

September 25, 1997

MEMORANDUM TO: Jesse L. Funches
Chief Financial Officer

FROM: John C. Hoyle /s/

SUBJECT: STAFF REQUIREMENTS MEMORANDUM: COMSECY-97-019,
NRC's FY 1999 PERFORMANCE PLAN

The Commission believes that the NRC's FY 1999 Performance Plan appropriately responds to the statutory requirements of the Government Performance and Results Act and that the draft circulated as COMSECY-97-019 is an acceptable first iteration of the plan. Consequently, the Commission has approved submission of the NRC's FY 1999 Performance Plan to the Office of Management and Budget, subject to the following guidance. The FY 1999 Performance Plan is an integral part of the FY 1999 Budget, which was forwarded to OMB on September 8, 1997, and should be submitted to OMB no later than September 30, 1997. To the extent possible, staff should revise the FY 1999 Performance Plan to incorporate the guidance provided in enclosure 1 and the specific changes noted in enclosure 2, and meet the submission date of September 30, 1997.

(CFO)

(SECY Suspense: 9/30/97)

The revised plan to OMB should be provided to the Commission prior to submittal to OMB, along with documentation on the disposition of Commission comments.

(CFO)

(SECY suspense: before 9/30/97)

Any changes that could not be accommodated within this timeframe in the FY 1999 Performance Plan should be addressed in the planning process and the development of the FY 2000 Performance Plan.

(CFO)

(SECY SUSPENSE: 1/31/98)

In future iterations of the Performance Plan, the staff should strive for a clearer nexus between program outputs and the goals they support. The staff should also consider whether existing goals need to be revised, eliminated, or new goals established, an effort that may require updating the NRC Strategic Plan. The staff should also consider the use of intermediate goals that are closer to NRC's "operating regime." For example, based on the last two years of experience and publicity on plant performance,

the staff should consider a goal of "Effectively monitoring plant performance to provide the Commission with early warning of adverse plant performance."

(CF0)

(SECY SUSPENSE: 1/31/98)

Enclosures:

As stated

cc: Chairman Jackson
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
EDO
OGC
OCA
OPA
CIO
OIG
Office Directors, Regions, ACRS, ACNW, ASLBP (by E-mail)
PDR
DCS

Enclosure 1

COMMISSION GUIDANCE FOR REVISING FY 1999 PERFORMANCE PLAN

- Performance goals should be based on a criterion established using the agency mission and strategic plan, which would then drive the funding request. On page 5, paragraph three, this relationship is reversed. The text should be revised appropriately.
- The paragraph on Research on page 6 should be deleted as it appears out of place and there are no specific output measures associated with it.
- Goal 1.B.1 on page 7 should reference Parts 50.72 and 50.73 and possibly Part 20.
- Goals II.A.1 and II A.1.a. on page 9 should be rewritten to avoid the implication that the NRC is satisfied with maintaining the status quo in the number of significant radiation exposures due to loss of byproduct, source, and special nuclear materials and in the amount of such material lost annually. The performance indicator for goal II.A.1.a. on page 9 should include all sources that are lost, particularly those that enter the public domain in an uncontrolled manner and pose radiological risks and financial consequences. Staff should review the most recent annual data for reports of losses of licensed material from this broader perspective and develop an appropriate performance indicator that avoids creating the kind of unspecified standard that averaging with previous performance would establish.
- The performance indicator on page 14 for strengthening international nuclear safety and safeguards (Goal IV B) should be revised to specify more clearly the significant program outputs to which the staff is referring.
- The last performance indicator on page 16 concerning protecting the environment should be revised to avoid the possibility that it could be misread to imply that NRC knowingly plans to release sites that do not meet release criteria. Revised language should be developed to read along the following lines:

The performance indicator is the number of sites identified each year that were previously released as having met NRC release criteria, but subsequently have been determined to have not met applicable release criteria. The FY 1999 target is zero.

- In the Public Confidence and Excellence sections on pages 17 and 18, the performance goals are too forward looking and need to be revised to reflect currently tracked activities.
- The performance indicator for goal VII.B on page 18 should identify the five major NRC processes, or the criteria for choosing the five major processes to be reviewed, in order for this indicator to have any meaning for the reader, and should specify the "needed improvements," if any have been identified, that will be implemented.
- In the Support section (pages 19-22), the plan relies too heavily on surveys to establish primary indicators. The staff should revise this section to make lead indicators as quantitative as possible, using surveys only as complementary or confirmatory instruments. The staff should also reexamine the use of annual surveys, which will be costly in terms of resources and employee time.
- The narrative text on page 19 suggests that NRC core capabilities are not known. To the extent possible, this impression should be corrected. The staff should consider whether reliance on contractors for core capabilities is a valid indicator, especially if expressed as a ratio of contract core capabilities to NRC core capabilities.
- On page 21, the performance indicator for the end-of-year carryover balance of 5-7 percent of the FY 1999 budget appears to be inconsistent with the continuing emphasis on decreasing NRC's unobligated carryover and the views expressed in the transmittal letter to OMB on the Blue Book. The basis for the performance indicator should be clearly stated. Moreover, a similar performance indicator on carryover balance should be developed for the OIG appropriation.
- The staff should develop a timeliness goal for publishing the proposed fee rule no later than March 31, 1999, to support Goal VIII.A.3. on page 21.
- In Appendix 1 on page 24, the existing quantitative output measures associated with licensing actions and operator exams should be supplemented by some element that measures quality as well as quantity. Moreover, the FY 1999 Blue Book states that NRC has established goals to control the size and age of the licensing

action inventory. These performance goals should be included in Performance Plan.

- For the Reactor Inspection output measures on page 25, the staff should determine the minimum number of on-site inspection hours to fulfill the core inspection program.
- In the reactor performance assessment area on page 25, the staff should consider including goals for the Plant Performance Review or Senior Management Meeting processes.
- On page 26, in addition to the output measure of the timeliness of licensee event reports, staff should consider other measures of how long it takes to issue an Information Notice, Generic Letters, Bulletins, or NUREGs, starting from the time the issue is first identified.
- For the output measure for Reactor Technical Training on page 29, the staff should consider a measure that would reflect NRR as well as AEOD input. For example, it might be appropriate to have NRR provide output data on the percentage of staff meeting or having completed applicable training requirements. Course quality should also be considered as an output measure and could be expressed as the number of individuals trained versus the number required to be trained, for example.
- Some program elements are workload estimates rather than performance goals. In the Reactor Enforcement output measure on page 30 and the Materials Program outputs on page 37, the staff's reliance on the number of escalated enforcement actions as the measure of performance is, for all practical purposes and from all appearances, the establishment of a quota for enforcement actions despite disclaimers to the contrary in the Plan. A better performance measure would reference the quality and timeliness of escalated enforcement actions consistent with the time frames provided in the enforcement manual.
- As was also the case in the draft Strategic Plan, the draft Performance Plan continues to designate Research as the "Responsible Organization" for FY 1999 rulemaking activities on pages 30, 31, 32, 36, and 49 despite the Commission's directive to transfer such activities to the program offices. This error should be corrected in the Plan, and the staff should proceed to implement this Commission decision.

- The Materials Safety Regulatory Effectiveness section beginning on page 35 should utilize the same format as the Reactor Safety Regulatory Effectiveness section on page 25 in speaking to reviews of domestic and foreign reports of events, reviews of inspection reports, and emergency response planning and exercises. In addition, the staff should incorporate on page 35 the first and third paragraphs of the Staff Requirements Memorandum of DSI-7, Materials and Medical Oversight, which addresses interactions with ACMUI on Part 35 issues and focusing of materials activities on higher risk areas in the longer term. The Commission's directive would also be suitable for inclusion in the section on Excellence on page 53 of Appendix 1. The staff should also include as a significant output measure the completion of the rulemaking to revise Part 35 on pages 35 and 53 (Appendix I).
- The first output measure on page 38 refers to non-spent fuel transport container design, while the preceding narrative appears to focus on approval of containers for spent fuel. The narrative should be clarified to include the "non-spent fuel" container design activity. Additionally, it may be appropriate to include some output measures related to safety inspections of non-spent fuel transport package licensees, applicants, vendors, and fabricators.
- On page 41, the discussion of regulation of low-level waste does not include as an output measure the development of the Branch Technical Position on LLW Disposal Facility Performance Assessment. Since the staff currently expects to finalize the BTP in FY 1999, it should be an appropriate output measure for the LLW portion of the Plan.
- For the output measures of technical assistance to the Russian Federal Authority on Nuclear Radiation and Safety (GAN) and to the Nuclear Regulatory Authority (NRA) on a variety of technical issues, the FY 1999 targets should be more specific to be able to determine whether the goals are achieved.
- Output measures for Import/Export review (page 46), Regulation of Decommissioning (page 48), and GPRA (page 50) are all examples where undefined terms such as "timeliness" or "quality of product" are used without reference to how they will be judged. Staff should consider incorporating a range of time or include factors that will be used to judge timeliness and quality.

- The output measures on page 48 for regulation of decommissioning do not appear to address reactor decommissioning. This section should be clarified to indicate that reactor decommissioning is addressed elsewhere or include output measures for reactor decommissioning here.
- Some strategies in the Strategic Plan do not have corresponding output measures in the Performance Plan. Examples include the following:
 - **Reducing inspections for good performers**

NRC should be able to measure success or establish benchmarks for making that kind of determination.
 - **Prioritization/Sunsetting of Non-Mandated Activities**

This needs to be clarified and appropriate output measures considered for inclusion in Appendix 1.
 - **Oversight of DOE Activities**

Although dependent on Congressional actions not yet taken, the staff should consider whether some goals and output measures should be included in the plan.

ENCLOSURE 2
EDITORIAL COMMENTS

(begins on next page)

MEMORANDUM TO: Chairman Jackson
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan

FROM: Annette L. Vietti-Cook,
Assistant Secretary

SUBJECT: STAFF REQUIREMENTS MEMORANDUM

Attached is the staff requirements memorandum for COMSECY-97-19, NRC's FY 1999 Performance Plan. The SRM will be issued to the staff by close of business on Monday, September 22, 1997, unless I hear otherwise.

Attachment:
As stated

cc: EDO
OGC