UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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BRIEFING ON PROJECT AIM 2020

(Public Meeting)

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TUESDAY

SEPTEMBER 8, 2015

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ROCKVILLE, MARYLAND

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The Commission convened 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

JEFF BARAN

WILLIAM C. OSTENDORFF

NRC STAFF:

FRED BROWN, Senior Advisor, Office of the Executive Director for Operations

MIRIAM L. COHEN, Chief Human Capital Officer

KRISTIN DAVIS, Chief, Outreach and Recruitment, Operations Branch, Office of the Chief Human Capital Officer

BRAD JONES, Acting General Counsel

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MARK A. SATORIUS, Executive Director for Operations

MAUREEN WYLIE, Chief Financial Officer

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

9:28 a.m.

CHAIRMAN BURNS: So good morning, everyone. The Commission will receive a briefing today, to update the progress on the implementation of Project AIM 2020. It's an important effort for the agency.

As we've said before, we're committed to right-sizing the agency and looking at making our operations effective and efficient under the -- with the resources that we have, and the Project AIM is one way we're trying to manage that change and that challenge.

So we look forward this morning, hearing from the staff this morning on the progress on the implementation of Project AIM strategies, including the proposed plan for rebaselining the work of the agency and the Strategic Workforce Planning effort.

We'll also hear remarks at the end of the meeting from the National Treasury Employees Union. But first, any other Commissioners like to make opening remarks? I'll turn it over, then, to Mark Satorius.

MR. SATORIUS: Thank you, Chairman. Good morning Chairman and Commissioners. Staff is looking forward to this opportunity for briefing the Commission on the progress that we've made on Project AIM 2020 implementation.

In today's meeting -- next slide, please. In today's meeting, Maureen and I will be discussing the background and progress on implementation of the Project AIM strategies. Fred Brown will describe how we plan to conduct the rebaselining of agency activities, and Kristin Davis will provide an update on Strategic Workforce Planning, and we'll close the meeting with some next steps.

Next slide, please. Just go to the next one, please. This is our first meeting with the Commission since you issued the Staff Requirements Memorandum or SRM related to Project AIM. That SRM contained direction to the staff, that we are tracking as 19 discrete tasks.

All of the tasks now have project management or approaches, and we are currently actively working to complete nearly all of them. Only tasks that are sequenced by resource availability or contingent on decisions from currently ongoing tasks have not been started.

We've devoted a lot of time and attention on Project AIM over the last three months, and look forward to working it hard over the next several months. All of this, of course, while assuring that we're not in any way distracting our staff from our safety and security mission.

Since you issued the SRM, we have completed two tasks and three deliverables have been provided to the Commission. Those deliverables are first, the overall implementation plan. Second, an evaluation of the recommendations received from Ernst & Young, which is the last component of the overhead benchmarking task, and third, the plan for the integrated agency prioritization and rebaselining of agency activities, which is the first of three deliverables under that task.

We are making great progress on a number of other tasks, two of which we will highlight later today during Fred and Kristin's presentations. Maureen and I would like to take the next ten minutes or so to provide an overview of some of the other work that's underway.

Next slide, please. Managing change will likely be the greatest challenge that the NRC leadership team faces with Project AIM. We will have to cope with uncertainty in the fiscal environment, which calls for a rapid change from several of our external stakeholders. We need to accomplish today's safety and security work of the agency, develop more efficient processes for our core workload, and transition the staff to the new processes.

Parts of the agency will be further along the change path than others. We will need to quickly learn lessons and apply those lessons as we move forward. Effective implementation of Project AIM will also require the agency and all of us, as individuals, to be more open to taking some risks, not with safety or security, or with the processes and procedures we have developed over time.

Innovation is not born in a static environment, but in places where people can question the status quo. The NRC can be that place if we are open to change and innovating together. We also recognize that anxiety and fear of the unknown are likely to grow. It is therefore paramount that we adapt our behaviors and practices in a manner that best positions us to effectively respond to the shifting environment in which we must operate. We are asking our employees to join with us, as we seek to change what work they do and how they do it. We need their skills, creativity and trust to allow us to accomplish the regulatory work of the agency at the same time.

One of our greatest strengths as an agency is our commitment to open and collaborative work environments. We should use collaboration to clear obstacles to change. The way in which leaders communicate with their employees is crucial to the success of building a desire to participate in change.

The way in which a leader or a supervisor reacts to employees in response to organizational transformation can help us mitigate anxiety and fear. NRC senior leaders will ensure the success of Project AIM tasks, taking ownership of the implementation and being accountable for both change and project management.

Such support has been through leadership retreats, small team engagements and other case-by-case requests for innovations. The Office of the Chief Human Capital Officer or OCHCO has and continues to provide resources that will help our senior leaders, managers, supervisors and staff level employees transition through periods of change, by providing them with the necessary tools and resources to build change capacity.

As we address the challenges presented by transformational change, OCHCO will continue to offer executive leadership seminars, that help us to strengthen our ability to manage change. Accordingly, the next executive leadership seminar will focus on trust leadership, a key component to building the desire to participate in change, and to actively manage resistance to change. This seminar is scheduled to take place on September the 21st.

We've provided all supervisors with a brief guide to managing change. This guide highlights effective strategies for supervisors, to deliver key messages about Project AIM to their direct reports, and highlights the key roles of a supervisor in making change successful, providing a summary of supervisory behaviors that promote or detract from change initiatives, and list training resources available at the agency, both instructional and online, in addition to reading materials on managing change and difficult conversations.

In the supervisor's toolbox, which is an online resource for managers and supervisors, we have provided various tools on how managers and supervisors can facilitate difficult conversations around various topics, to include adapting to change and transitioning into new organizations.

We continue to stress to employees that we are here to support them in their development, as NRC skills and staffing needs change. We need everyone to continue skill development, which helps us to enhance their technical ability as well as hone their ability to successfully lead others during periods of change.

Finally, the Employee Assistance Program or EAP is a resource that can help employees navigate through uncertain times. Employees are able to schedule a visit with an EAP counselor, to seek guidance or discuss any concerns they may have related to impending changes.

Next slide, please. Effective change management takes strong collaboration and communications. To keep the staff informed and involved, myself, the deputy EDOs and Project AIM staff have been speaking at all hands meetings with the staff, as well as all executives and supervisors, to discuss the need for change and the Project AIM tasks.

Maureen has been involved in these discussions where possible, to provide an overview of the federal budget environment, and has presented a compelling case that NRC's budget will be under significant pressure. NTEU is partnering on selected AIM projects and tasks, and participating in meetings of the OEDO Project AIM team, to ensure open and effective communications regarding the project.

Myself, along with Maureen and the deputy EDOs have met with senior agency leaders on several occasions, to establish our clear expectation for their involvement and ownership of Project AIM. While we've established a high level of direction and criteria for each of the individual Project AIM tasks, the lead offices develop and own the implementation guidance for that direction and criteria.

By using a combination of the AIM, Project AIM steering committee and our normal reporting lines, we carefully monitor progress in each of the tasks, and the degree of ownership and involvement of each of the agency's senior managers.

Our efforts to manage change and maintain and open and collaborative environment will continue to be involved throughout the implementation of the recommendations. We need to lead the staff through this changing environment.

We'd like to now change the tempo a little bit and talk about the status of a few projects that have already been started. So I'll turn to Maureen and she'll address a number of those.

MS. WYLIE: Thank you, Mark. Now the next slide, please. Thank you very much. May I have the next slide. Okay. So as you're aware, over the last 15 years, our agency has undergone radical change in its budget environment. We have been as high as 4,000 full-time equivalents. We're currently at just under 3,700 and we see clouds in the budget environment and likely reduced FTE and dollars in the future.

Both the Congress and the administration are very focused on an efficient government that delivers cost effective services to individual citizens, industrial sectors. All of that applies to us in terms of our regulatory services.

We want to be proactive in presenting a

budget that articulates our commitment to more efficient budgeting, and an organizational structure that is optimized and appropriately sized, so that we have sufficient personnel to perform our mission, and be an effective regulator, but also be accountable to the American people in terms of our efficiency and effectiveness.

So we have already begun taking actions to limit our full-time equivalent utilization to 3,600 in 2016. That's important, so that we can transition toward our target of 3,400 FTEs in 2020. As we've articulated in the past, that target will vary depending on where we are in terms of our implementation. We intend to reset that target once we've completed the rebaselining activity in 2016.

The agency plans to use two primary strategies to help meet the 3,600 target. The first is to greatly reduce the number of vacancies that we advertise externally, and then the other is to request authority for early buyout opportunities for our staff.

Not filling vacancies externally allows us to use attrition to achieve our goals, with the least disruption to our employees. As we vacate positions, offices and regions are asked to carefully examine the work associated with those vacancies, to determine the best way that the work can be accomplished, including whether that work can be ceased.

The agency will fill an increasing number through internal reassignments, solicitations, rotations, additional training and redistribution of work. I expect, frankly, that there will be very few positions that will be advertised on the outside.

This approach will allow us to take full advantage of that attrition effort, while we take a fresh look at how we need to accomplish our work. We are in the process of formally requesting from OPM authority to offer voluntary buyouts and early outs in two groups of employees at headquarters and at the TTC in Chattanooga, supervisors at the GG-15 level, and that does not include team leaders, and employees performing corporate support functions.

A third group will include senior project managers at the GG-15 level in NRR, NRO and NMSS. We believe that this additional offering will allow us to proceed with a better mix of grades, and a somewhat smaller number of project managers, which will be appropriate as we reduced our workload in the future.

We are also making substantial progress on reducing overhead. Last spring as you're aware, we contracted with EY to benchmark our overhead functions and our calculations with similarly sized agencies. That result was provided to the Appropriation

Committees on the 1st of May, as required.

Based on the insights from this assessment, we've provided to you in the FY '17 budget process a restructuring of our overhead, to make it more consistent with practices across the federal government. In addition, we have also assessed the recommendations that EY made to us in terms of their feasibility for implementation, and we believe that we'll be able to take significant additional reductions.

Their recommendations include moving our transactional workload to a shared service provider; further centralization of financial management, human resources and IT; data center consolidation and IT cost management practices; a review of our IT security and physical security spending, to make sure that it is as effective as it can be; and other smaller recommendations.

That assessment of their recommendations was provided to you on the 28th, and we will consider these items not just for the headquarters, but as we also work on the consolidation of regional corporate support.

Another one of the approved Project AIM recommendations is to improve the transparency and to simplify how the NRC calculates fee, and to improve the timeliness of when we communicate those fee changes. We've made some progress in this area already in the FY '15 Fee Rule.

We had a large public meeting in April and a smaller public meeting in May with industry stakeholders, to improve transparency, not only to discuss how we do the calculations, but to articulate the FY '15 budget and the workload drivers that then apply to fee.

We intend to do another meeting this year that will also focus on improvements in the fee billing process itself, and we will also be providing additional clarity and transparency to work papers. Finally, we also hope to automate some steps of the '16 Fee Rule.

This requirement in the Project AIM SRM actually drives us toward improvement in the '17 Fee Rule. But our intent is to provide continuous improvement around fee calculations, transparency and timing.

We also plan to have a briefing, a public meeting with industry about our new CAC codes, the Cost Activity Codes, which are replacing our Technical Assignment Codes. We are going to simplify that process for non-fee billing at the beginning of '16, and we'll be working on fee billing throughout the year in 2016.

Our commitment is that whatever structure we use for fee billable TACs is that there will be no impact on the ability of our licensees to understand what we're providing to them. Mark.

MR. SATORIUS: Thanks. Thanks Maureen, and the last Project AIM recommendation that I'd like to highlight is that we are now actively improving the licensing by strategically making improvements now. The staff has dedicated resources to complete actions that are over a year old, to eliminate the backlog; increase the focus on actions that are nine to 12 months old, to ensure they are completed in less than a year and do not become a part of the backlog; and to ensure -- and ensuring that no actions take longer than two years to complete.

We've also established additional metrics to drive our performance. As of July, we've reduced the backlog from 112 actions to 57 actions, a 50 percent decrease since initiating the strategy in November 2014. In addition, performance in completing licensing actions in less than one year has improved overall since implementing the staff's effort in this area.

This timeliness metric had declined to 83 percent last spring. Around that time, we initiated initial improvement efforts and the allocation of additional resources to the operating reactor business line. By July, timeliness had increased to 90 percent, with our annual average performance in FY '15 currently at 87 percent of actions completed in less than one year. So with that, I'll turn over the presentation to Fred.

MR. BROWN: Thank you, Mark. My first slide, please. I'd like to start by talking about a couple of guiding principles. The next slide, please, that don't apply just to rebaselining and common prioritization, but to all the tasks.

So first is transparency. Mark mentioned the overall implementation plan that we've provided to you. Each of our monthly updates now tracks that. All of those documents will be publicly available in ADAMS, so that not only the Commission but external stakeholders can see what we're doing, what our milestones are and that we're meeting those working towards our end dates.

The next thing is engagement as well as partnering. Mark mentioned that we're partnering with the NTEU. There's a tremendous amount of engagement with senior managers, line managers, subject matter experts and the staff that's occurring throughout the tasks, and I can say with a great deal of satisfaction that the dedication of the mission, the commitment to this difficult environment and seeing us successfully through it has been outstanding across the board.

So on the next slide, I'll move to a discussion of common prioritization and rebaselining. It's really not that complex conceptually. We start by identifying what the work we do is and obviously we know the rules that we're -- rulemaking that we're doing, the licenses we issue, the oversight we provide.

We're actually going a level deeper into how we produce those products. What are our internal processes and procedures, because that's where we need to find efficiencies going forward, to be able to produce the same products at a lower cost in the future.

Once we've established that level of detail in what we're doing, we're prioritizing using the mission of the agency, the principles of good regulation and our values as the basis for prioritizing across all of the work of the agency, and from that we'll move into the shed process, both immediate, near term and longer-term, and continuing improvement, which I'll mention starting on my next slide.

For our approach, we do want to find immediate gains. So for efficiency improvements, we're looking for those areas that we know what we do now, and we have a definitive alternative that we can put in place in the near term to achieve efficiency gain, in some cases within our authority to do and some cases requiring Commission approval.

Anything where we see the opportunity for process improvement, but where we'll have to do an in-depth business process reengineering or a more in-depth review to find the alternative, will not be handled through rebaselining, but it will be identified and tracked through Project AIM 2020. So while you directed us for rebaselining to focus primarily on fiscal year 2017, there's a longer term aspect of this as well.

Referring or talking a little bit about expectations, guidance and criteria, Maureen and Mark and the Steering Committee gave me some pretty clear direction on how aggressively to pursue rebaselining and common prioritization. We spent the last month engaged with the offices and a working group, to develop the implementing guidance to do that. The benefit of doing that is that the offices own the guidance.

They're the ones that will be implementing it. They'll have a much better idea of how to proceed starting next week, as we really get into the nuts and bolts of rebaselining and common prioritization.

Throughout this, we're leveraging the input of our stakeholders. We're in the third week of a one month comment period that was applicable both to the staff, who we've requested provide us with ideas of what we can do less of and improve our efficiency, as well as the public.

So I personally received between 40 and 50 recommendations from the staff, and in a public meeting this week or last week, we received about 20 suggestions from the industry and we look forward to many more in the remaining week of the comment period.

So on the next slide, for objectives, really we can think about this project in kind of three areas. The first is an add shed procedure that we will have finished in early December. It will improve our agility going forward and our effectiveness in looking at new work or emergent work as it comes in the door.

We use the same prioritization scheme that we've used for existing work, and we'll be better able to see whether we should shed existing work to take the new work on, and if so, what the consequences of that will be. So more foresight in addressing new work.

Three things in budget space efficiency space. The quick savings within fiscal year '16 for the things within the staff's control, to stop doing as soon as we identify meaningful alternatives. And then consistent with the staff requirement memo, a lot of focus on fiscal year '17, the implementation plan for the current estimates.

So no later than early April, we'll be

identifying for your consideration changes for fiscal year '17, and that information, those insights will be available to the staff in the development of the fiscal year '18 budget proposals in your deliberations on fiscal year '18.

And then longer term for those process improvements that we don't know what the answer is yet, but we know there's an opportunity those would typically we would expect see change in fiscal years '19 and '20.

Then the final output goes into the area that Kristin will be talking about in just a minute, iterations of Strategic Workforce Planning as we identify our work going forward.

So my final slide, while I'm confident and optimistic with where we're at, I would be remiss not to mention that there are some challenges in doing this. We generally like a lot of specificity in our guidance and criteria and direction, given the variance across our business lines and the fact that we're also looking at all of our corporate activities.

We found that an informed, intelligent approach with flexibility is going to get us better results than a rigid do this, this, this. Also in terms of the rigor and resource expenditure. I think just as we look at our internal processes for licensing and oversight and rulemaking, we see a point of diminishing return, where we can get 90 percent of the benefit with maybe 70 percent of the effort.

I think the same applies for this activity. So our goal is to give you a high quality recommendation in a very timely way, without diverting the staff from its core mission in the coming months. But it will not be perfect. It will be very good. Finally, I would be remiss not to acknowledge that we're a risk-adverse organization. It's the nature of what we do.

So changes and giving things up are difficult, but I think the staff is engaged very aggressively in finding ideas for more efficient operation going forward. So I'm realistically optimistic and hope to be able to provide you a lot of good updates, all of which show that we're meeting our milestones going forward. With that, I'll turn it to Kristin.

MS. DAVIS: Thank you Fred and good morning. I'm pleased to have this opportunity to update you on the status of Strategic Workforce Planning. The last time we spoke about this initiative was at the Commission briefing on human capital and equal employment opportunity back in July. That briefing centered on change and our overall vision of moving the agency into the future.

Since that time, we have taken several

steps to make that vision a reality. Before I speak about the status of activities which are underway, I wanted to take some time to focus on the goal and the objectives of workforce planning, as well as our defined process for implementing them.

Next slide, please. Simply stated, the overall goal of workforce planning is to ensure that the right people with the right skills are in the right place at the right time. More specifically, to achieve this goal, we must be able to analyze the current agency workforce, define a desired future state agency workforce, compare the two to identify staff surpluses and gaps, and develop and implement strategies to alleviate those surpluses and gaps.

Although the process seems straightforward, I believe that anyone who has done it will agree it can be very challenging. So if it's that challenging, I think it's important for us to remember why we're doing it.

We do workforce planning in order to successfully make current and future staffing decisions that are based on our organizational mission, strategic direction and objectives, budgetary resources and a known set of desired workforce skills and competencies.

Workforce planning keeps us focused on our long term objectives, and provides a road map to execute strategies to meet those objectives. At the same time, it helps us to avoid short-term decisions that may result in long-term problems.

Like the famous quote paraphrased from Lewis Carroll's *Alice in Wonderland*, "If you don't know where you're going, any road will get you there." Workforce planning ensures that we know where we want to go.

Next slide. So how do we take our goal and objectives and actually create that path forward? We begin by defining the Strategic Workforce Planning process model, to methodically move us in the right direction. As I researched various models, I found very little difference between them. Some looked slightly different. They have five, seven, nine even eleven steps.

But that doesn't seem very important, as the basic steps and the basic processes are much the same. I believe the key lies in implementation. Regardless of which model you follow, you must be able to implement. So the model we're using is based on the Office of Personnel Management model, but refined to better meet our needs.

Our model actually has seven steps, which you can see on the slide, but they may be a little difficult to read. So they are strategic alignment, analyzing our current workforce, determining our future workforce needs, determining gaps and surpluses, developing an action plan and executing that action plan. Of course, we will continue to monitor, evaluate and revise our process, as the environment changes or as course corrections are required.

So where are we now? As we look at the workforce planning process model, the activities involved in Step 1 have for the most part already been done as part of the Project AIM 2020 effort completed earlier this year, and they continue to be done as part of implementation efforts.

This gives us a framework and a long-term forecast to execute our agency mission and achieve leadership alignment.

Next slide, please. We have built upon the work already done by developing a project plan and a communications plan to outline our workforce planning project activities. I think it's important to note that our communications plan activities align with the bigger picture Project AIM communications plan.

This ensures that stakeholders are kept informed, and that we are delivering a consistent message across the many AIM initiatives.

So Step No. 2 is where our real work begins, as we work to understand our current workforce. We have approached this task by analyzing office staffing plans, to determine where we have surplus resources or potential resource gaps.

From there, we are asking offices to inform these surpluses and gaps with an understanding of how their resources may potentially evolve over time. For example, if an office currently shows a surplus of five individuals in a particular work area, that office may have imminent reorganization plans, and may also know of a couple of losses, which could reduce that surplus from five down to two.

Later efforts would then focus on the two instead of the initial five. Once this effort is complete, the agency will have a better understanding of the overall magnitude of our surplus and/or gap situation. The time line for completing this part of the effort is November.

Next slide, please. At the same time we are working to define our desired future workforce. The Project AIM 2020 report detailed at a high level expected workload changes over the next five years. The challenge for us is translating these workload shifts into office-specific workload adjustments and resource needs.

We will be asking the business line leads and offices to analyze these shifts, to determine how their resources may be impacted. Once the current and future workforce requirements have been determined, we will be able to identify areas where we have not only short-term surpluses and gaps, but long term as well.

At this point, we will identify possible strategies that could be implemented, to align the workforce to our current -- our current workforce to our future workforce needs. It is expected that these strategies will include a host of options, such as retraining, redefining positions and even hiring, to name just a few.

I envision that each situation will require an evaluation of the strategies best suited to meet that particular need, and implementation of those strategies will take place in the appropriate forum. As you can see, we still have a lot of work to do.

Next slide. So I would like to leave you with a few key messages which are crucial to the success of workforce planning. First and foremost, strategic workforce planning is not easy. I already mentioned that translating the high level workload shifts into more specific adjustments is a challenge.

In addition, I believe that aligning workforce planning with the other Project AIM initiatives may be a challenge as well. There are several other efforts underway which will not be completed by the time this workforce planning project concludes. The results of these other activities and initiatives, things rebaselining and Centers of Expertise, could dramatically impact the workload and resource needs of a particular business line in the next few years. So strategic workforce planning will not be exact.

I think it's important for everyone to understand that workforce planning and working our way through the steps of this model is not a one and done activity. These other initiatives, plus unknown changes to our environment and evolution of our resources, will require that workforce planning be a repeatable process, that can continue to inform our agency needs well into the future.

I would like to thank you again for this opportunity to update you on the status of workforce planning, and to assure you and the staff that we are aware of resource constraints across the agency, and we are working to define a modest and repeatable path forward that can be accomplished within those available resources.

I will now turn the briefing back over to Mr. Satorius and Ms. Wylie.

MS. WYLIE: Thank you, Kristin. As we close, Mark and I would like to highlight some upcoming milestones. In mid-September, the offices will start the actual work on common prioritization and rebaselining. In addition, we'll complete four additional tasks by early December.

First, the staff has evaluated the acquisition process, to clarify roles and responsibilities of the contracting officer's representatives' standardization processing, improving quality and process time. As a result, the core process standardization initiative recommendations report will be completed on the 1st of October. Mark.

MR. SATORIUS: Second, the staff is reexamining the processes and practices associated with NRC's assessment of the risk to its information systems in accordance with the Federal Information Security Management Act or FISMA. We will complete the report with recommendations by October the 16th.

MS. WYLIE: Third, by November 9th, the evaluation and recommendations related to the NRC Centers of Expertise will be completed and submitted to the Commission for review and approval.

MR. SATORIUS: And finally by December the 8th, the Commission will receive an add shed procedure, including common prioritization lists. This will make a total of six out of the 19 tasks completed by the end of the calendar year.

As we continue to make progress on the implementation of Project AIM, and on a very aggressive schedule, I want to reiterate that the NRC remains fully focused on accomplishing the agency's safety and security mission.

As we have recently observed in several real responses and emergent exercises, along with inspections with significant findings, progress in licensing and briefings for the Commission and the performance of NRC employees remains at a high level in accomplishing our mission. So we're happy to answer any questions that you may have now.

CHAIRMAN BURNS: Okay, thank you, and we begin this morning with Commissioner Baran.

COMMISSIONER BARAN: Thank you. Thank you for your presentations and all the work you're doing on the various activities involved with Project AIM. I want to start and take just a few minutes to talk about accountability and governance of this process.

Obviously, there are a lot of moving parts here with Project AIM, and I want to make sure that at this table, we all have a common understanding of who's responsible for what. To execute Project AIM, there's a Steering Committee that's co-chaired by Mark and Maureen. We have a Project AIM team to provide support for the effort.

Office directors and regional administrators obviously are going to play a role in providing the oversight and support and other activities. Mark and Maureen, can you just take a few minutes and talk about how these structures and these folks interact, how they're going to work together, and ultimately who has responsibility for ensuring that each Project AIM initiative is successfully implemented?

MR. SATORIUS: Well, I'll start. Maureen and I have responsibility for those activities, and we take it to heart and spend quite a bit of time working towards that end.

I'll just say as we were trying to establish, even while the Commission was still discussing how the SRM should look like, we were already thinking about what level of governance should we have. What should we have to make sure that --

We wanted the line organization to have, to have a stake in it, and they are those that are best suited to run projects and programs. So if we are relying on the line organization to lead that effort, that governance should probably be through the DEDOs that each of the line organizations report to.

So that's the reason why we have all those members on the Steering Committee, is to use our current hierarchical type of reporting governance to be sort of the starting point for Maureen and I to be able to take responsibility. I don't know if you wanted to add anything.

MS. WYLIE: Sure, thank you. We also tried to learn lessons of previous activities. We wanted to me sure that those that best understood what the work needed to be and how perhaps the work process is needed to change, would have control over that.

We discussed this in senior leader meetings. We got very robust feedback from the office directors. You know, my name is on the paper for this type of process. I need to have ownership of that. So we actually reconfigured how the Steering Committee would work, to ensure that office directors would have the control they thought was necessary.

So of course Mark and I are accountable, but we also want to make sure that the people who own the work have a true stake in it. The Project AIM team is intended to facilitate the work. It is not or perhaps to her the cats, as Fred seems to do quite ably.

But the idea is to make sure that everybody has the same access to resources and support for project management, for integration, so that we get people who are very familiar with the Project AIM recommendations out there, available, working with the team, to make sure that we get overall a very high level of product.

And Fred really serves as a focal point. You can have everybody accountable for their piece, but you still need to have one person whose job it is to see both the big picture and the small detail, and Fred's been handling that effort quite ably for us.

MR. SATORIUS: Fred, is there anything you want to add, since you are that focal point for much of this?

MR. BROWN: I'll stop while I'm ahead sir.

COMMISSIONER BARAN: Well, thank you for that. I think that's helpful, and so with respect to -- if we take kind of an example here on rebaselining, it sounds like, and you correct me if I'm wrong, you talked about this at some length Fred.

What's happening at this stage is or what will be happening in the coming weeks is with the input from line management and office directors and regional administrators, a common process, criteria are being set up, that would then be applied all across the agency, and it's going to be general enough to allow for that, but specific enough to actually be useful and provide some guidance.

And then it's going to kind of aggregate up as -- as the lines and the offices do this rebaselining look. Is that right?

MS. WYLIE: That's correct.

COMMISSIONER BARAN: Let me turn to something else, which is, you know, over the past month or so, there have been a number of all hands meetings, as Mark mentioned, agency-wide announcements that talked about early retirement options, buyouts and potential reductions in force.

I just want to take a minute and give you all a chance to talk with the folks who are here, talk with our employees who may be watching this online or might be watching it later tomorrow. You know, what should they know about the status of these possibilities at this point, because some of these things are scary or they create a lot of uncertainty.

What do people need to know? What's the latest information about these possibilities?

MR. SATORIUS: Well I think one thing that -- and we struggled with this over time, because as we learn more, we learn that there's a lot that we don't know and a lot of things that are in the air. We probably are not going to know what our budget situation looks like until October the 1st at the earliest.

So I think the thing that we're trying to do with some of our communications with our staff is to -- is to give them some indication that there are vulnerabilities out there, and we put together an EDO Update that kind of went through those vulnerabilities. But that it's not set in stone or anything, that we just don't know.

We've been working a lot with our first line supervisors at the branch level and the second line supervisors at the division level. I think one of the things I said you need listen to your people and put your finger on the pulse of what's going through their minds, and lead them through this change in these turbulent times.

So we've taken multiple approaches to try and be open and transparent to the extent that we can, with the caveat that we really don't know a lot of details.

MS. WYLIE: And government employees in general have had five years of uncertainty. It's very challenging to try to read tea leaves. So part of what I've been trying to do as I go around and talk to all employees meetings is to ask them to try. There is uncertainty, it could be any one of a number of alternatives, long CRs, short CRs.

So it's very challenging for a workforce that is as focused as ours to be in this period of ambiguity. We also want people to have enough warning, so they can make their own decisions in a timely way.

That's one of the reasons we put out the EDO Update, to talk about early outs and buy outs before we had gone through the process.

These are challenging decisions to make. You need time to air them with your family. You need time to consider what that next opportunity might be. So even in uncertainty, the advantage we're trying to give employees is as much information as we have, when we have it, so they have as much time as they can have to consider it.

COMMISSIONER BARAN: With respect to the early outs and buy outs, at what stage do you think we'll have a better sense of whether we're authorized to do that?

MR. SATORIUS: I think in a couple of weeks.

COMMISSIONER BARAN: And just kind of in closing, I think the basic assumption everyone has, that as we go through this effort to identify efficiencies, reduce the number of FTEs ultimately we're carrying, taking a hard look at resources and expenditures and priorities, and everyone I think said it. We've got to keep our eye on the ball, which is our main mission, of protecting health and safety, and I know everyone's committed to doing that.

Talk to me a little bit, talk with us a

little bit about how do you make sure that happens? You know, it's easy to say yeah, we're going to keep our eye on the ball, we're going to keep focus on the right things. But now I've got all these additional responsibilities I didn't have before to rebaseline and contribute to these processes.

How are we going to do it? How are we going to make sure it happens?

MS. WYLIE: Well, the first place I think you start is you take an extra effort to outreach to those who are closest to our staff members, know what makes them tick, know them as individuals, and can lead them through the branch chiefs. This is a key place for the branch chiefs, the first line supervisors. They're the closest to our staff, can keep them focused on what's important, our safety and security mission.

So and if we think we're -- as a leadership team, if we think we're communicating enough about that, we need to communicate even more.

COMMISSIONER BARAN: Thank you. Thanks, Mr. Chairman.

CHAIRMAN BURNS: Thanks. I just had -- I've said a couple of instances I've had to talk to various offices or employee groups in the agency, and perhaps an advantage or disadvantage for me from a long period of time at the agency beforehand, is that I still remember some things but not before I came back.

But one of the things that's sort -- the era that we are in actually struck me as -- it strikes me this is very much like the early 90's for this agency, and I say that because in the early 90's, you had all but a few plants that were in the current fleet coming to -- had received their operating license.

Actually I think Watts Bar I was one of them that had not gotten there and we're looking at the final decisions on Watts Bar II, as I speak. So you're at the end of the building of the fleet, like you are here right now. We have some uncertainties about new construction.

You had the very early generation of reactors, some of the things like Maine Yankee or Yankee Rowe coming to a point, although maybe a little later in that decade coming to closure. So you had a decommissioning of fleet, as we see today.

We came -- we're coming to the end of the implementation of the post-TMI requirements, as we are today with a lot on a faster track, I would argue, with the Fukushima-Daiichi requirements. So as I say, there's a lot of feel for me, in terms of memory, in terms of where we are today, of the early 90's.

What this is, is this transition point in terms of thinking about workload, thinking about what the agency needs to be focused on. Now a lot of the context we talked about, we were talking about Project AIM here in the context of what we see as sort of the handwriting on the wall, a smaller resource availability from the standpoint of what we expect the Congress to appropriate, and needs in terms of where workload is in certain areas.

But one of the things I also want to emphasize, I think with respect to Project AIM, is that even if this were in a glide path up, there are things here that we are doing that we need -- we should be doing in any event. The question, for example, particularly, you know, we faced a lot of questions on our fees and how we're calculating our fees.

The question of TAC codes that goes back to, I think, probably when I was deputy general counsel, in terms of the multiplicity or the ever-proliferating number of TACs, and how we track budget expenditures. So there are a lot of -- there are a number of things, and I don't mean to pick on the CFO on that.

I think they're the same way, how we integrate across offices, in terms of licensing, accomplishing those types of work. There's a lot of things there, that apart from the environment we have here in terms of the resource constraints, that are not only good things to do, but things we should be doing, in terms of the effectiveness of the agency and then the responsibility in terms of its resources.

So and again, I wanted to just start out making that emphasis with respect to how having -- how I see in terms of us going forward with AIM. And partly this -- and again to emphasize too is that one of the things that we, you know, it's hard to do.

It's hard to do when we don't know, you know, all the forecasts and the industry has got to -- and I know we engage with the industry and I think they do the best they can, in terms of looking at the environment in which they are, which they find themselves, in terms of understanding what our workload will be.

And that, you know, again that helping -- helps us go forward. But you know, as I say, I think as we've heard from all the speakers, it is a challenging time. I think in some respects it gives us great opportunity to look at things and look at how we can do -- how we can do better, how we can integrate across the agency better and the like.

A couple of questions I had, and I may put this to Kris, in the context of the Strategic Workforce Planning. It's really an OCHCO question and maybe also a CFO question. Maureen made the point in terms of the, you know, potential hiring in the coming years, you know, a smaller window or smaller opportunities, all that.

One of the concerns I have, and having gone through this in the general counsel's office, where one of the -- where a real challenge was where we weren't hiring in the 90's and we paid for it in the mid-2000's, was the continued pipeline. Again, and maybe you can speak, Kris, to the entry level program, the NSPDP. Here I've got the acronym, but I won't be able to pull out of my brain the Nuclear Safety Professional Development Program there.

What do we do to continue fostering and using that, because again, one of the things I see is we're in a generational shift, and I hear this. I heard this at Penn State when I was there last week. I heard this going out to plants.

How do we continue basically nurturing those programs, because the need for in the context of our workforce, the need to continue to grow staff who are going to be here or who may be here 20 years from now, when I certainly don't plan to be here? How do we do that in the context of Project AIM and the Strategic Workforce Planning?

MS. DAVIS: I think that's actually something that we struggled with a little bit in outreach and recruitment as well. As the agency's trajectory is going down, how do we ensure that we have that pipeline of people into our future?

What we're doing is we are still continuing on with the NSPDP and the summer program. The vacancy announcements actually opened last week, and that will inform who we hire into the NSPDP in fiscal year '16. For fiscal year '15, we just hired I think it's 25 individuals.

So we're looking at about the same number for fiscal year '16 in our projection. That will be informed better as we continue on with rebaselining and Centers of Expertise, etcetera. So that number could go up or down a little bit.

I think that what we're going to focus on though is where we see potential long-term gaps. The NSPDP program is a significant way to fill those gaps. If the gap is five years out, you have five years to get somebody up and trained. So instead of hiring all full-performing professionals, you would be growing your own, to ensure that as we attrit in the agency, that we're able to keep up with that in our critical skill needs at the same time.

CHAIRMAN BURNS: Thanks. Maureen.

MS. WYLIE: One of the challenges that I think all federal agencies had in the 90's is that the contraction was so rapid that it ended up being sort of a cutting off of hiring, rather than an opportunity to restructure your work and make changes in an organization at all levels. So essentially thinning rather than just pruning.

The request that we have for early outs and buyouts is targeted at the upper end of the agency. So it increases our knowledge management challenge, and we're cognizant of that. But it's -- the easiest thing to do is simply stop hiring. It's actually healthier for our organization's long-term effectiveness to try to make that organizational change at the upper levels, and not just cut off hiring completely at the bottom.

CHAIRMAN BURNS: Okay, thanks. All right. Without, you know, sort of maybe prejudging any type of thing, maybe you could describe some of the suggestions or ideas that you've heard from the public meetings that we've had so far. I recognize this is still works in progress and how they fit in, but it may be interesting just to hear what kind of ideas we're getting from employees, as well as from outside the agency.

MR. BROWN: Yes sir. So kind of two bins. One are specific activities that we should defund or stop doing, so they're -- especially from the public there were a number of rulemaking activities that they questioned the benefit of the resource expenditures.

So specific activities and then a process activities as well. Ironically, there's some overlap between what we heard from staff and what we heard from the industry. Three that come to mind in the area of regulatory guidance with a five-year update for all of our reg guides, which is the process that we currently have in place.

Both the staff and the external -- and external stakeholder commented that that might not be the best use of resources and it might create other inefficiencies. An area that's a little -- needs more review before there's certainly any decision, but risk tools. The SPAR model that we use to validate, independently validate the outputs of licensees PRAs.

There's been suggestions that we may not need to continue to spend the resources for that independent validation, given the quality of the licensee's tools, and that's come both internally and externally. And then a third area in the operating reactor oversight arena, the idea of giving credit for facilities that have had a long, successful area in a given baseline inspection program.

Maybe cutting back the baseline to recognize that extended period of good performance has been mentioned both internally and externally. So specific activities like rulemakings, as well as process changes are both coming up.

CHAIRMAN BURNS: Okay. Thanks very much. Commissioner Ostendorff.

COMMISSIONER OSTENDORFF: Thank you, Chairman. Thank you all for your presentations. I'm going to add a note to, similar to the Chairman's comments about the environment to just make a couple of comments.

I heard from presenters here at this panel the phrase "clouds in the budget environment." I heard "a challenging or difficult environment" phrase being used. A little bit more doom and gloom than I would use to characterize the situation, just as a Commissioner.

I think there's been radical changes in the environment, what's happened in the industry, and I just don't want our staff or the public to think that this is a bad news environment for us as an agency. I think it's a great opportunity to make an even really good agency even better, and that we need to use this opportunity to do just that.

What was not mentioned that I feel compelled, since this is a public meeting to mention, is that the environment has changed significantly on the industry side. When I got here almost 5-1/2 years ago, there were 26 reactor applications being reviewed in NRO.

That number's down to like 10 or less. There's significant staff work that Cathy Haney and team were working with in NMSS with Yucca Mountain licensing. The number of operating reactors was 104 compared to 99 today. So many fact of life changes that are appropriately causing us to take a fresh look at how we do business, what the proper sizing is.

Even in the absence of any Congressional interest or quote, I'll use your phrase not mine, pressure, we ought to be doing this anyway. I do not see this as being something that is being driven by external forces. I think it's being driven internally for the right reasons.

I know Mark, you and I sat down in your office, the three months that you took over GDO, this December of 2013, the first week. I remember we talked about this, and what is the correct size of the agency going forward. We had long talks and this predated the establishment of Project AIM.

And when I look at some of the efforts that have occurred in my time as a Commissioner, I guess I'm very optimistic that the staff and the teams here will use this in a very constructive fashion, to make this agency even better.

So I felt compelled because of a little bit of the tone of the panel here first to make a comment, similar to what the Chairman had said about let's look at deficiencies. There's been good reasons to be optimistic. I've seen, as Mark mentioned, the decrease in licensing backlog in NRR. I met with Bill Dean the week before last, had a really good discussion with him on that topic, and real progress has been made already, separate and distinct from Project AIM.

I look at Glenn Tracy's very frugal and agency-wide look at shifting personnel from NRO to NRR to help with Fukushima action items, and I see the strong NMSS-FSME leadership result in, I think, a successful merger. So I think we need to look at this maybe also in a very positive light as we go forward.

Twenty-five years ago, when I was working between my executive officer and commanding officer tours in the Department of the Navy at a senior personnel planning job for the nuclear Navy, and we significantly changed, because the Cold War was ending, the number of nuclear operators. We moved from 100 attack submarines in 1992 to probably around 53 or 54 today.

Nobody would argue that the attack submarine force today in the Navy is worse than it was in 1992. I'd argue it's far better, and we're not talking about changes along those magnitudes here at the NRC. Navy had 975 ships in 1972. That number is 275 plus or minus three today. Navy is extremely strong.

So I just think messaging, and Commissioner Baran was hitting his in some of his comments.

I think there's a great opportunity here, and that we should not pass that up. Kristin, I want to get a question or two in your area, because I think quite frankly what you and Miriam and Jennifer are doing in OCHCO are perhaps one of a more challenging parts of the Project AIM execution stage.

I wanted to ask you in the context of what Fred is doing to orchestrate the rebaselining effort, how do you see the rebaselining effort as impacting your Strategic Workforce Planning gap analysis? Primarily the timing and the chicken and the egg type of problem here.

MS. DAVIS: It does seem to be the chicken and the egg. I think that our initial part of the project on SWP will be concluded before the rebaselining effort is over. So that's why it's important that whatever process we institute, it be modest enough and repeatable enough, because when rebaselining is over, it will have to be done again, and then when Centers of Expertise, that analysis is done, it will have to be done and again and again and again.

So most successful organizations do their workforce planning process annually. I see it as coinciding with perhaps your staffing plan approval process. You take your short-term operational look, you take your long-term strategic look at the same time.

For us though, I think it's going to have to be done more frequently, as we go through these initiatives.

COMMISSIONER OSTENDORFF: Okay. Let me stay with you Kristin and ask a separate, distinct question, and that is the ability to move personnel from one office to the other, and the transferability of skill sets. Can you comment at a high level on OCHCO's prospective philosophy on moving personnel from one area to another in the organization? Well, if Miriam wants to comment.

MS. DAVIS: Thank you, Miriam.

COMMISSIONER OSTENDORFF: We love to have Ms. Cohen up here.

CHAIRMAN BURNS: Miriam, just for the record, just identify yourself and position.

MS. COHEN: Miriam Cohen, Chief Human Capital Officer. I think actually Commissioner, you actually acknowledged some of the good work that's already been done, between Glenn and Bill Dean's organization. We identified a need in one part of the organization and there were discussions about opportunities.

There was active engagement with the union, and I think that those reassignments actually, you know, they were very effective. I think that the interesting thing about what we're going to do moving forward is, and I think when you listen to Kris' response to how do you deal with rebaselining in concert with Strategic Workforce Planning.

I think you have to remember, and I think, you know, you and the Chairman have been here I think the longest, is that over time, the agency's critical skills actually have not changed that much. I mean if you go back in time, you look at the positions that we recruit most heavily for, they haven't changed since I've been, you know, in the organization.

We will always need engineers, we will always need scientists. In those hard to fill positions where we haven't had the capacity, we've gone out through the graduate fellowship program, you know, to get expertise in PRA and some other disciplines.

So I think actually we're in a position of strength, because I think wherever there are going to be overages identified, most of those people are going to be fungible with hopefully minimal training to the new jobs that will appear on the horizon.

So I feel very confident that despite the timing on what finishes first, chicken, egg and that whole thing, I think that we just have to demonstrate more of our agility and flexibility in moving in a more timely manner.

COMMISSIONER OSTENDORFF: Thank you, Miriam. This is not rocket science, and a lot of it involves communications and just talking to people, look them in the eye and say here's what we're doing and why, and here's how I'm going to help you to move forward constructively.

Here are the tools, here's additional training we'll provide and so forth. But I -- having been in other jobs elsewhere before coming here, where I've seen similar, actually much more massive restructurings done than we're seeing here, it's -- it's not a Ph.D. dissertation type thing. It's pretty straightforward, exercising common sense, good judgment, but also proper leadership across the board. I'll stop there. Thank you.

CHAIRMAN BURNS: Okay. Thanks Commissioner. Anything else. I want to invite Sheryl Burrows, the chapter president for the National Treasury Employees Union forward.

MS. BURROWS: Good morning everyone. I'm Sheryl Burrows, president of NTEU Chapter 208. Chapter 208 is the exclusive representative of the bargaining unit employees here at the NRC. I am joined today by Marie Schwartz, our executive vice president.

There has never been a greater need for partnership between NTEU and the NRC than there is now, with the development and implementation of Project AIM 2020. It is critically important at this stage that the union and management are discussing the challenges that accompany an initiative of this magnitude.

Implementation and impact, the union's focus, will be driven by the decisions that are made early in the planning stages of the initiative. NTEU established a working group to ensure that we are involved at this early, critical time.

Our working group is composed of volunteer union members, who understand the importance of this initiative and have a keen interest in how Project AIM 2020 will be implemented. All of our working group members have day jobs, yet they carve out time to review documents, listen to their colleagues' concerns, and attend the many required meetings.

We appreciate and thank their managers, who recognize the importance of this work and support their employees' involvement in this partnership.

NTEU should be partnering these activities, nonetheless, we appreciate that the Project AIM team, led by Fred Brown, has made genuine efforts to work with us, steering us to points of contact and useful information that the agency is developing, so that NTEU is in a better position to contribute at the partnership table.

A short time ago, the AIM team asked NTEU what activities we wanted to be involved with. The areas that we listed focus on the implementation and impact of the initiative. But NTEU is working with the Project AIM team in the offices at this earlier stage, because we know we cannot become involved too early.

NTEU has focused and will continue to stress three components that should be actively addressed in those actions that the agency plans to take as a result of Project AIM. These are roles and responsibilities should be well defined and clarified; processes and procedures should be clearly defined, so that our employees have a clear understanding of how to accomplish their work effectively and efficiently; and finally training.

Provide training that ensures our employees are equipped to do their current work, and also helps our employees to prepare for future of the agency and for their career development.

NTEU also noted that at the public meeting on September 1st, several stakeholders offered comments specifically addressing roles and responsibilities and processes. These stakeholders also said that they'd be submitting additional comments when the public comment period closes September 15th.

From discussions at several meetings, NTEU knows that these three areas are being considered as the agency moves forward, but they must be specifically called out. For example, these components should be considered in the rebaselining and prioritization efforts which, as we heard this morning, are an integral part of everything that follows.

NTEU believes that the who, what and how of rebaselining and prioritization efforts must be specifically called out, and included as part of every actionable item. These are too important to be left as implicit assumptions.

The Project AIM 2020 report points out that employees are the agency's most important resource. NTEU could not agree more. In spite of these uncertain times, NTEU employees continue to be engaged as they accomplish the agency's safety mission.

Impact and implementation, no matter how benign or malignant, is only acceptable when it's driven by strategic thinking that includes a focus on the roles and responsibilities, resources and training, while embracing our NRC values.

This strategic focus ensures that no matter what the future brings, our employees will be prepared to engage this future. Going forward, it is vitally important for NRC and the union to ensure that all employees are treated with the dignity and respect they deserve. Thank you.

CHAIRMAN BURNS: Thanks, Sheryl. I appreciate the efforts of the union in this project. Well thank you again to the staff for the presentations this morning. This is the first of periodic briefings we will have.

Unfortunately, Commissioner Svinicki was delayed in being able to get back to Washington, but I'm sure she'll look forward to the discussion at our next meeting, as we're always looking at our papers and all that.

So again, I encourage both management and the staff to stay engaged on this, and I think as my colleagues have said, there's a lot of, you know, a lot of good work I think that we need to do for the agency in moving forward, and I appreciate all the efforts to do that. So with that, we're adjourned.

(Whereupon, the above-entitled matter went off the record at 10:44 a.m.)