



PROJECT AIM STATUS UPDATE April 1 – June 30, 2018

In the June 8, 2015, staff requirements memorandum (SRM) for SECY-15-0015, “Project Aim 2020 Report and Recommendations,” the Commission directed Project Aim’s 19 tasks to address the U.S. Nuclear Regulatory Commission’s (NRC) need to improve efficiency and agility, as well as to right-size the agency, while retaining employees with the appropriate skills to accomplish its mission and streamline processes. Recent practice has been to provide quarterly updates for Project Aim Tasks (or follow-on activities) that have recent accomplishments or challenges. For this quarterly update, the staff has chosen to provide an overview of all 19 tasks, in the interest of periodically providing broader context. The most notable accomplishments for the period of April - June 2018 include: (a) issuance of the NRC Leadership Model (see Task 18 below), and (b) completion of the enhanced Strategic Workforce Planning pilot (see Task 8 below).

Task 1. Overall Implementation Plan

Task 1 involved the development and submittal to the Commission of an overall implementation plan for the 19 approved recommendations, including how they will be sequenced and assigned. This task was completed and staff informed the Commissioner Offices by an August 21, 2015 Commissioners’ Assistants note.

The staff’s work on the implementation plan was tracked by a Project Aim Steering Committee, chaired by the Executive Director for Operations and the Chief Financial Officer. To build on the successes of Project Aim and to continue the Project Aim Steering Committee’s work, the staff established an NRC CXO Board (CXOB) on January 17, 2018. The CXOB meets monthly and provides centralized agency leadership on priorities, policies, and programs that drive enhancements to effectiveness, efficiency, and agility. This includes agency improvement initiatives such as Project Aim related activities, Government Reform activities, and other Transformational and Cross-Cutting Performance and Management activities.

Task 2. Project Aim Status Reports

Task 2 involves providing the Commission publicly available status reports to communicate progress and potential challenges regarding the Commission-approved recommendations. This task is ongoing. In 2017 the report frequency was changed from monthly to quarterly, in light of the completion of the implementation plan’s Commission deliverables.

Task 3. Fees Transparency and Simplified Calculations

Task 3 involved simplification, and improved transparency, regarding NRC’s fees calculations; as well as improved timeliness for communicating fee changes. Project Aim Task 3 was completed by SECY-16-0097, “Fee Setting Improvements and Fiscal year 2017 Proposed Fee Rule.” The SRM for SECY-16-0097 directed follow-on activities that are being tracked, though not as part of Project Aim. These include (a) a voluntary pilot initiative on a flat fee structure for uranium recovery; (b) several improvements to billing processes, budget/billing alignment, and content on invoices; and (c) examination of opportunities to accelerate the transition to an electronic billing system. NRC has developed a project plan and is on target to complete the

voluntary pilot initiative, completed a number of process changes to improve the fee billing and further align the budgeting and the fee-setting processes, and is on schedule to transition to an electronic billing system.

Task 4. Staffing Ceiling for 2016

The direction for Task 4 was for the staff to plan for a full-time equivalent (FTE) ceiling of 3,600 by the end of FY 2016 so that the agency could begin the transition to the eventual target for 2020. This task is closed, through planning in 2015 and 2016, and staff informed the Commissioner Offices through an October 7, 2016 Commissioners' Assistants note. The FY 2016 year-end FTE utilization was 3,481 not including reimbursable and Office of the Inspector General FTE. The staff continues to proactively manage hiring in light of mission needs and projected workloads.

Task 5. Common Prioritization and Re-baselining

Task 5 involved the integrated prioritization and re-baselining of 150 agency work activities to be shed, de-prioritized, or performed with fewer resources. The main deliverable for this task was provided to the Commission in SECY-16-0009, "Recommendations Resulting from the Integrated Prioritization and Re-Baselining of Agency Activities." The agency has completed 149 of the 150 specific re-baselining activities. Implementation of the remaining re-baselining activity (Activity 94, described below) is delayed beyond the original target date. However, the 0.2 FTE savings associated with this activity has already been reflected in the agency budget (work is proceeding by reprioritizing work). Completion of these actions realized savings of approximately \$48 million.

- Activity 94, updating the guidance for the process in Title 10, *Code of Federal Regulations*, Section 2.206 (10 CFR 2.206), for petitions to clarify the evaluation criteria for when to hold public meetings on petitions and allow the Petition Review Board to make an initial decision to accept the petition without a petitioner presentation, when appropriate. The NRC staff sought and received public feedback on proposed revisions to Management Directive (MD) 8.11, "Review Process for 10 CFR 2.206 Petitions," and the Commission held a meeting to receive views from external stakeholders and NRC staff on ways to improve the 10 CFR 2.206 petition process. NRC's current estimate is for issuance of MD 8.11 in the fall 2018.

Task 5 also involved providing the Commission with known changes in workload and longer-term efficiencies. This product was provided March 18, 2016, in SECY-16-0035, "Additional Re-Baselining Products." The staff continues to make progress on the longer-term efficiencies. During this quarter, staff completed parts of longer-term efficiency 3, "Implement Digital/Electronic Signatures," and longer-term efficiency 7, "Streamline the Allegations Program." In January 2018, NRC issued new MD 2.9, "Use and Acceptance of Electronic Signatures," to expand use and acceptance of electronic signatures. The original completion date to streamline the allegations program was March 2018. The staff has completed all of the interim actions that could be completed except one. The remaining proposed efficiency is dependent upon an Enforcement Policy revision currently pending before the Commission. Finally, Task 5 involved development of an agency wide add-shed procedure to support ongoing work prioritization. The Office of the Executive Director for Operations Procedure P-0601, "Agency Workload Add/Shed/Defer Process" (ADAMS Accession number ML17033B602) was issued on April 25, 2017, to complete this task.

Task 6. Benchmark Overhead

Task 6 involved benchmarking NRC's overhead with other agencies and seeking external validation from a third party to clearly define and justify overhead as well as identify the variable components of corporate support. This task was completed and provided to the Commission in SECY-15-0109, "Assessment of the Recommendations in the April 30, 2015, Ernst and Young (EY) Overhead Assessment Report." The outcome of this work continues to inform NRC's budget formulation activities.

Task 7. Assessment Process of the Risks to Information Technology Systems

In Task 7, the staff re-examined the processes and practices associated with the risks to its information technology (IT) systems in accordance with the Federal Information Security Management Act. Working with other Federal agencies, the staff researched and reported on cybersecurity strategies, policies, and processes to improve the cybersecurity program, including process improvements and cost-efficiency. The task was completed in 2016.

Task 8. Strategic Workforce Plan

The purpose of Task 8 was to develop a Strategic Workforce Plan that maps the current workforce to the projected future state of the agency workforce and workload needs. Project Aim Task 8 was completed in February 2016, and provided to the Commission offices through a Commissioners' Assistants note. Project Aim Task 8 inspired a follow-on effort, the Enhanced Strategic Workforce Planning (SWP) Process that is ongoing, and achieved a major milestone this quarter. The primary objective of the enhanced SWP process is to better integrate the agency's workload projection, skills identification, human capital management, individual development, and workforce management activities.

On June 13, 2018, the agency's SWP working group provided the EDO with the results of the pilot in a memorandum titled "Enhanced Strategic Workforce Planning Pilot Lessons Learned Report" (ADAMS Accession Number ML18158A269). The pilot, which included the Office of the Chief Financial Officer, the Office of Nuclear Regulatory Research, and Region II; demonstrated that the enhanced framework and process, when fully implemented, will meet the intended purpose of SWP in a sufficiently effective and efficient manner. The working group concluded that systematic application of SWP provides valuable insights to inform staffing, organizational, and developmental strategies. These insights can improve the agency's human capital management activities, help identify employee opportunities for career growth, and provide for a greater understanding of the future workload and workforce of the NRC. The lessons learned report identified recommendations with respect to potential full-scale implementation of the enhanced SWP process at NRC. On June 20, 2018, the EDO issued a memorandum (ADAMS Accession Number ML18158A281) that approved the recommendations in the lessons learned report and tasked a broader agency implementation (called Phase II) of the enhanced SWP process, Phase II is comprised of the original pilot offices and the Office of the Chief Information Officer, Office of New Reactors (NRO), Office of Nuclear Materials Safety and Safeguards, Office of Nuclear Reactor Regulation (NRR), Office of Nuclear Security and Incident Response, and Regions I, III, and IV.

Task 9. One-Stop-Shop for the Office of the Chief Information Officer and the Office of Administration (ADM) Requests

In Task 9, the staff created an "NRC Service Catalog," to serve as a standardized, centralized location on the internal NRC website for staff to request services that include audio-video support, relocation, repairs, computer support, etc. Prior to Project Aim, inefficiencies existed regarding requests for these services due to the decentralized nature and a reliance on a combination of communications by email, phone, and hard copy forms. The Task was closed with the activation of the "NRC Service Catalog" website in April 2016.

Task 10. Centers of Expertise (COE)

Task 10 involved an evaluating organizational COEs for various technical disciplines as a possible tool for greater centralization and standardization, which could increase effectiveness, efficiency, and agility in accomplishing the agency's mission.

The deliverable for Project Aim Task 10 was the November 19, 2015, delivery of SECY-15-0143, "Project Aim and Centers of Expertise." In that paper staff recommended pursuing COEs in four specific areas: rulemaking, allegations, external hazards evaluations, and technical specifications. In the SRM for SECY-15-0143, the Commission approved the formation of the four COEs, contingent upon completion of agency guidance on identifying, evaluating, and implementing COEs. The Commission also directed the assessment of successes and lessons learned from implementation of the approved COEs, and issuance of associated agency-wide communications within one year of their implementation.

The staff subsequently issued EDO Procedure P-0940, "Guidance for Identifying, Evaluating, and Implementing a Center of Expertise," on April 2016 (ADAMS Accession Number ML16105A178). As reported in previous updates, the Allegations COE was established on July 2016; the External Hazards COE in October 2016; the Technical Specifications COE in December 2016, and Rulemaking COE in October 2017. All are still operating as COEs. Three of the four established COEs have provided the required one-year self-assessment. The sole remaining one-year self-assessment is due in October 2018.

Task 11. Contracting Officer's Representative (COR) Process Standardization Initiative

Through Task 11, the Commission directed the staff to evaluate and improve the acquisition process to clarify the roles and responsibilities of the COR, standardize processes, and improve quality and process time. In response, staff created a COR Process Standardization Initiative (CPSI) to identify ways to standardize COR roles and responsibilities. The Project Aim Task was completed through a September 23, 2016 tasking memorandum from the EDO to NRC's Offices and Regions (ADAMS Accession Number ML16225A430). Currently ADM is leading the staff's ongoing efforts to ensure continued COR standardization across offices.

Task 12. Expand the Use of Mobile IT Solutions

Through Task 12, the NRC implemented changes to mobile information technology to provide better capacity at a lower cost. To optimize within available resources, the agency discontinued BlackBerry services, revised who is provided government-furnished equipment based on duties of positions, and expanded services that allow NRC employees to voluntarily set up a secure section of their personal smart-phones for business use. The Agencywide Mobility Policy (ADAMS Accession Number ML17160A389) provides consolidated agencywide mobility

guidance to help users understand roles and responsibilities related to mobile devices and to establish rules of behavior to govern the secure and appropriate use of mobile information technology computing resources. Project Aim Task 12 is completed.

Task 13. Evaluate the Consolidation of the Regional Materials Program

The NRC's materials program, in conjunction with the Agreement States, regulates medical, industrial and academic uses of radioactive materials. NRC's regional offices carry out licensing, inspection, event response, enforcement, and allegations activities, in addition to providing support to programmatic changes such as guidance and rulemaking. Region II's materials program was moved into Region I in 2003. Under task 13, staff evaluated, with input from internal and external stakeholders, whether further consolidation of the regional materials program would improve effectiveness and efficiency. To close this task, the staff provided recommendations to the Commission in SECY-16-0083, in June 2016. In the resulting SRM, the Commission approved the staff's recommendation to implement process enhancements and re-baselining initiatives without further geographic consolidation of the materials program. This task and its follow-on activities are complete, and the relevant efficiencies were reflected in the Agency's FY 2018 Congressional Budget Justification.

Task 14. Evaluate Consolidation of Regional Corporate Support Functions

In Task 14, the staff completed an evaluation of the support functions (ADAMS Accession Number ML16131A064) in the Division of Resource Management and Administration (DRMA) in each NRC region and identified process efficiencies that will yield savings through standardization or centralization of specific support functions over time. The deliverable completing this Task was provided to the Commission offices by a Commissioners' Assistants note on June 6, 2016.

Though completed, the work on Project Aim Task 14 inspired a broader, follow-on effort to standardize and centralize mission support activities performed by DRMA and Program Management, Policy Development, and Analysis (PMDA) divisions in program offices and regions across the agency (ADAMS Accession Number ML17040A349). On May 11, 2017, the mission support standardization and centralization working group provided an agencywide implementation plan (ADAMS Accession Number ML17121A431) for 21 projects to centralize and standardize financial management, human resource, and administrative functions. Implementation is ongoing for these projects, though none reached a key milestone this quarter. The Agency's FY 2019 budget request reflects a reduction of approximately \$4 million, primarily as a result of a 20 FTE reduction in the Mission Support and Supervisors Product Line due to the standardization and centralization projects.

Task 15. Transitional Plan for the Merger of NRR and NRO

In Task 15, the Commission directed the staff to develop a plan to merge NRO and NRR at the appropriate time. A working group developed a business case for a merger, which included a description of projected efficiencies and challenges, and plans for the staff to address those challenges. The assessment also included an evaluation of leading resource drivers and proposed timing for a merger. The Project Aim deliverable was provided in SECY-16-0075 on June 8, 2016. Subsequently, the Commission approved the merger of NRR and NRO in SRM-SECY-16-0075 and directed the staff to complete the consolidation of the two offices by September 30, 2020.

Implementation activities are ongoing. A merger team was formed and has developed options for an organizational structure for the merged office based on workload analysis and focus group discussions. The merger team is also assessing pre-merger consolidation areas and potential for establishing Centers of Expertise. There are no key milestones or challenges to report this quarter.

Task 16. Identification of Mission Critical Positions

Task 16 required the staff to conduct an assessment of the critical positions supporting the agency's mission- and safety-related work. The task was completed and provided through an August 12, 2016 Commissioner's Assistants note. Ongoing efforts to identify and manage critical positions are occurring through the Competency Modeling project and the enhanced SWP project.

Task 17. Planning for Developing Competency Models (CM)

The objectives of Task 17, the CM project, are to provide the tools and means for employees and supervisors to improve job skills, increase the efficiency and effectiveness of qualification programs—reducing time and cost to qualify, and provide the means for employees to more quickly move between roles as the workload shifts. Additionally, CMs will support enhanced SWP. The Project Aim deliverable for Task 17 was a project plan that was provided through an August 12, 2016 Commissioners' Assistants note (the same note gave the deliverables for Tasks 16 and 17). However, work to develop the NRC CM project will continue for several years.

There are two major components of the current project. The first is completion of modeling of all agency positions by end of FY 2019 to support future SWP needs. The second is building the business case for competency-based qualifications. Depending on the results of the business case, future plans beyond FY 2019 would include building competency-based qualifications (CBQ) by modifying existing qualifications programs associated training curricula.

Task 18. Reexamine Leadership Model.

Task 18 involved the re-examination of an explicit Leadership Model for NRC. COMSECY-17-0006 (ADAMS Accession Number ML16348A323) provided the deliverable for Task 18, the staff's reexamination of the need for an explicit NRC Leadership Model.

On June 19, 2018, the NRC issued the NRC leadership model ([NUREG/BR-0529 \(ADAMS Accession Number ML18169A118\)](#)), which provides, in one place, expectations to understand how we individually and collectively demonstrate leadership in fulfilling the NRC mission. The NRC Leadership Model complements the Principles of Good Regulation and NRC Organizational Values by elaborating upon six fundamental characteristics, which are not explicitly addressed by the either the Principles or Values. Specifically,

- Participative Decision Making
- Receptivity to new Ideas & Thinking
- Empowerment and Shared Leadership
- Diversity in Thought
- Innovation and Risk Tolerance
- Collaboration and Teamwork

The NRC Leadership Model describes the specific leadership behaviors associated with these characteristics that are expected from individuals, supervisors, and team members. It also describes the NRC programs and activities that contribute to, implement, and allow us to hold each other accountable for the concepts and ideals presented in the Leadership Model. The NRC Leadership Model will help the NRC nurture a strong organizational culture, and enable demonstration of NRC's continued commitment to effectiveness, efficiency, and agility in meeting the NRC's safety and security objectives.

Task 19. Operating Reactor Licensing Process Improvements

The purpose of Task 19 was to improve licensing by conducting a business process improvement (BPI) review of the operating reactor licensing process and making associated improvements to enhance the predictability, timeliness, and efficiency of the reviews, while ensuring and measuring the effectiveness and quality of the reviews. The Commission also approved a staff proposal to delegate decision-making about this activity (its timing, its scope, and the application of its results) to the Director of NRR. Further, the Commission, indicated that the review should incorporate available lessons learned about how the backlog of licensing actions that existed at the time originated and how it was resolved. COMSECY-17-0004, dated January 24, 2017, provided the staff's product to close this task. The Commission approved the closure in a March 2, 2017 SRM (ADAMS Accession Number ML17061A631).