



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

November 2, 2000

MEMORANDUM TO:

Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM:

Dennis K. Rathbun, Director
Office of Congressional Affairs

DR

SUBJECT:

SENATE GOVERNMENTAL AFFAIRS' REPORT CARD
ON AGENCIES FY99 PERFORMANCE REPORTS

The Senate Governmental Affairs Committee issued a report card on agencies' FY99 performance reports; the NRC received a "C-." The grades were based on reviews of the reports by the Congressional Research Service, the Mercatus Center, GAO, agency Inspectors General, and Committee staff. Additionally, Committee staff and the GAO met with individual agencies: the NRC's meeting was on March 16, 2000.

The grades range from "A" to "F," with the majority of agencies receiving a "C-." The NRC was criticized for not addressing management challenges identified by GAO and the NRC's IG by "setting a performance goal to solve it. Indeed, NRC did not agree that some of the areas were major.....NRC did not agree to craft a performance indicator to gauge its success in addressing many of these major management challenges."

Copies of the press release, report card, and excerpt analyzing the NRC are attached; a copy of the complete report is available at http://www.senate.gov/~gov_affairs/102700_table.htm or from OCA.

Attachments: As stated

cc: SECY
OGC
OGC/Cyr
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OCAA
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OIG
CFO
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PRESS STATEMENT

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GOVERNMENTAL AFFAIRS

The United States Senate

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October 31, 2000

Thompson Unveils Agency Performance Report Grades
*Says Most Annual Performance Reports "Don't Tell Us What
Agencies Are Doing or How Well They're Doing It"*

Washington, DC - Senate Governmental Affairs Committee Chairman Fred Thompson (R-TN) today released grades for the Fiscal Year 1999 Performance Reports submitted by the 24 largest federal agencies under the Government Performance and Results Act (the Results Act).

"These Performance Reports are supposed to inform Congress and the public about what agencies are doing and how well they're doing it. Most of them don't do that," Senator Thompson said.

"Unfortunately, in many cases, agencies didn't have goals for things that we assumed were in their primary mission. For example, reducing the availability of illegal drugs was clearly a part of the mission of seven different agencies, yet none of them had a specific performance target for actually doing that."

The grades issued by Thompson are based on analysis of the 24 FY '99 Performance Reports conducted for the Committee by the General Accounting Office, the Congressional Research Service, and agency IGs of the 24 largest agencies. The Mercatus Center, at George Mason University, also conducted an analysis of the Performance Reports for the same 24 agencies.

"Overall, the grades and underlying assessments show how far we still need to go to get results from the Results Act," Thompson said. "We graded the reports on a curve. Even so, we could only grade four of the 24 agencies above a 'C.' On the other hand, seven agencies got 'D's or 'F's."

Of the agencies, Thompson said Transportation, Social Security Administration, and Veterans Administration clearly demonstrate a commitment to results-oriented performance and accountability. Other agencies--such as Energy and Justice--offer no evidence of taking performance-based accountability seriously. Thompson pointed to GAO's analysis of Energy's Report, which stated, "[W]e could not determine what the Department was trying to accomplish or how it planned to get there." With respect to Justice, GAO said, "Overall, DOJ's progress in achieving desirable program outcomes cannot be readily determined since the agency has yet to develop performance goals and measures that can objectively capture and describe performance results."

The grades focus on three criteria. (1) Performance: What do the

reports tell us about how well agencies deliver key performance results our citizens expect of them? (2) Management: What do they tell us about progress in resolving major management problems that waste billions of tax dollars and impede performance? (3) Usefulness: How useful are the Reports in understanding what agencies are accomplishing?

To review an agency's performance, the Committee identified key goals that related to the primary mission of the agency and had GAO review whether the reports demonstrated progress toward achieving them. There were 97 key goals in all for the 24 agencies. The reports demonstrated definite progress toward achieving only 13 of these key results, and some progress toward achieving another 26. The reports demonstrated a clear lack of progress for another four. But for 54 key goals, GAO was unable to determine whether or not an agency was making progress.

According to the Governmental Affairs Committee analysis, agency performance reports demonstrate few results in areas of direct and primary federal responsibility such as: fairly and effectively administering federal tax and immigration laws; preventing fraud and waste in the use of taxpayer dollars; and providing timely and accurate services to the public.

Agency Performance Report Grades

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Governmental Affairs Committee's Assessment of FY 1999 Annual Performance Reports'

Agency	Grade
Department of Transportation	A
Department of Veterans Affairs	A
Department of Education	B
Social Security Administration	B
Department of Housing and Urban Development	C
Department of the Interior	C
Department of Labor	C
National Science Foundation	C
Department of Defense	C-
Environmental Protection Agency	C-
Federal Emergency Management Agency	C-
General Services Administration	C-
Department of Health and Human Services	C-
National Aeronautics and Space Administration	C-
Nuclear Regulatory Commission	C-
Department of the Treasury	C-
U.S. Agency for International Development	C-
Department of Agriculture	D
Office of Personnel Management	D
Small Business Administration	D
Department of Commerce	F
Department of Energy	F
Department of Justice	F
Department of State	F

'These grades are based on reviews of the FY 1999 Performance Reports by the Mercatus Center, the General Accounting Office, the Congressional Research Service, agency Inspectors General, and the Committee staff's own analyses. The principal criteria are: (1) the extent to which the Reports demonstrate whether agencies are achieving mission results; (2) the extent to which the Reports demonstrate commitment and progress to resolve major management challenges; and (3) the overall usefulness of the Reports.

NUCLEAR REGULATORY COMMISSION

In his August 1999 letter to the Nuclear Regulatory Commission (NRC) Chairman Thompson asked for an update on the agency's progress toward solving the following management challenges identified by both GAO and the NRC IG:

- Lacks assurance that nuclear plants are safe,
- Slow to require corrective action,
- Culture and organizations structure impede effective actions,
- Risk-informed, performance-based approach to regulatory oversight,
- Developing information management systems,
- Responding to the impact of industry deregulation and license transfers,
- Administering and overseeing agency procurement under government contracting rules,
- Ability to effectively communicate with the public and industry,
- Maintaining unqualified financial statement,
- Ensuring that NRC's processes are responsive to industry needs,
- Ensuring that NRC's enforcement program has an appropriate safety focus and reflects improved licensee performance,
- Refocusing NRC's research program to reflect a mature industry, and
- Responding to external influences for changing NRC's operations

NRC's IG updated its list of top-ten management challenges after the date of Chairman Thompson's letter. Not on the new list were the IG statements that NRC lacks assurance that nuclear plants are safe, is slow to require corrective action, and has a culture and organization structure that impede effective actions. New to the list was NRC's ability to administer and oversee agency procurement under government contracting rules.

In its response, NRC stated that it has activities underway to address the management challenges. However, NRC did not elaborate or adequately describe these activities. Committee staff met with officials from NRC, its IG, and GAO on March 16, 2000 to discuss its response to Chairman Thompson's letter and the status of its efforts to address major management challenges.

Clearly, the greatest challenge facing the NRC is to allocate its resources in a way that targets those facilities with the greatest risk. According to NRC, it now has in place an oversight program that focuses on inspection, assessing results, and enforcement. The purpose of this program, the Reactor Oversight Program, is to make the procedures and inspectors more risk informed so that the focus is put on systems that are more at risk.

NRC did not agree to address many of the major management challenges by setting a performance goal to solve it. Indeed, NRC did not agree that some of the areas were "major." Rather, NRC simply agreed that some of the areas represent activities "that can be improved." For those areas, NRC did not agree to craft a performance indicator to gauge its success in addressing many of these major management challenges.

In its analysis of NRC's fiscal year 2001 Performance Plan, GAO found that, indeed, NRC did not include goals to address any of its 13 major management challenges. As Chairman Thompson wrote in his letter to NRC, without specific and measurable goals for many of these major management challenges, it will be difficult to assess progress in addressing many of these areas. The Committee will continue to urge agencies to set such goals in their annual Performance Plans.