

May 1, 2015

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am providing the enclosed report, as requested by the Joint Explanatory Statement prepared by the House and Senate Appropriations Committees accompanying the Consolidated and Further Continuing Appropriations Act of 2015. The Commission was directed to engage an outside entity with expertise on federal agency management to recommend ways it can reduce its corporate support requirements and improve the efficiency of the Commission's internal processes. The Commission was further directed to submit, by May 1, 2015, to the Committees on Appropriations of the House of Representatives and the Senate, the review's findings, budgetary impacts, and a long-term strategic workforce plan.

Over the last decade and a half, we have seen the NRC grow from an agency of just over 2,700 employees in the year 2000, to one with approximately 4,000 employees in 2010, to just over 3,700 employees currently to carry out our safety and security mission. Going forward, it is incumbent on the Commission to ensure that the NRC's organizational structure is appropriately sized so that the agency has sufficient personnel to perform its mission and be an effective regulator while still being accountable to the American people and prudent in our expenditure of resources.

Between the fiscal year (FY) 2011 Enacted Budget and the FY 2016 President's Budget, the agency realized a reduction of 219 full-time equivalent or \$36.4 million in overhead. Centralization of corporate functions through the Transforming Assets into Business Solutions (TABS) initiative was a primary contributor to the decrease, while other contributors included the merger of the Office of Federal and State Materials and Environmental Management and the Office of Nuclear Material Safety and Safeguards, and the agency's overall effort to reduce overhead, including a decrease in the Regional office support staff.

The Commission is cognizant of our changing environment and is committed to continue focusing on using resources more effectively and efficiently. The NRC has been reducing overhead since FY 2011 through a number of efforts. As a result of implementing the TABS initiative, the NRC gained efficiencies across the agency by centralizing 29 corporate functions and streamlining and standardizing corporate business processes. In June 2014, the NRC embarked on an effort called Project Aim 2020. The purpose of the project was to identify ways to enhance the NRC's ability to plan and execute the agency's mission more efficiently while adapting in a timely and effective manner to a dynamic environment. The Project Aim report, which is currently being reviewed by the Commission, contains a number of potentially impactful recommendations to further improve the efficiency of the NRC's internal processes and reduce corporate support requirements. In conjunction with Project Aim, the Commission contracted

with the National Academy of Public Administration to review the project and identify key challenges. In February 2015, the NRC contracted with EY (formerly, Ernst and Young) to conduct a review of the agency's overhead functions and to identify ways to reduce costs. EY interviewed peer agencies and made recommendations on how the NRC can implement leading practices to reduce overhead costs. The April 30, 2015, EY report makes several recommendations that generally align with the Project AIM 2020 recommendations. These and any additional recommendations will be evaluated by the agency as part of the implementation of Project AIM 2020. All of these efforts are contributing to the NRC's reduction of corporate support requirements and improvement in NRC's efficiency

Please feel free to contact me or Eugene Dacus, Director of the Office of Congressional Affairs, at (301) 415-1776 if you have questions or need more information.

Sincerely,

**/RA/**

Stephen G. Burns

Enclosure:

"Reducing Corporate Support and Improving  
the Efficiency of the Commission's Internal Processes"

cc: Senator Barbara Mikulski

Identical letter sent to:

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510  
cc: Senator Barbara Mikulski

The Honorable Harold Rogers  
Chairman, Committee on Appropriations  
United States House of Representatives  
Washington DC 20515  
cc: Representative Nita Lowey