



OFFICE OF THE
SECRETARY

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

May 9, 1980

COMMISSION DETERMINATION REGARDING PUBLIC DISCLOSURE
UNDER THE GOVERNMENT IN THE SUNSHINE ACT OF:

Transcript of Discussion of Final Budget Markup
December 11, 1978

The Commission previously determined that the subject transcript should be withheld from public disclosure until the Commission's FY-80 Appropriation became law.

Following enactment into law of the Commission's FY-80 Appropriation, the Secretary of the Commission, upon the advice of the General Counsel, determined that the subject transcript should be released in its entirety.

Samuel J. Chilk
Secretary of the Commission

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ORIGINAL

NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

CLOSED MEETING - Exemption 9

DISCUSSION OF FINAL BUDGET MARK

Place - Washington, D. C.

Date - Monday, 11 December 1978

Pages 1-40

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

CLOSED MEETING - Exemption 9

DISCUSSION OF FINAL BUDGET MARK

Room 1130
1717 H Street, N. W.
Washington, D. C.

Monday, 11 December 1978

The commission met, pursuant to notice, at 4:00 p.m.

BEFORE:

- DR. JOSEPH M. HENDRIE, Chairman
- VICTOR GILINSKY, Commissioner
- RICHARD T. KENNEDY, Commissioner
- PETER A. BRADFORD, Commissioner
- JOHN F. AHEARNE, Commissioner

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

2 CHAIRMAN HENDRIE: This piece of the afternoon's
3 agenda involves a report to you and dicussion of the final
4 budget mark. It's a closed meeting, and we are holding it
5 fairly close as part of, in effect, the budget strategy
6 meetings for Fiscal Year '80, and this tape will be
7 transcribed. The transcription of this meeting will be
8 released barring any privacy or classifying matters at a
9 time when the fiscal budget has been acted upon, you know,
10 as a matter of law and is underway, just as we have done
11 with other meetings during budget stages.

12 Vic stated that it would be useful to have a meeting like
13 this before the event got too far out of line. What I will
14 report on is the discussions with OMB which took place, I
15 guess, a week ago Friday, and where our sort of final round
16 discussion with people.

17 Maybe as a prelude to that, though, what I will do is let
18 Len, if you have some descriptive discussion to go along with
19 this, maybe I ought to uncork you.

20 MR. BARRY: I will just refresh your recollection.
21 We passed these summary sheets out to you here.

22 CHAIRMAN HENDRIE: You did pass them out?

23 Oh, yes, you did.

24 MR. BARRY: We gave them to Stan's people early this
25 morning.

gsh

1 CHAIRMAN HENDRIE: Yes. I seem to have all kinds of
2 things.

3 MR. BARRY: I think we can concentrate our attention
4 on that sheet. You recall the commission approved for your
5 Fiscal Year '80 budget \$389.1 million.

6 OMB's initial mark came back at \$363.6 million, as you
7 can see, or \$25 million less than we requested.

8 We had a second.

9 MR. CHILK: Would you mind sticking the mike on?

10 MR. BARRY: We had a second meeting with the
11 chairman, Lee Marceau and Elliot Cutler level, along with the
12 OMB examiners. And they put \$5 million back into the
13 budget — \$3 million in breeder, \$1 million in improved safety
14 and I guess there was \$1 million in primary systems integrity
15 and 10 people.

16 From a dollar standpoint, we would end up with \$20 million
17 less than we requested. What happened to the \$20 million?
18 Well, \$50 million of it is in research. Just a little over
19 \$1 million is in nuclear material safety and safeguards. And
20 let me give you a couple explanations on those, and we will
21 get back to research.

22 Nuclear material, safety and safeguards, their rationale
23 was that the mill talking work that DoE is going to do and
24 the work that we will be doing with them is going to be much
25 slower than originally anticipated. And in the view of DoE,

gsh

1 probably two years off. And on that basis, we didn't need
2 quite as much money as we would have needed to stay up with
3 DoE on that program.

4 \$2 million reduction was in PDA administration.

5 COMMISSIONER GILINSKY: Which chart are you following
6 now?

7 MR. BARRY: We are on this one right here.

8 COMMISSIONER GILINSKY: The bottom line?

9 MR. BARRY: \$2 million of the reduction was for
10 document control systems, document retrieval. There we had
11 a \$2 million item in there that said if we purchased the
12 document control equipment that we are about to, well, in
13 fact, we are beginning to operate now, we could probably
14 save about \$2 million in lieu of leasing it over a period of
15 time as a cost avoidance item.

16 Their point was times are tough. We are willing to go on
17 with the lease cost, rather than the cost avoidance. And so
18 they took the \$2 million out.

19 And it was about roughly \$2 million worth of reduction
20 because they reduced our request by 66 people and some travel
21 and a little more administrative report in conjunction with
22 the people.

23 So that the main reduction is in research. And let me cover
24 that with you in about 90 seconds here.

25 COMMISSIONER GILINSKY: Let me understand that \$2

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1 million was for buying exactly what?

2 MR. BARRY: The equipment that we will be using for
3 the microfish and so on.

4 COMMISSIONER AHEARNE: Instead of leasing it?

5 MR. BARRY: Instead of leasing it over several years,
6 we would purchase it. And I think it was over a 5-year period
7 of time.

8 COMMISSIONER GILINSKY: What were you talking about?
9 What kind of equipment?

10 MR. BARRY: It is the microfishing equipment, the
11 processing equipment.

12 CHAIRMAN HENDRIE: Not the computers?

13 COMMISSIONER AHEARNE: The equipment we already are
14 using.

15 MR. BARRY: Yes, the equipment we already are using.
16 With this contract we have with the company --

17 COMMISSIONER GILINSKY: The equipment that turns out
18 the microfishes, or what?

19 MR. BARRY: Yes, that's correct. Not the microfish
20 itself, but the equipment that produces the microfish, the
21 processing equipment. It is rather expensive equipment. And
22 by purchasing it over a five-year lease period, you can save
23 some money.

24 CHAIRMAN HENDRIE: If we budgeted it in a five-year
25 plan, that would have been a good move.

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gsh

1 MR. BARRY: Would have been a good buy.

2 CHAIRMAN HENDRIE: A year-to-year budget, why, it's
3 tough to beat just paying the lease.

4 MR. BARRY: Okay. So what we are really talking
5 about, then, is how about the \$15 million in research, what
6 really came out.

7 COMMISSIONER GILINSKY: Let me just ask you a question
8 about it again. Isn't that program up for review at some
9 point?

10 MR. BARRY: Yes.

11 COMMISSIONER GILINSKY: What would have been the
12 effect of buying the equipment?

13 MR. GOSSICK: It wouldn't be until '80, anyway.

14 COMMISSIONER GILINSKY: I see. You would have
15 reviewed it before we bought it.

16 MR. BARRY: Yes. We would have budgeted for the
17 funds. And then, the \$2 million would have been in the budget.
18 But if we had decided to cancel the program or lessened the
19 scope of the thing, then, of course, in '80, we would not
20 have used that \$2 million to buy it, of course, or we would
21 have bought a lesser portion, depending on where the program
22 grows once the commission looks at it or reviews it.

23 COMMISSIONER GILINSKY: It is academic now.

24 MR. BARRY: Yes, unless we continue to lease.

25 Okay, in research, the \$50 million reduction. \$3.5 million

gsh 1 of it is advanced converters, ASTGR. Administration
2 evidently has made a decision, but they are addressing it
3 with DoE that the Administration will no longer support any
4 research work in ASTGR. No more gas.

5 They zeroed DoE's budget so they consequently zeroed our
6 budget. And that was \$350 million.

7 MR. DIRCKS: It is all gas, right, gas coal breeders,
8 the whole thing?

9 MR. BARRY: Yes.

10 COMMISSIONER AHEARNE: But since they zeroed our part
11 of it, that is not on the basis it is now ready to be
12 commercial. It is that it is just not going to happen.

13 MR. BARRY: It is just not going to happen, yes.
14 That's correct, John.

15 . Now, DoE, we don't know whether they are going to appeal or
16 not. In talking to many mid-level management, oh, yes, they
17 were going to appeal. But, you know, that is mid-level
18 management.

19 COMMISSIONER GILINSKY: Who is going to appeal?

20 MR. BARRY: Appeal? DoE, for a gas program. They
21 had about \$20 million in there.

22 CHAIRMAN HENDRIE: \$25 million, and that was down
23 from \$40 million, or something.

24 MR. BARRY: Right.

25 CHAIRMAN HENDRIE: And they changed.

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gsh

1 MR. BARRY: No, DoE tells me they think they
2 will have that resolved one way or the other by the 15th,
3 which is the next few days.

4 COMMISSIONER GILINSKY: Is that going to affect our --

5 MR. BARRY: Yes. If they put money back into the
6 DoE program, they will put money back into our program. If
7 they don't, then they will not. They are also not permitting
8 us any funds for any kind of support of NASAP along the
9 same lines.

10 COMMISSIONER GILINSKY: What is the argument there?

11 CHAIRMAN HENDRIE: It is over. By '80, it's over.

12 COMMISSIONER AHEARNE: The point I was trying to make
13 on the ASTGR is that at least a year ago, the argument was
14 whether or not DoE ought to have money, or whether it was
15 far enough along so that if it was going to go, it would be
16 done commercially.

17 That argument would, I guess, have no impact upon whether
18 we had money. We would have to have money prepared to license
19 it.

20 But what Len is saying, I think, is that the decision
21 apparently is DoE is not going to do it, but at the same time
22 recognizing it is not going to be done.

23 MR. DIRCKS: I think they need a lot of money the
24 gas associates would have made.

25 COMMISSIONER AHEARNE: That consortium that was

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gsh 1 formed.

2 MR. DIRCKS: They wanted big dollars from the
3 Administration.

4 MR. BARRY: Another \$3.5 million they took out of
5 our research budget, was in improved safety. Do you recall
6 in the '78 authorization act, Congress asked us to get into
7 approved safety, change the law.

8 We submitted a plan last March, I believe it was, saying
9 we would like to, or we propose a \$150 million safety
10 program. We articulated the items and the areas.

11 Consequently, in the '80 budget, we put in \$4.4 million
12 as the first part of a three-year program for improved
13 safety.

14 COMMISSIONER GILINSKY: You are not reading from
15 the chart; you are just speaking from memory?

16 MR. BARRY: Yes.

17 COMMISSIONER AHEARNE: If you go very fast --

18 COMMISSIONER KENNEDY: It is on page 2.

19 CHAIRMAN HENDRIE: I'll find the line item.

20 MR. BARRY: Yes, go back to page 2. I'm sorry. I
21 live with these programs all the time.

22 CHAIRMAN HENDRIE: You get more of that narrative
23 than is revealed here, but at least this is the detailed line
24 item. And here is the converter's item that got bashed in toto.

25 MR. BARRY: I was kind of addressing it in order of

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gsh

1 magnitude. The improved safety program, as I was saying, we
2 went in for \$4.4 million. And it is the Administration's
3 view that in improved safety, we only ought to do scoping
4 work. And once we have scoped a program of what safety issues
5 or safety concepts ought to be pursued and further analysis
6 done and complete studies, it ought to be done by DoE.

7 COMMISSIONER GILINSKY: Does DoE do any LWRC safety
8 work?

9 MR. BARRY: They have not. Well, they used to. They
10 don't now, but they are going to.

11 COMMISSIONER GILINSKY: Well, they used to do what
12 we used to do.

13 MR. BARRY: That's exactly right.

14 CHAIRMAN HENDRIE: The pendulum has begun to swing
15 the other way again.

16 MR. BARRY: I think as a result of this, DoE put in
17 a request for improved safety work.

18 COMMISSIONER KENNEDY: How much?

19 COMMISSIONER GILINSKY: Where would that be done?

20 MR. BARRY: What part of DoE?

21 COMMISSIONER GILINSKY: Yes.

22 MR. BARRY: I can't really tell you.

23 COMMISSIONER AHEARNE: It would have to be done under
24 engineering technology.

25 COMMISSIONER GILINSKY: Where is that?

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1 COMMISSIONER AHEARNE: You mean what laboratory?

2 COMMISSIONER GILINSKY: No.

3 COMMISSIONER AHEARNE: It is under the assistant
4 secretary for energy technology.

5 COMMISSIONER GILINSKY: I thought you said
6 engineering technology.

7 COMMISSIONER AHEARNE: Well, no.

8 CHAIRMAN HENDRIE: Are you sure, John, because even
9 now --

10 COMMISSIONER AHEARNE: When I left, that's where
11 the debate was resolved. That is where it was going to end
12 up going.

13 CHAIRMAN HENDRIE: Is that where Barber is going to
14 go on that liaison group on safety research?

15 COMMISSIONER AHEARNE: At the moment, most likely,
16 since the only other alternative place would be --

17 CHAIRMAN HENDRIE: He has been hanging out under the
18 environment and safety section for, lo, these last three and
19 one-half years. And I just wondered if that was going to go,
20 too, because I thought they would probably want to package
21 that.

22 COMMISSIONER AHEARNE: That had been a decision to
23 put it under the --

24 MR. BARRY: It is an interesting comment,
25 Commissioner Gilinsky.

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gsh 1 COMMISSIONER KENNEDY: How much?

2 MR. BARRY: You mean how much are they going to put
3 into it?

4 COMMISSIONER KENNEDY: Yes.

5 MR. BARRY: I really don't know.

6 COMMISSIONER BRADFORD: I heard they were talking
7 about up to \$20 million.

8 COMMISSIONER GILINSKY: For the 1980 budget?

9 MR. DIRCKS: That is what they propose. That is
10 not what OMB is going to let them get away with.

11 CHAIRMAN HENDRIE: I'll bet you a cookie OMB is --

12 COMMISSIONER AHEARNE: \$3.3, appropriately modified
13 downward to take into account the different grade structure.

14 MR. BARRY: I would guess that is exactly right. OMB
15 will approve \$3.3 or \$3.5 because the first \$3.5 million of
16 their program has exactly the same description of the program
17 that we were proposing. They didn't borrow our program to
18 look at.

19 CHAIRMAN HENDRIE: I'm not sure whether to be
20 delighted at the compliment or outraged at the thievery.

21 MR. BARRY: They just took it and Xeroxed it and
22 changed the name and sent it in.

23 COMMISSIONER GILINSKY: And applied a multiplier.

24 MR. BARRY: Right. That's where we stand on that.
25 That puts the chairman and you gentlemen in a Catch-22

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gsh 1 situation because when you go up on the hill, the law says
2 we will do improved safety. I'm sure Senator Hart, if it is
3 not the first question, it will be the second question. And
4 that is, Mr. Chairman, how are you doing on improved safety,
5 and how much did you ask for?

6 CHAIRMAN HENDRIE: I am not going to answer.

7 COMMISSIONER KENNEDY: Superably, sir. We have it
8 all being done by the Department of Energy, where there is
9 plenty of money.

10 COMMISSIONER AHEARNE: I would have thought that the
11 question that the chairman has to be prepared to address is
12 do we want the \$4.3 million?

13 CHAIRMAN HENDRIE: I think as we get over toward the
14 February bash, I think we will have to come to some conclusion
15 on that.

16 I made it very clear in the discussion over there with
17 Cutler and company that we really had to recognize there was
18 strong Congressional interest in this, both sides of the
19 Hill. And this, ultimately, people decided we should work on
20 improved reactor safety at the \$1 million level instead of
21 \$4.3 million, we would go ahead like good soldiers and work
22 on it at the \$1 million level.

23 COMMISSIONER KENNEDY: Have we got a defined program
24 for \$1 million?

25 CHAIRMAN HENDRIE: But I told him that I expected

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gsh 1 there would be some difficulty over that, and very likely
2 Congressional mandate —

3 MR. BARRY: Yes.

4 CHAIRMAN HENDRIE: — to raise the level again which
5 is going to give me pain if it is at the cost of other things
6 and not an addition to the budget. But they have decided to
7 go this way. And okay, we can do the sort of scoping analyses
8 and first step off results that become available in the
9 confirmatory programs. And then these things can pass to
10 DoE for development.

11 The first year or two on these sorts of things could be
12 done on either side by either group. And if you want to
13 pass them earlier rather than a step down the line, I guess
14 that is not an irrational way to work.

15 It might be that the sensible thing to do would be to
16 try it for a year. And if we decide — a reasonable view
17 might be, well, let's see how well it goes over there. And
18 if it looks in a year it is just not going and we think we
19 could do that initial set of things much better, why, then,
20 we can say so and perhaps make the case.

21 I think the important thing was that the legislation gave
22 us the right to look on the improved safety side. It
23 removed that just ridiculous barrier which defied all logic.

24 MR. BARRY: Okay, they took out \$1.8, close to \$2
25 million in waste management. The point is they have given us

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1 a substantial increase from \$4.6 million up to almost \$8
2 million. That is almost double. That the waste management
3 program that they looked at in DoE is not moving as fast
4 as what we had thought at one time, and that almost doubling
5 of our waste management program was sufficient.

6 So they took a couple million dollars out of that.

7 COMMISSIONER AHEARNE: Is waste management under
8 research?

9 MR. BARRY: Under research, I'm sorry.

10 COMMISSIONER GILINSKY: Where is that?

11 MR. BARRY: Page 2, about the fourth line.

12 COMMISSIONER GILINSKY: They didn't get down to any
13 lower level of detail?

14 MR. BARRY: They did not. Just that the DoE program
15 was going to move slower and they took a pretty good slug out
16 of that program and correspondingly, they took a --

17 MR. DIRCKS: Does that mean the dates they have now
18 are different than the dates the DRG is coming up with?

19 MR. BARRY: Bill, they didn't articulate that well.

20 COMMISSIONER KENNEDY: But that's a very good
21 question.

22 MR. BARRY: Now, you know, they did not take any out
23 of NMSS.

24 CHAIRMAN HENDRIE: Since that program goes from \$4.4
25 million contract support to \$7.6 in '80, that's a pretty big

gsh 1 chunk.

2 COMMISSIONER GILINSKY: \$7.9, in fact, in '80.

3 CHAIRMAN HENDRIE: Well, I am just looking at the
4 program support level. So it is a whale of a hump forward.
5 And what I observe is that research and NMSS are not having
6 so easy a time resolving their points of view, anyway.

7 COMMISSIONER AHEARNE: I don't think we ought to
8 be concerned with that, anyway.

9 CHAIRMAN HENDRIE: So I had a feeling this might
10 actually be ample for the purpose.

11 COMMISSIONER GILINSKY: This is \$2 million they
12 won't have to fight over.

13 CHAIRMAN HENDRIE: Right. That \$2 million would
14 have been probably something that they would have got into
15 deep trouble about anyway. That would have been the
16 marginal contract.

17 MR. BARRY: They took over \$1 million, actually
18 \$1.9 million out of reactor environment. That was primarily
19 epidemiological work.

20 Their position there is that EPA should be really doing
21 most of that kind of work and that the remaining \$4 million
22 that we still have in the program ought to be ample to do
23 whatever epidemiological work we can get into in terms of
24 research.

25 The epidemiological study is being done by standards.

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1 COMMISSIONER GILINSKY: This is \$4 million for it?

2 MR. BARRY: I would have to look here.

3 It is health and safety radiation studies, is what it
4 primarily consists of. This is for research reactor
5 environment, R-63. I will quote what we said when we
6 justified the budget here.

7 Okay. These are our general analytical methodology based
8 on in fact assessments for -- well, that is pretty general.
9 Develop better understanding of temporal and geographical
10 needs of base load requirements as a basis for evaluating
11 alternative technologies; develop formalized methods and
12 models for socio-economic predictions and assessment.

13 COMMISSIONER KENNEDY: Those are great. We have got
14 to make them at the Harvard matrix of words.

15 CHAIRMAN HENDRIE: That sounds like the boiler plate
16 that goes out on all of our --

17 COMMISSIONER AHEARNE: Read that blue book. There
18 is a lot of that.

19 MR. BARRY: I was really hoping you wouldn't ask
20 that question.

21 COMMISSIONER GILINSKY: I'm surprised.

22 MR. BARRY: What we are saying is it is a new
23 epidemiological work that we had planned to do with the
24 additional amount. See, this is over and above the \$4
25 million, that we ought to be able to absorb that work, that

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2

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MR. BARRY: I was really hoping you wouldn't ask that question.

COMMISSIONER GILINSKY: I'm surprised.

MR. BARRY: What we are saying is it is a new epidemiological work that we had planned to do with the additional amount. See, this is over and above the \$4 million, that we ought to be able to absorb that work, that

gsh 1 research work.

2 It ought to be on a much lower scale than envisioned, and
3 it ought to be absorbed.

4 COMMISSIONER GILINSKY: Could we get a more
5 detailed idea on what that --

6 CHAIRMAN HENDRIE: I think I'll share out this year
7 and ask each commissioner to take on a piece. I've got a
8 chunk that I have got in mind.

9 COMMISSIONER KENNEDY: I like that one. That is a
10 great one.

11 CHAIRMAN HENDRIE: If you can get on first with it.

12 MR. BARRY: Yes, I will provide that. The remaining
13 portion of research, they took out a little bit in site
14 technology, and that is simply, that was just because we
15 had that -- well, you know, site technology is a lot of
16 seismic in there. It is broken down into various levels in
17 our rank order, ZBB priority list. And there was about a
18 million and a half dollars that was pretty well low ranked in
19 terms of enhancing seismology work.

20 COMMISSIONER GILINSKY: Do they drop packages or
21 just --

22 MR. BARRY: Well, they weren't pure in everything,
23 but basically, they followed our rank order from the bottom
24 up.

25 COMMISSIONER GILINSKY: Just knocked stuff off the

gsh 1 bottom?

2 MR. BARRY: That's right.

3 As an example, we had a little over \$1 million for site
4 technology research at the rank order of \$103 out of \$111.
5 That's down toward the bottom.

6 And so they were simply -- that's what we call the
7 enhanced level.

8 CHAIRMAN HENDRIE: They stepped it back one level.

9 MR. BARRY: That's right, to keep the current program.

10 Now, every time you talk about a reduction, you ought to
11 look at the '79 baseline at the same time. And you will see
12 even though they reduce from our request --

13 CHAIRMAN HENDRIE: Site tech went up almost \$2
14 million in contract money.

15 MR. BARRY: That's right, and that is plenty. Okay.

16 CHAIRMAN HENDRIE: They allowed us, I would note,
17 the 3D. You remember, we came along and tacked some dollars
18 into 3D after the main transmission of the budget. They
19 allowed it.

20 On the other hand, they also docked us some money in that
21 account. So they broke out even.

22 In fact, they made \$400,000 in the deal. It was sort of
23 like a commission fee for being willing to transact the
24 additional item.

25 MR. BARRY: They also gave us adequate funding in

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gsh 1 law and between the adequate funding in law and the
2 additional money they put into systems engineers for 3D,
3 I had to tell them we had adequate funds between the two
4 line items to take care of some of the reductions in systems
5 engineering.

6 So we just don't have a problem there. And then, if you
7 add all those little numbers up I just gave you, you are up
8 to about \$15 million in research. It just doesn't take very
9 long.

10 Again, I provided you a second handout this morning, a
11 little summary page. I think that is a kind of good one to
12 look at because we do increase --

13 CHAIRMAN HENDRIE: It adds to \$41.9.

14 MR. BARRY: That is the increase we get. That was
15 from the baseline we submitted OMB on \$330 million, which was
16 not what was appropriated to us in '79.

17 If you recall, we were cut \$1 million.

18 So if you go from the appropriation baseline of \$322
19 million, we really had an increase of \$46 million.

20 COMMISSIONER AHEARNE: That \$41 is an increase over
21 what?

22 MR. BARRY: An increase over a baseline. If you will
23 be kind enough to turn to the third page --

24 CHAIRMAN HENDRIE: It's deltas over the '79
25 presidential.

gsh 1 MR. BARRY: Almost. What's in the '79 baseline is
2 the \$322 million appropriation, the pay raise for '79, and
3 about \$4.8 million of unobligated '77 balance forwarded into
4 '79, which we will now spend.

5 COMMISSIONER AHEARNE: In other words, the \$331
6 million is in no way related to the \$330 million?

7 MR. BARRY: Right.

8 COMMISSIONER AHEARNE: The \$373 million is estimated
9 outlays.

10 MR. BARRY: No. \$373 million is the estimated
11 obligations, including pay raise, that we have in there.
12 That is the difference between the \$373 million on this
13 piece of paper and the \$368 million you looked at on the
14 other.

15 We don't put the pay raise in there at the time of the
16 budget submission, although at the last 11th hour, OMB was
17 going to try to make us swallow that.

18 COMMISSIONER AHEARNE: So the \$41.9, then, is the
19 increase, the two things you're considering. On the one hand,
20 it was the money that was appropriated, plus the carryover
21 plus the supplemental that is your base.

22 MR. BARRY: Yes.

23 COMMISSIONER AHEARNE: Then, what you are comparing
24 it to is the OMB final authorization, plus the pay raise.

25 MR. BARRY: Plus the pay raise.

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COMMISSIONER AHEARNE: So both of them are in which year dollars?

MR. BARRY: They are in '79 dollars. I'm sorry, they are not, really. One is in '79 dollars; one is in '80 dollars, end-year dollars.

COMMISSIONER AHEARNE: So there is escalation in there also.

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1 MR. BARRY: That's right. And if you come back to
2 the first page there, there is \$13 worth of inflation there.

3 COMMISSIONER AHEARNE: Where?

4 MR. BARRY: Where it says, "Higher cost and
5 contracts," that's inflation.

6 COMMISSIONER AHEARNE: Oh.

7 MR. BARRY: That gets us the contractual support
8 that you inflate. So, in other words, you say what's the
9 reason for the \$41.9 increase?

10 COMMISSIONER AHEARNE: We don't buy enough stuff,
11 then, that causes that inflation to have any impact otherwise.

12 MR. BARRY: It is just the higher cost of doing
13 business with contractors.

14 The reason for the increase of about \$42 million is
15 \$16.6 of it is because of law, the full year costs of law.
16 So in '80 for the first time we will have the total cost of
17 law. DOE will share none.

18 This year they shared half of the operating cost.

19 COMMISSIONER AHEARNE: Then, since you have already
20 put pay increase in also, somewhere embedded in here is the
21 pay increase.

22 COMMISSIONER GILINSKY: Where is the pay increase?

23 MR. BARRY: The pay increase is in loan years.

24 COMMISSIONER AHEARNE: But it is a different pay
25 increase.

pmcc 3

1 COMMISSIONER GILINSKY: What is the average salary
2 of an employee going at? Can you account for it by these
3 being annual pay increases, or is it going up aside from that
4 or going down?

5 MR. BARRY: No, it is holding.

6 CHAIRMAN HENDRIE: It has been pretty constant. It
7 has been sort of flicking along at a couple of hundreds of a
8 grade point, like it has been 11.8, 11.9. And it goes down to
9 11.8 and up.

10 COMMISSIONER AHEARNE: When you take that average
11 grade, do you take steps in the count also?

12 MR. GOSSICK: No.

13 COMMISSIONER GILINSKY: But that matters a lot.

14 MR. BARRY: Not average grade. Average salary, you
15 do.

16 COMMISSIONER AHEARNE: In average grade you don't
17 take steps into account?

18 MR. GOSSICK: No.

19 COMMISSIONER GILINSKY: What are we being told then,
20 if the average grade is staying the same? Is the average salary
21 also staying the same?

22 MR. BARRY: No, no, not necessarily. The average
23 salary is going up. It has to because everybody is getting a
24 pay raise every year.

25 MR. GOSSICK: The only thing is a step increase,

pmcc 4 1 whether we are making more step increases and people stay on
2 and qualify for step increases. It would in time go up.

3 COMMISSIONER GILINSKY: Could we get a little report
4 on that?

5 MR. BARRY: Sure.

6 MR. DIRCKS: The tighter you are in promotions, the
7 more your salary is going to flow up anyway, because you are
8 keeping people in grade longer.

9 MR. BARRY: You will also recall under the Civil
10 Service Reform Act grades 13 through 15 won't have automatic
11 step increases any longer. And, of course, above the 15
12 nobody gets a pay raise anyway. We are all locked into the
13 same thing.

14 But the average salary does go up over time simply
15 because primarily of pay raises.

16 COMMISSIONER GILINSKY: That's what I am concerned
17 with. Could you give me a little note on that, please?

18 MR. BARRY: Certainly.

19 CHAIRMAN HENDRIE: My guess is it is about 80 plus
20 percent pay raise, and the rest of it is step increases.

21 COMMISSIONER KENNEDY: Is the grade creep question
22 under control?

23 MR. GOSSICK: Is what?

24 COMMISSIONER KENNEDY: The grade creep question under
25 control?

page 2 1 MR. BARRY: No, no. There is no '80 pay increase
2 in here, just the '79 pay increase. You don't put an '80
3 increase in there until after the '80 budget is submitted,
4 assuming there is another October pay raise. So you are only
5 talking about the '79 pay raise. So you have comparability.

6 When I say personnel increases, that \$5.7 is for the
7 108 people that you would hire in '80, plus paying for a full
8 year cost of the 65 people that you are hiring this year.
9 Now, that is the reason for the \$5.7.

10 The \$6.6 in program increases is a result of a lot of
11 minuses and pluses. Things go down and things go up. The net
12 difference would be a program increase, contractual increase
13 of \$6.6 million.

14 COMMISSIONER GILINSKY: What is happening to our
15 salary per employee, pay increases aside? In other words, is
16 that staying level, or is that drifting upwards?

17 MR. BARRY: I can tell you -- I can tell you in just
18 a second what it is.

19 I think this is what you are asking. For instance,
20 our people cost as a percent of the total, total 100 percent,
21 our people cost in '78 was 29 percent of our budget. In '79
22 it was 29 percent of our budget. In '80 it will be 27 percent
23 of our budget.

24 Our program support, the contractual cost, the NABS
25 and the --

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1 CHAIRMAN HENDRIE: He has got it slowed down.

2 MR. GOSSICK: We have got everybody reporting as a
3 mandatory item on their briefings they give us every week,
4 and I think that we are seeing signs that it is being taken
5 very seriously. People are doing things to try to get it
6 done, and I am encouraged with what I am seeing.

7 It is going to be very slow. It is not something
8 that you correct in the near term, but you just have to keep
9 plugging away at it to get it down.

10 MR. BARRY: One thing I might mention, one last
11 thing, is that even with our problems of nine different
12 locations, we have hopefully through efficiencies, good
13 management been able to hold our housekeeping functions pretty
14 constant in terms of a percentage of budget.

15 Back in '78 we were running 13 percent of our budget
16 was administrative costs, all the housekeeping, travel,
17 so on. Next year in '79 it looks like it will be 11 percent.
18 '80 it will be 11 percent, just a little under 11 percent. So
19 we are doing all right there.

20 And rents are going up. Everything is going up, all
21 except the rents and so on and as a percent of our total
22 budget.

23 If we could ever, of course, get in one building,
24 that would drop way down, drop down several million dollars.

25 CHAIRMAN HENDRIE: Do you have other things on these

pmcc 6

1 things you want to note?

2 MR. BARRY: Just that. Of course, with the down
3 market we did get an increase of 108 people. And because of,
4 again, the Civil Service Reform Act that says the government
5 will not exceed their 30 September 1977 limit ceilings, for the
6 108 that we get up, somebody has to go 108 below their -- or
7 many people will have to be below their 30 September '77 level
8 in order to provide us the 108.

9 I understand that there is two or three other
10 agencies that will go up in strength, whereas most agencies will
11 go down. And if anything was difficult, it was to give us
12 people increases.

13 CHAIRMAN HENDRIE: Let me comment on the outcome of
14 the Reclama meeting and so on.

15 We, you know, played cut the deck and looked at each
16 others' cards and so on. And we ended up with ten more slots
17 to bring it up to 108 and the dollars five million back, which
18 wasn't a great fractional return, in view of the widespread
19 sort of all staff officers want Reclama and everything.

20 I must say against the background in which most agencies are
21 taking personnel cuts, to have had as much support as we had
22 from the budget people over there, as Len says, the 100 plus,
23 and the overall dollar volume is going up, it really left me
24 at a point where you can always vote me down and decide to go
25 off in some different direction, but I just conclude that with

pmcc 7

1 further appeal and airing of the closing and so on is not
2 appropriate.

3 And so I would not propose to you that we attempt to
4 go back and argue over other bits and pieces. I will call
5 your attention to one late running thing which was not a
6 discussion at the Reclama. It was forwarded later on, a
7 summary note.

8 By the way, Peter, I mentioned to Elliot that I
9 wished they would, for pity's sake, stop mentioning our
10 favorite group out there at East-West when they send us these
11 notes.

12 The item that I refer to is a terrible blow to the
13 Commission. They are proposing to reduce the representational
14 allowance from \$20,000 requested and \$15 actual in '79 to
15 \$7,500. So I was forced to call Elliot up and point out to
16 him that pennywise is pound foolish here. And we talked back
17 and forth a little bit and agreed we would send over some
18 further remarks, which Lee got prepared and sent along.

19 I don't know how that is coming out. But it may be
20 that --

21 COMMISSIONER KENNEDY: I thought they gave us
22 \$5,000 back or something.

23 CHAIRMAN HENDRIE: Do we know if there was any
24 recovery?

25 COMMISSIONER AHEARNE: Could I get a copy of this?

pmcc 8

1 MR. BARRY: Sure.

2 MR. GOSSICK: They were sent down.

3 CHAIRMAN HENDRIE: That is what they look like. It
4 is that thing.

5 The other stuff is miscellaneous stuff.

6 MR. GOSSICK: It went down Friday night late.

7 MR. BARRY: It went down to Cutler Friday night at
8 7:00 o'clock, and then we had to go back to my office this
9 morning and make copies of it. So it will be down to you.

10 COMMISSIONER GILINSKY: Can you tell us something
11 about the Appeal Board.

12 CHAIRMAN HENDRIE: Well, you know, they seized upon
13 your suggestion that we look at the appeal board function, and
14 they said, "Hurrah, hurrah, we applaud this move of the
15 Commission. Cut that out of the '80 budget, because surely by
16 that time you won't need an Appeals Court."

17 I said, "Wait. We need that function. And whether
18 it is absorbed into the Commission or stays as an appeals
19 board or in some other form, we are going to need those things
20 that those 15 people do."

21 We argued at some length on that. In fact, out of
22 the ten people that Elliot was willing to allow me back, he
23 finally got out of his vest pocket at the last minute -- half
24 of them were normally, in his view, for Appeals Board stuff,
25 but he did agree that we would in effect control the destiny

pmcc 9 1 of the Appeals Board here and that really the number that
2 counted was the 2896 fiscal year '80, and if the Commission
3 wanted a 15 or any other number Appeals Board group, that was
4 the Commission's business.

5 And I thought I had an agreement with him that they
6 -- and also the documents exchanged between us would refrain
7 from mentioning that. Unfortunately, there was a note from
8 Joe Carney to Len Barry that got distribution down here that
9 mentioned the Board and suggested that, in their view, why,
10 seven of the plus ten that we had on Reclama were to go back
11 in there.

12 Well, I have since told Elliot, "Come on, we had an
13 agreement you would stop mentioning that matter, because I
14 just don't want to upset the Appeals Board people and have
15 them go off submitting their resumes around town. They are
16 good people, and I just don't want them to."

17 Well, I called Rosenthal and said, "Be of good
18 cheer" and so on. And I don't think we will get any more.
19 This also, you see, is where they snuck in the knife on
20 representation.

21 COMMISSIONER GILINSKY: I assume they are aware we
22 are looking into that, the Board.

23 CHAIRMAN HENDRIE: That was the basis for their cut,
24 that they were sure we would find that the Commission wanted to
25 do that or whatever.

pmcc 10

1 That's it, unless you have questions.

2 COMMISSIONER GILINSKY: Where do we deal with that
3 aspect of it?

4 CHAIRMAN HENDRIE: Do you want a scan out of it?

5 COMMISSIONER GILINSKY: In other words, the question
6 in fact is where you are coming up with the places to get the
7 board back up to snuff.

8 CHAIRMAN HENDRIE: Yes, in part. And if you want
9 to truck one more back into, allow the council to go up one
10 from the '79 level, we can do that.

11 COMMISSIONER AHEARNE: Why would you want to raise
12 the council?

13 COMMISSIONER HENDRIE: It had been in the original.
14 It was part of the original request. I don't know. They
15 ought to go up one from '78 to '79.

16 MR. BARRY: OMB supported it. Of course, it covers
17 lawyers, and he likes lawyers.

18 COMMISSIONER GILINSKY: However you come out on the
19 Appeal Board, I suspect we will be taking more interest in
20 this.

21 COMMISSIONER AHEARNE: I am not arguing against it.
22 I am just curious. I think what you are saying is you don't
23 think ODC is strong enough at the moment.

24 COMMISSIONER GILINSKY: Well, I think I would like --
25 there are things I would like to see them doing that they are

pmcc 11

1 not doing.

2 CHAIRMAN HENDRIE: What is the current strength on
3 OPE? Somebody told me it was 16.

4 MR. BARRY: 16 on board. They have two vacancies.

5 COMMISSIONER AHEARNE: ODC, how many vacancies?

6 MR. GOSSICK: At least one.

7 COMMISSIONER BRADFORD: That's not their fault.

8 MR. GOSSICK: I don't know.

9 COMMISSIONER BRADFORD: There was nothing they could
10 do about that.

11 COMMISSIONER AHEARNE: In fact, they must have two,
12 because they are hiring someone.

13 CHAIRMAN HENDRIE: I would think they would not now
14 because we just cleared an exemption for them to take on
15 board. And I think that's probably their '78 to '79 delta
16 would be my guess, the one person they were allowed to add.

17 Now, if we get them a chief --

18 MR. BARRY: Mr. Chairman, you remember OMB cut two
19 spaces out of OPE.

20 COMMISSIONER AHEARNE: OMB didn't cut any spaces out
21 of anybody. They gave us numbers, and you guys asked for
22 details. So they finally gave you details on what they did.
23 They were very careful. In fact, on Joe Carney's memo back to
24 us, as Elliot was in the meeting that Joe is talking about,
25 that the total number -- we get total numbers, and they adjust

pmcc 12

1 people within those total numbers.

2 MR. BARRY: You have to ask how do they build their
3 numbers.

4 COMMISSIONER AHEARNE: No, you don't. That is
5 internally to them.

6 CHAIRMAN HENDRIE: But you did ask, so we know that.
7 But that is in fact --

8 MR. BARRY: They didn't all of a sudden come up with
9 it the last minute, and here is how we did it. They had it
10 documente'.

11 COMMISSIONER AHEARNE: Sure, of course, because they
12 are budget examiners, and they have to build their case
13 internally just as we build our case. I am just trying to
14 make clear I don't want the record to indicate that OMB cut us.
15 We have a total number, and we allocate the people amongst
16 ourselves.

17 MR. BARRY: My only point I was going to make, Mr.
18 Chairman, you did irrespective put the two back in yourself.
19 That is a judgment the Commission would probably want to know.

20 CHAIRMAN HENDRIE: I didn't know whether to move one
21 up from OPE to OGC, if you prefer to do that, or if you want
22 to pull it out of the major office total. I don't know.

23 COMMISSIONER AHEARNE: I would rather keep OPE
24 strength. I have no problem with adding more to OGC, but --

25 COMMISSIONER BRADFORD: I would have pulled it from

pmcc 13

1 the major office stuff. I am at a loss now as to exactly what
2 it was, OGC, but I had a feeling they made a -- a better than
3 some case.

4 I think their original request was for --

5 MR. BARRY: Yes, and you gave them one.

6 COMMISSIONER BRADFORD: And I would be inclined to
7 keep that.

8 COMMISSIONER GILINSKY: Are you saying that you
9 would not take it from OPE?

10 COMMISSIONER BRADFORD: I would not take it from OPE.
11 If it were me, I would take it from NRR.

12 CHAIRMAN HENDRIE: And that is the place where you
13 have a large delta. On the other hand, there is also a place
14 you have a large mean.

15 MR. DIRCKS: That is the one they fell over in
16 listening to so much on.

17 CHAIRMAN HENDRIE: How badly does Howard need the
18 additional lawyer in there?

19 MR. GOSSICK: Well, every year we seem to keep coming
20 back for 99 or 100, and they never quite got there. It is
21 mainly in the administrative kind of support. That is the
22 contract lawyers, grievances, we are going to have a lot more
23 with this union that we have had before.

24 I'm sympathetic to his cry, and we gave it only after
25 looking at his caseload to see whether he could shuffle down

pmcc 14 1 other parts of the organization, which he has done a little
2 bit.

3 He has still got the case he makes on all those
4 amendments. That requires a lot of legal help. And we have
5 finally come out here with a net increase of two to him in '80.

6 COMMISSIONER AHEARNE: We can always split the --

7 COMMISSIONER GILINSKY: What would be the status of
8 OPE? They had what in '79 and would be getting what in '80?

9 MR. BARRY: 18. They have had 18 all along. They
10 are currently at 16.

11 MR. GOSSICK: They are currently at 16, I believe. Is
12 that right?

13 COMMISSIONER GILINSKY: We would be doing what?

14 COMMISSIONER AHEARNE: Leaving them at 18.

15 MR. GOSSICK: That means three spaces to come up with
16 one for OGC and two for OPE.

17 COMMISSIONER AHEARNE: No, OPE is 18.

18 MR. GOSSICK: I'm sorry?

19 MR. BARRY: Just the one space. One thing we have
20 to be careful of, once you've cut your commission staff, it is
21 harder than hell to get them back again because of this so
22 called overhead, and OMB and the Congress both are just not as
23 amenable to overhead as they are to the line.

24 And the same thing goes for lease overhead, staff
25 officers. It is tough to justify, and it is tough to win

pmcc 15

1 overhead positions.

2 And this is a pretty good budget this time. We are
3 not asking for much of an increase in overhead, very little.

4 CHAIRMAN HENDRIE: Okay, you want it out of NRR?

5 COMMISSIONER GILINSKY: Are we basically keeping
6 commissioned officers at the same level?

7 MR. GOSSICK: Increase of one, 250 to 251.

8 CHAIRMAN HENDRIE: An increase of one, it would be
9 the one in OGC. 251.

10 We could trim IND one, we could trim NRR one, we
11 could NMSS one. Standards and Research are at '79 levels
12 across there, and I prefer not to bump either of them.

13 Preferences?

14 COMMISSIONER BRADFORD: Among those three, not really.

15 COMMISSIONER AHEARNE: No.

16 MR. DIRCKS: It is too close to home on NMSS, but --

17 CHAIRMAN HENDRIE: Bill, you have got your DEDO on
18 at the moment, and I don't want to hear that partisan talk from
19 Wilsteen.

20 MR. DIRCKS: But you did go back and Reclama those,
21 just a minute number to get us back in that spent fuel
22 business. You haggled over five, and they gave you two or
23 something like that. And now to take the two that they gave
24 you and say we are going to put one of those two into OGC,
25 that margin --

pmcc 16

1 COMMISSIONER BRADFORD: No, I didn't do that. I had
2 no problem with NMSS. I thought it was IND and NRR.

3 CHAIRMAN HENDRIE: You want us to cross NMSS from
4 the list of eligible offices?

5 MR. BARRY: Let me offer something too.

6 CHAIRMAN HENDRIE: What I look at there is here is
7 an office that has, even though safeguards is going down, it
8 has all that fuel cycle stuff there, a central issue, and for
9 the overall office at that I had to strain to get it to go up
10 a three in two places from '79 to '80.

11 I guess I wouldn't have any trouble with that.

12 COMMISSIONER GILINSKY: How many do we have to get
13 out?

14 CHAIRMAN HENDRIE: I need to take one person away
15 from somebody. Let's take it away from the biggest office in
16 town. How about that? IND?

17 Good, 724. That has the ring of a number more
18 carefully parsed than 735. Okay.

end t#6

19 (Whereupon, at 4:54 p.m., the meeting was adjourned.)
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