching the
8 right FTE level for our Agency with the workload we have
9 and project.

10 So, I want to thank everyone for your
11 contributions and recognize, really, what I think we've
12 all accomplished which is really significant in just a
13 couple short years.

14 Now, with that, I'd like to ask about the
15 staff's recently completed evaluation of whether it
16 makes sense to further consolidate the regional
17 materials program.

18 Dan, as you noted, the staff recommends
19 keeping the materials program at Regions I, III and IV,
20 but reducing each of the three Regions supervisory or
21 nontechnical staff by two FTE for a total of six FTE.

22 The paper says that each Region would
23 determine the specific positions to be reduced and
24 implement those reductions in fiscal year 2018.

25 So, I have a few questions about this and,
26 Dan, if you want to answer or if others want to jump in.

1 whether or not the changes that are associated with the
2 power reactors that are going to be decommissioning will
3 lead to organizational changes in more than just the
4 Division of Nuclear Materials Safety.

5 So, within -- if you look at the entire
6 region overall, they're considering whether or not
7 there will be some realignment of functions or perhaps
8 some internal reorganizations that would allow them to
9 shrink the number of branches.

10 COMMISSIONER BARAN: Okay.

11 MR. COLLINS: So, it's not just within
12 DNMS. Other Regions think that they may be able to
13 accommodate that reduction just by combining branches
14 within their DNMS divisions.

15 But, each of the Regions is still working
16 on that.

17 COMMISSIONER BARAN: Okay.

18 And, one of the questions I had when I was
19 reading the paper is that, because we're talking about
20 supervisory or nontechnical FTE, I started wondering
21 how this relates to some of the other initiatives we have
22 going? The ongoing efforts to reduce the number of
23 supervisors Agency-wide and to reduce corporate support
24 FTE?

25 And, the question that it kind of raised for
26 me is, you know, how would these six FTE reductions

1 relate to those other initiatives? And, if they are to
2 get involved supervisors or corporate support, does it
3 make sense -- more sense to address them in these broader
4 initiatives?

5 MS. WYLIE: So, if I may, we have over
6 budget years past and had an effort to reduce the number
7 of supervisors. But, we also recognize that span of
8 control and related to the span of the work that must
9 be done is somewhat variable here in the materials
10 decommissioning space.

11 We are being very careful not to
12 double-book the savings associated with them. But, we
13 are working to allow the Regional Administrators to take
14 a holistic approach.

15 This does not relate specifically to the
16 efforts associated with support staff. We may see
17 reductions to administrative assistant positions on a
18 very specific basis Region to Region. But, what we're
19 doing in the supporting staff space is trying to build
20 through the task force that's been chartered, a more
21 ground up -- what I really -- do I really need all of
22 the support staff that I have in the configuration that
23 I do if I could start over?

24 So, they're related only in that we've
25 asked the Regional Administrators to think hard about
26 their structure overall.

1 COMMISSIONER BARAN: Okay. And so, from
2 your perspective, you think it makes sense to have this
3 kind of separate initiative going forward on these
4 particular six FTE apart from any broader efforts we
5 have going on?

6 MS. WYLIE: I do, because I want to make
7 sure that we don't cripple the mission delivery part of
8 the DNMS function in our desire to standardize the
9 support staff and supervisory ratios.

10 COMMISSIONER BARAN: Did you want to add
11 something?

12 MR. MCCREE: Only, importantly, and
13 Maureen indicated it in the response. You asked what
14 are the specific positions? We believe that it's
15 prudent to give the Regional Administrators the
16 flexibility in determining how and where they apply the
17 reduction.

18 And, integrated holistically, there are
19 several initiatives underway, as Maureen alluded to,
20 the support staff tasking.

21 But, they will, because they have a
22 self-interest, if you would, in assuring that the Region
23 is still effective and accomplishing its mission, but
24 we certainly want to give them the flexibility to apply
25 that.

26 MS. WYLIE: If I could just add very

1 briefly.

2 COMMISSIONER BARAN: Sure.

3 MS. WYLIE: An important part of the
4 proposal from staff is that we will standardize
5 approaches to the work, standardize the use of WBL,
6 standardize how the Regions are conducting certain
7 activities and that will help contribute to this
8 efficiency.

9 So, looking sort of upstream in the
10 business practice from the Regions around licensing and
11 billing, I think there are efficiencies to be gained
12 there that are a necessary part of what the Regional
13 Administrators are doing.

14 COMMISSIONER BARAN: Let me ask Vic and
15 Maureen, just to close, a broader question and this is
16 something we are all obviously aware of and it's been
17 alluded to several times, which is that we're going
18 through a lot of change right now.

19 And, frankly, some of those changes involve
20 cuts. Cuts to travel, cuts to training, corporate
21 services.

22 What's your sense, today, of our employee
23 morale on this? What are the biggest concerns you're
24 hearing from folks about the changes that we're seeing
25 and what are we doing to address concerns that we're
26 hearing?

1 MR. MCCREE: So, most important, people
2 are doing their jobs. You know, the mission is being
3 accomplished well and there's evidence of that on a
4 daily basis.

5 But, we can't overlook the fact that we are
6 receiving questions, either directly through "Ask the
7 EDO" or anecdotally or otherwise, that folks want to
8 understand where we're headed and why. And, that's
9 understandable, I think, in any change, especially if
10 it's a long-term, enduring, you know, change to ask
11 those questions.

12 And, the effort that we have underway to
13 communicate better is intended to enable everyone to
14 have the same level of understanding of where we're
15 headed.

16 And, I think that's the best that we can do
17 in an environment of significant change. And, there
18 are number of enablers for people to make that change
19 and still stay focused on what's important and that's
20 what we've been focused on.

21 MS. WYLIE: I do hear a certain amount of
22 change fatigue. You know, part of our communications
23 effort is for Vic and I to go out and talk to people,
24 groups big and small.

25 The feedback we get through "Ask the EDO"
26 that I hear through my employees, are we done? And, I

1 think in part it's because 2016 is a pivotal year. We
2 transitioned from what should we be doing to we have a
3 task, we're executing the task, we're driving hard to
4 bring the Aim implementation tasks to closure.

5 And, that happens at the same time of a
6 congressional oversight cycle that's been fairly
7 intensive for us.

8 So, I think that part of the reason that
9 employees are concerned is that, not only are the things
10 changing today on their desktop, but they're working on
11 the next level of change to come for '17.

12 So, the way the implementation goes, some
13 people are affected more than others or earlier than
14 others. But, by the time we get done implementing all
15 of Project Aim, it's really going to reach every nook
16 and cranny of the Agency.

17 So, I think that's part of it. It's almost
18 like a wave effect. The wave of change is moving across
19 the Agency. More people grow concerned, even though,
20 for some of us, we feel like we've been at it for two
21 years. Right?

22 So, we have to be cognizant that change is
23 just coming to some of our employees and we have to be
24 as open with them and as straightforward with them as
25 we can be about what's left to do.

26 MR. MCCREE: And, if I could add on. One

1 of the challenges with that is that it does become a
2 potential distraction. So, we have to be aware of that
3 and alert to indicators that folks are becoming
4 distracted from what's most important and that is
5 getting the job done. So, that's part of the
6 conversation as well.

7 COMMISSIONER BARAN: Thank you.
8 Appreciate it.

9 CHAIRMAN BURNS: Okay, thanks.

10 And, I'll invite Sheryl Burrows, the
11 National Treasury Employees Union Chapter President for
12 Union remarks.

13 Good morning, Sheryl.

14 MS. BURROWS: Good morning, Chairman
15 Burns, Commissioners, EDO McCree, senior leaders,
16 managers and bargaining unit employees.

17 Several of our newly elected officers and
18 stewards join me here this morning.

19 NTEU, it is important to reiterate, is the
20 exclusive representative of our bargaining unit
21 employees.

22 NTEU appreciates this time to provide a few
23 comments on this Commission briefing on Project Aim.

24 An important outcome of Project Aim that I
25 would like to first mention this morning is the progress
26 that NTEU has seen in Union labor partnership.

1 NTEU representatives, some officers, some
2 stewards and some members have been involved on several
3 of the Agency working groups that have developed
4 recommendations that the Commission has either voted on
5 or is currently reviewing.

6 NTEU asked to be involved at the beginning
7 of the process rather than jumping in at the
8 implementation phase because we understood how
9 important it is to understand the context within which
10 the various recommendations have been developed.

11 NTEU believes that many of the Agency
12 leaders and managers have encouraged the various
13 working groups to include NTEU and that these groups
14 have really listened to NTEU's comments and concerns as
15 recommendations have been developed.

16 These successes have led to additional
17 opportunities for NTEU and the Agency to involve a
18 non-adversarial predecisional partnership involving,
19 for example, the change management discussions focusing
20 on change management at the Agency level and the current
21 revision of the strategic plan for 2018 through 2022.

22 NTEU believes that creating and sustaining
23 meaningful partnership will contribute to a healthier
24 organizational culture that will not only benefit our
25 bargaining unit employees but the Agency as well.

26 Over the past few months 2020 has been

1 removed from the Project Aim 2020 title in recognition
2 that the results of the activities associated with this
3 initiative will be with Agency well beyond 2020.

4 Likewise, the target symbol on the Project
5 Aim logo has been removed.

6 This may be less appropriate since Project
7 Aim should be targeting changes that will assist the NRC
8 in adapting to the dynamic political and economic
9 environment the Agency faces today and into the future.

10 However, the shared understanding of what
11 Project Aim is and what it means for our employees is,
12 unfortunately, something of a moving target.

13 This is what I would like to focus my
14 remarks on this morning.

15 Since June 2014, when Project Aim was
16 launched, a lot of thought, passion, hours and effort
17 has gone into it.

18 The Agency has completed several of the 19
19 activities associated with Project Aim. That is why,
20 at this very important stage of this initiative, when
21 the Agency has begun to implement the recommendation
22 that the Commission has approved, NTEU is surprised at
23 what appears to be a shift in discussions surrounding
24 Project Aim.

25 Noticeably, during the last week, NTEU has
26 observed some leaders and managers apparently backing

1 away from using the term Project Aim in discussions
2 involving the very topics that have been at the center
3 of this initiative.

4 Unlike previous statements that Project
5 Aim is a cultural change, this week, NTEU heard two of
6 our Agency leaders describe it as a project with a
7 discrete beginning and an end.

8 At an all-hands meeting, NTEU heard a
9 Division Director provide information on the recently
10 held all supervisors meeting.

11 Throughout his remarks, he never once
12 mentioned the term Project Aim, even though the all
13 supervisors meeting was advertised in the EDO update as
14 an opportunity to ask questions pertaining to Project
15 Aim specifically.

16 In fact, if in fact Project Aim is a
17 project, our leadership needs to engage our employees
18 to discuss what this means.

19 Additionally, our leadership should
20 provide some context for this shift since the majority
21 of the Agency is still focused on the Project Aim that
22 was described as a cultural change.

23 This apparent dichotomy without such
24 context will only create more confusion for our
25 bargaining unit employees.

26 Perhaps the shift is occurring because, as

1 NTEU mentioned at the last EEO Commission briefing,
2 Project Aim seems to be losing some of its initial
3 momentum.

4 Instilling a cultural change as Project Aim
5 has been described, takes strong leadership and
6 fortitude as well as vision and strategies.

7 Some of those strategies specifically
8 designed to help an organization get through times when
9 morale lags.

10 As textbooks on change management
11 emphasize, there are certain points to reorganizational
12 change when this occurs. And, during these times -- and
13 it is during these times that members of the
14 organization who are not invested in its success in the
15 first place, if allowed, will get a strong hold and
16 negate progress that has been made.

17 This loss of momentum affects management
18 but it, likewise, impacts employees. The Agency and
19 NTEU have experienced this firsthand.

20 Employees showed interest in attending the
21 initial focus groups formed to discuss scenarios for a
22 future NRC. Employees, when asked, provided a
23 multitude of ways that the Agency might consider saving
24 resources before prioritization and re-baselining
25 began.

26 However, over the last year, it has become

1 increasingly difficult to get employees to comment or
2 ask questions about Project Aim.

3 In the current political and economic
4 environment that is indeed dynamic, this is with us for
5 better or worse. The good work the Agency has
6 accomplished through the activities associated with
7 Project Aim should not be lost because morale is
8 lagging, rather, this good work should be used to infuse
9 the Agency's vision of how it will engage its mission,
10 always keeping front and center that our employees are
11 our greatest resource.

12 I would like to return to a theme that NTEU
13 has stressed when TABs was launched that is, one,
14 employees must understand their roles and
15 responsibilities.

16 Two, employees must have appropriate
17 processes and procedures in place.

18 And, three, employees must be able to take
19 the training they need in order to be successful.

20 What Project Aim has added to this theme is
21 that our employees must have supervisors who have real
22 leadership skills to help their employees maneuver
23 through the current challenges.

24 Never has this been more important than it
25 is now. Since Project Aim began, and employees are
26 being told that they should strive to be more fungible.

1 Although a term of art, the Agency is using
2 to describe staff's ability to be agile, to be fungible
3 is literally to be interchangeable.

4 If our staff is to be indeed fungible, it
5 is tremendously important that, as they move from role
6 to role, they understand what that role is and what the
7 responsibilities it entails.

8 It is tremendously important that
9 employees understand the processes and procedures that
10 they can use to do their work and that they must have
11 to work with their colleagues.

12 Finally, employees must have supervisors
13 who understand the difficulties associated with a
14 changing environment and that, in the realm of training,
15 have a grasp not only of the requisite skills their
16 employees need to engage their work effectively, but
17 also how to encourage initiative and growth when
18 resources are just not there.

19 Employees should be able to clearly
20 understand what is necessary for them to be successful
21 and know what their supervisors -- and know that their
22 supervisors will work with them to make things happen.

23 While this may all seem obvious, I would
24 offer as an example, the COR process standardization
25 initiative where this doesn't seem to be occurring.

26 COR issues, especially with respect to

1 standardization, an area where TABs has already muddied
2 the water, still have not been resolved.

3 The CORs, as we have heard from several
4 affected employees are still struggling with issues
5 related to a lack of roles and responsibilities.

6 A lack of useful procedures and a lack of
7 appropriate training that dates back over four years.
8 And, this has not just been NTEU's observation since
9 some of these concerns are contained in Inspector
10 General Report OIG-15-A-01, assessment of the most
11 serious management and performance challenges facing
12 the NRC dated October 6th, 2015.

13 As one COR describes it, and I quote, there
14 continues to be confusion amongst the CORs in my
15 division who are thrown into the position with little
16 preparation or support from management.

17 This example is not limited to CORs. While
18 NTEU does not dispute that employees will have to become
19 more agile, what NTEU is concerned about is that our
20 fungible employees will be reassigned to other
21 positions where supervisors will insist they continue
22 to meet metrics with new work that they're less familiar
23 with, that they will be working in environment where
24 processes and procedures are still not available and
25 that they will be working in an environment in which
26 training opportunities are still not well defined or are

1 not available.

2 In fact, employees are concerned about
3 several issues that are associated with Project Aim that
4 Project Aim may not be able to address.

5 One of these, the most basic concern is job
6 security. Am I going to be working next year?

7 Through Project Aim communications,
8 leaders are sharing FTE numbers for 2016 and 2017 that
9 may indeed apply to 2016 and '17. But, these numbers
10 do not appear to be in line with what our Congress
11 believes our FTEs should be.

12 In every congressional oversight hearing
13 over the last year addressing the Agency's budget,
14 someone at one of the committees has commented that,
15 while Project Aim is a good start, they're looking for
16 a cut in staffing numbers that is commensurate with the
17 FTE that the NRC has attained or has projected.

18 NTEU recognizes that Project Aim is not a
19 cure all. However, NTEU believes that thinking about
20 Project Aim as it was initially described, that is, as
21 a proactive response to the challenges created by a
22 dynamic environment can be used to re-energize our
23 employees.

24 But, our bargaining unit employees need
25 more transparency in the communications from our
26 leaders, not just communications that are developed to

1 meet expectations.

2 We have a very astute workforce here at the
3 NRC. Our employees deserve robust discussions
4 addressing the who, what and how of the NRC in the near
5 future and beyond.

6 NTEU becomes concerned when our employees
7 stop asking questions. When, for example, more
8 employees decide not to respond to the FEVS Survey which
9 occurred when the response dropped from 74.5 percent in
10 2015 to 59.8 percent this year.

11 There is an old adage that says, leaders who
12 don't listen will eventually be surrounded by people who
13 have nothing to say.

14 Cultural change or project, Project Aim is
15 about change management. NTEU respectfully wishes to
16 impress upon you that our employees are still unclear
17 after two plus years what Project Aim means for them,
18 even though they expressed to NTEU that they do want to
19 be engaged.

20 Studies on change management consistently
21 point out that successful change requires, first, that
22 the case must be made that change is urgently needed and
23 necessary for the survival of the organization.

24 Second, that leadership provides a vision
25 and strategies to further that vision which include
26 developing metrics.

1 Third, leaders continually pulse their
2 employees to be sure the envisioned change is on track.

3 And, finally, that leaders are down in the
4 trenches with their employees, working toward the
5 success of the envisioned change.

6 While NTEU is happy that we are meeting with
7 the Agency more regularly and more effectively at the
8 partnership table as advocates for our bargaining unit
9 employees who are down in the trenches, NTEU must ensure
10 that this metric is not lost.

11 Thank you.

12 CHAIRMAN BURNS: Thanks, Sheryl.

13 I appreciate, again, the presentations
14 today. I think we've provided a good overview of some
15 of the progress to date on the activities under Project
16 Aim to try to address some of the ways we can be more
17 effective and efficient.

18 And, again, I appreciate the comments from
19 NTEU.

20 Unless there is anything else from my
21 colleagues, we'll stand adjourned.

22 (Whereupon, the above-entitled matter went
23 off the record at 11:06 a.m.)