

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

+ + + + +

BRIEFING ON STRATEGIC WORKFORCE PLANNING AND HUMAN
CAPITAL INITIATIVES

+ + + + +

TUESDAY,
JANUARY 31, 2006

+ + + + +

The Commission convened at 9:30 a.m., Nils J. Diaz, Chairman,
presiding.

COMMISSIONERS PRESENT:

NILS J. DIAZ, Chairman

EDWARD MCGAFFIGAN JR., Commissioner

JEFFREY S. MERRIFIELD, Commissioner

GREGORY B. JACZKO, Commissioner

PETER B. LYONS, Commissioner

1 ALSO PRESENT:

2 LUIS A. REYES, Executive Director for Operations

3 JAMES F. MCDERMOTT, Director, Office of Human

4 Resources

5 KATHY H. GIBSON, Associate Director for Training and Development,

6 Office of Human Resources

7 CORENTHIS B. KELLEY, Director, Office of Small

8 Business and Civil Rights

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

2

3 CHAIRMAN DIAZ: Thank you, Mr. Secretary, and good
4 morning, everybody.

5 The Commission meets this morning to hear a Staff
6 briefing on NRC's Human Capital Incentives. This presentation is
7 designed to keep the Commission apprised of the Agency's
8 accomplishments to date and new challenges that have evolved that we
9 seek to ensure that we have sufficient human resources with the right skill
10 mix to meet our anticipated needs now and in future years.

11 We have a human capital problem.

12 (Laughter.)

13 I don't think I can underscore how important this issue is
14 to the Commission. I believe the Commission is going to be asked to come
15 up in the next few years with a tremendous series of very important
16 decisions for this country.

17 And as we know, those decisions will rest on the people
18 that are going to be working, making the safety cases, making the right
19 decisions at the right time, including all of the things that sometimes the
20 public only sees part of it, but it requires a tremendous amount of work,
21 tremendous amount of deliberation, discipline, the not only looking at the
22 technical issue, but actually putting the right words so people can work
23 with it. So the processes eventually can become open, fair and equitable
24 as we always do in this Agency and in this country.

25 Although this meeting is being conducted in open session,

1 I want to remind everyone that some information regarding workforce
2 planning and human capital initiatives is included in our FY2007 budget
3 submission and therefore is embargoed information at this time until it is
4 published.

5 Consequently, I would ask the Staff to interject whenever
6 necessary during the course of this meeting if we are inadvertently
7 beginning to cross the line into embargoed territory.

8 I know we have a lot to cover. I know you have been
9 waiting to get here to give us all the good news and some of the things that
10 are not so good, some of the challenges, and so let me ask my fellow
11 Commissioners if they have anything.

12 COMMISSIONER McGAFFIGAN: Mr. Chairman, I would
13 only underline how important this issue is for the future of the Commission.
14 We are going to be hiring 350 people a year, perhaps more in some years,
15 but 350 a year and I think it's going to happen for four or five years. And
16 if you think about it, a few years from now we may be a 3500-person
17 agency and 1400 of those people could be at the Agency less than four
18 years.

19 So it's an absolutely tremendous challenge. The EEO
20 sent us a book last week about lost knowledge, which I've started to plow
21 through, but it has some pretty alarming anecdotes in it that we have to
22 make sure don't happen to us or we have to try to minimize it happening
23 to us. But at a time when our workload is likely to expand significantly to
24 be simultaneously losing a lot of the experienced workforce and having to
25 train a very large number of new people, poses very significant challenges

1 and you know, we're going to have to stay on top of this year in and year
2 out for the next several years.

3 Thank you.

4 COMMISSIONER MERRIFIELD: Mr. Chairman, the only
5 -- I would agree with the comments made by both the Chairman as well as
6 Commissioner McGaffigan, I think what I would add, however, is that
7 sometimes there's a tendency to look at issues as a snapshot rather than
8 as a moving picture.

9 And I would want to just for the record, put into context
10 that this is not a new issue for us. We have been, as a Commission,
11 grappling with these issues, I think very aggressively with our staff, for the
12 last four or five years.

13 Now we had some different challenges at that time. We
14 didn't foresee the huge increase that we are likely to have as a result of the
15 possible next bow wave of new reactor orders. But nonetheless, a
16 lot of the fundamental issues that we have in place today that will allow us
17 to respond to that are things that we were able to put into planning over the
18 last four or five years. We have a network today that is reestablished with
19 colleges and universities in terms of recruitment, an issue that when I first
20 came to the Commission had withered on the vine.

21 We have asked for, and received from Congress, a series
22 of tools that enable us to enhance the recruitment effort as well s keep
23 folks that we currently have here, the most important part of our work
24 force.

25 And so I think, I look very forward to hearing what the Staff

1 is going to be telling us in terms of our snapshot today of where we are in
2 2006, but as we go through this today, I think it is important to remember
3 that this didn't happen today, it didn't happen yesterday, but it's been
4 happening in a continuous way as a result of, I think, a lot of strong
5 involvement of the Chairman, the other members of this Commission and
6 of our senior staff to put us in the place we are today, to handle what is a
7 very aggressive task.

8 CHAIRMAN DIAZ: Thank you. Commissioner Jaczko.

9 COMMISSIONER JACZKO: I would just certainly want to
10 echo the comments of my fellow Commissioners. I think a lot of work has
11 been done by this Agency to prepare to tackle this, challenge and I think
12 it has put us in a good position to deal with a lot of the issues.

13 But, if anything, the one area that still concerns me and it's
14 to some extent beyond this Agency's control to a little extent -- is dealing
15 with the space for new people and making sure that we are taking
16 appropriate steps in that -- working with other federal agencies to make
17 sure that that happens, if we have the resources necessary.

18 We're in the process of doing some minor renovations to
19 my office suite, so I understand the challenges that go into -- it's not always
20 just how you deal with the space that you have, but it's how you deal with
21 dealing with changes to that space and making sure you have a place to
22 put people when they may need to be doing some things to their work
23 areas, so I look forward to hearing more about that.

24 CHAIRMAN DIAZ: Thank you.

25 COMMISSIONER LYONS: By now, I think I can only

1 agree with all of my colleagues, each of the points they've made is one that
2 I very strongly support. I appreciate the efforts that Staff is undertaking to
3 try to address these challenges and that includes the infrastructure and
4 space that Commissioner Jaczko mentioned. And, I believe it was
5 Commissioner McGaffigan who referenced this book and I too am busily
6 wading through it and one of the things, one of the things that I'm finding
7 emphasized which I may ask a few questions about is the issue of
8 retention. Because, certainly we have a challenge in hiring, but this book
9 also is making a very, very strong case that we also pay equal attention to
10 retention. Thank you.

11 CHAIRMAN DIAZ: Thank you, Commissioner Lyons. Mr.
12 Reyes.

13 MR. REYES: Good morning, Chairman and
14 Commissioners. It is indeed my pleasure to participate in this briefing
15 today.

16 Since the year 2002, the staff has conducted five briefings
17 to the Commission. And they all have been closed. And today we have
18 the opportunity to have an open Commission briefing on human capital.
19 And, I think it's important that it's open because the actions we have taken,
20 although you are going to see some key managers here at the table and
21 behind me who are going to brief the Commission, human capital is an
22 area where all employees participate.

23 We're lucky, our employees contribute to the recruitment
24 activities. They're one of our biggest sources of referrals. And we recently
25 made some changes to make that a little more profitable. They do a lot of

1 mentoring and coaching. They are part of our knowledge transfer
2 activities.

3 But perhaps the most important thing, and I think
4 Commissioner Merrifield touched on it, is that four years ago, we started
5 what we called the Strategic Workforce Plan. And every employee in the
6 agency took the time to put their profile into this database. Then, they
7 partnered with their supervisors to review them and today we're glad to
8 report that we have a terrific database in terms of our skills. It's a way that
9 we can analyze our gaps in our skills, and come up with closure strategies
10 to make sure we in fact can do our job and do it well.

11 We do have some challenges in terms of our growth and
12 the scope of the work that we have forthcoming. Jim McDermott is going
13 to take us to the main presentation. He is going to tell you some of the
14 actions we have taken to use all the flexibilities that Congress and other
15 agencies have given us. And we are going to talk about some of the
16 challenges that we indeed have.

17 Jim?

18 MR. McDERMOTT: Thank you, Luis. Good morning. I
19 guess I need my first slide. Good. The Chairman has defined the purpose
20 of the meeting, which is just to tell you what we've been up to and what
21 we're addressing next in the world of human capital.

22 We had been advised that perhaps some GAO individuals
23 would attend the meeting, because they are going to start an investigation
24 and review of our human capital planning. I believe it's next week, the
25 entrance conference.

1 One of our first principles is, please involve top
2 management, the staff and the stakeholders in developing and
3 communicating and implementing your human capital and workforce
4 planning.

5 Next slide please.

6 We are going to talk about hiring and training essentially.
7 I'll talk about the first two bullets on the slide and Kathy Gibson, who is our
8 associate director for training and development, will talk about training and
9 development and that will include a discussion of knowledge management.

10 Now, our next slide please.

11 Actions taken. We have a laundry list of good tools
12 provided in both the Workforce Flexibilities Act and the Energy Policy Act.
13 Some of them are low-level annual leave enhancement -- it's okay. The
14 big ones are enhancements in the recruitment, relocation and retention
15 incentives. The Workforce Flexibilities Act raised the bar on how much
16 money we can invest in those incentives. It used to be sealed off at 25
17 percent of basic salary. Now it's up to fifty percent and in rare and unusual
18 cases you can go to 100 percent of salary in the form of a recruitment
19 bonus. We haven't gone there yet. But those tools are available to us.

20 The Energy Policy Act gives us all kinds of things. Money
21 for scholarships and fellowships and the Commission has said, you know,
22 I think we said, we'll we're going to do ten and the Commission told us do
23 20 at least. We're probably going to do a good many more than 20.
24 Particularly scholarships. We have a plan that says fellowships, very
25 highly targeted, aimed at specific things. Send somebody out for a PhD,

1 or to a national lab or something to learn a very specific thing that we need
2 in the agency.

3 Much more broadly based will be our encouragement to
4 all our staff, to pursue a graduate degree. My mantra is if you've got the
5 time, we've got the money. And we find that that's a very attractive
6 proposition to our staff. They say yeah, I want to get a graduate degree.
7 But I'll do it, I'm going to stay put and I'm going to stay and do my job. I'll
8 do it on my time. We can't ask for more than that.

9 We've got two pots of money. One large pot with about
10 \$5 million for grants to support nuclear education and a companion pot, I'll
11 call it, that Ren has some experience administering already, grant money
12 for supporting for HBCUs and Hispanic Service Institutions.

13 We're going to integrate that. We need to pull all that
14 together so that we get the maximum benefit in approaching schools. I
15 don't care what school. My favorite right now is South Carolina State is
16 going to partner with Wisconsin. We need to nourish that and support that.

17 We've got money for what we call pizza and trinkets.
18 Actually we didn't get pizza money, we only got trinket money, but we've
19 had that and we're using that on our recruitment adventures.

20 And the one that's had the greatest near term impact on
21 us is our authority to weigh the pension offset in hiring re-employed
22 annuitants. We report this to you, I think, on a quarterly basis.

23 Right now, we have 31 re-employed annuitants that have
24 come back and agreed to work for us with the use of the pension offset
25 waiver. That's one percent of our staff. That is huge. It was absolutely

1 key to the spent fuel pool security exercise that we went through the past
2 year. It is also hugely important for knowledge transfer, for bringing people
3 back on offsets so they can help us complete knowledge transfer and
4 complete critical projects.

5 Could I have the next slide, please?

6 Luis has mentioned we're going to give employees who
7 are very strong source of good recommendations referral awards,
8 bounties. I think we're talking about \$500 if an employee refers us
9 somebody and we hire them. We've got all types of limitations;
10 supervisors can't play and appropriate controls on it. But it is recognition
11 of how much we rely on the staff to recruit for us.

12 We're also trying to increase telecommuting. Right now,
13 we have 237 employees who do what we call our fixed day telecommuting
14 program. They've got set schedules. Many more will work from home on
15 a given day for a special project, to get something done, to have a better
16 atmosphere, when they're changing the carpet in your office, things like
17 that. But the telecommuting program has some challenges and I'm going
18 to talk about those in just a few minutes.

19 Challenges. I'm on the next slide. We need to enhance
20 the use of all these flexibilities that we've gotten in the Workforce
21 Flexibilities Act and the Energy Policy Act to sustain recruitment
22 momentum. I'm really worried about keeping people on point, doing this.
23 A huge piece of our success now has been top management involvement
24 in recruitment and that continues to nourish the process.

25 We were grilled yesterday by Senator Voinovich, "are you

1 using the tools that I gave you?" In fact, he was exceptionally fond of
2 student loan repayment and our answer is yes, and our use of it is
3 increasing year by year and will continue, I believe, to increase.

4 To some extent, our use of these flexibilities is going to be
5 market-driven, and we're going to have to match competing offers. We
6 tried to hire a young woman for a contracts job. Navy -- we give them a 5
7 percent bonus to sign. Navy put \$11,000 on the table for the young lady
8 to sign, so we have to up her salary a little bit. We are going to negotiate.
9 We are going to get the people that we need.

10 MR. REYES: We are going to get her.

11 (Laughter.)

12 COMMISSIONER McGAFFIGAN: Does the Secretary of
13 the Navy have anybody here?

14 (Laughter.)

15 MR. REYES: We are going to get her. Let me just say
16 that.

17 COMMISSIONER McGAFFIGAN: She going to be paid
18 your salary, right?

19 MR. McDERMOTT: There was a minor Navy official, his
20 name was Rickover who used to be upset when we would do the same
21 thing to acquire resident inspectors some years ago.

22 We're watching what's going on in the pay for performance
23 world. Last year, you told us and I think you were right to say you know,
24 don't jump into the pay for performance or the pay banding fray. Wait and
25 see what's happening.

1 And so far, not much is happening. The workforce --

2 COMMISSIONER McGAFFIGAN: There's a lot of legal
3 battles.

4 MR. McDERMOTT: Yeah, a lot is being stopped and the
5 Working for America Act that OPM has developed to extend the DOD and
6 Homeland Security type provisions government-wide, has yet to attract any
7 sponsors on the Hill. And they started that last July.

8 My next slide, please. Last month, we sent a letter to
9 Linda Springer, the Director of OPM, asking for direct hire authority for the
10 kinds of staff that we need to take on this new work. And we mentioned
11 that in our little meeting yesterday. Quite frankly, it's somewhat of a
12 weather balloon. We're going to see if we get a flexible and timely
13 response from OPM. If not, we may pursue a legislative initiative to get
14 what we need so we can do it.

15 We need to enhance the infrastructure to support our
16 telecommuting. We need to make it easier for the staff that wants to
17 telecommute to get user-friendly broadbanding in place so that they can
18 really interact well from the office. When that's in place, my personal
19 experience is it works fine. I have staff who do it and they are responsive,
20 even though they're up in Urbanna or wherever.

21 There's a cultural thing about telecommuting too. There's
22 perceived, on the part of employees, that there's some slight -- stigma is
23 too strong a word -- attached to telecommuting if you're not here at your
24 desk where I can see you, are you really working? Obviously, some
25 people are saying yes, I am and watch this.

1 The real issue is it's about managing work, by providing
2 very clear expectations and monitoring results, rather than observing the
3 performance of the work before your very eyes.

4 That goes deeply into performance management, period,
5 whether you're talking about a telecommuter or a worker on site.

6 Next slide, please. I put this chart in here to give you
7 some indication of the activity of the use of the incentives that we've had
8 before. I can't talk about new money, but I can talk about old money. In
9 recruitment bonus space, we spent about a half a million dollars in 2005
10 and we budgeted about that same amount in 2006. We're looking for a
11 little bit less than that for retention allowances, a little bit more than that for
12 relocation bonuses and a lot more than the 160K that we had in the budget
13 for student loans. I think we really need to look at that in the out years and
14 get the money we need for this.

15 Our assumption, of course, is that this is -- these bars are
16 going to start going up as we really get into the recruitment thing and it's
17 going to cost us.

18 Next slide, please. I'm just going to say a few words, in
19 the background material we provided you, we gave, I think samples of how
20 we use our strategic workforce planning tool. It's the heart of our human
21 capital planning. What we use to identify the needs, to identify the critical
22 skill gaps and to develop strategies to pursue -- my boss carries it around
23 with him everywhere, the list of who's on the -- for example, retirement
24 projections and stuff like that.

25 In doing this, we have sort of a womb to tomb approach

1 where we've identified the needs, we talk about at what level, what's our
2 recruitment strategy to fix that year. Are we going to go for interns or
3 nuclear safety professional development program participants or are we
4 going to mid-career? Do we need to go out and get a high level person?
5 We've done that, for example, in the computer world. We go out and we
6 hire somebody in off the street, Grade 15, but he's got what we need.

7 We have to be flexible that way and we use our workforce
8 planning tool to decide which way we should go. We supplement that with
9 managerial an executive development programs. I mean the Leadership
10 Potential Program and the SES Candidate Development Programs that are
11 now marching one right after another to fill our needs for supervisors and
12 managers -- as the staff grows, we've got to have well-developed
13 supervisors and managers to deal with them.

14 We were off-site last week to look at where we are on
15 succession planning and to come up with action items, not a list, but
16 actions with regard to exactly what we would do, looking six years out,
17 saying all right, who is going to be here six years from now. A very
18 interesting question. So how are we going to get the staff that we need?

19 Compared to the rest of the government, we have a
20 relatively youthful senior management group. There are a lot of -- well,
21 some exceptions.

22 (Laughter.)

23 Many of our senior executives won't be anywhere near
24 retirement eligibility six years from now. That's very good news.

25 Next slide, please. Our hiring, how are we doing on

1 hiring? It says hire at a level that will get us to 2007. That means
2 assuming a loss of about 200 people in the course of the fiscal year, hiring
3 about 350 people.

4 We have at best a 50-50 chance of getting that many
5 people through the door. I'm being realistic. I don't know whether I'm
6 going to get that many in. We'll push it to the limit, but let's be realistic.
7 That's almost -- it's 80 to 90 more people through the door than we ever
8 hired in our best hiring year.

9 COMMISSIONER McGAFFIGAN: In the history of the
10 agency?

11 MR. McDERMOTT: I shouldn't say in the history,
12 because I didn't go back and look in the aftermath of Three Mile Island
13 years, but in the last five or six years, it's the most we ever got through the
14 door was about -- highwater was about 270, 280. And we've got to do
15 about -- the math is simple. We've got to do a lot better than that this year.

16 What's different this year? I can't say enough about how
17 senior managers, the people in the row behind me here, have been
18 galvanized on this. You devote your time. They are devoting a lot of time
19 with this. There will be a meeting next week, on the 13th of the deputy
20 program office directors to review have we got any more good applicants
21 out there that we missed that you guys have cycled to us.

22 In other words, they're giving top level attention to that and
23 that has made an enormous difference. We're streamlining our hiring
24 process and what we do, the way we streamline is just centralize it a little
25 bit. You get out of a never-ending series of interviews and shall I make a

1 decision of who's going to make the decision and all that. These things are
2 on a fast track now. Again, the office directors and their deputies are
3 driving this thing. Let's have a decision.

4 It will be particularly effective with entry level hires
5 because nobody knows where the entry level hires are really going to end
6 up after two or three years of training. So there's not a lot -- you get one
7 section chief some place to make the decision and it's never going to
8 happen.

9 Where you've got all the FTE in the world we won't use all
10 the FY06 FTE. What we're trying to do is by the end of 2006 already be
11 at 2007's ceiling and then just keep going right on through. Much of this
12 is driven by the new reactor work. The idea is to strike now before the
13 utilities are scarfing up and the vendors scarfing up all the people and get
14 them in here and get them trained so that the 2009, 2010 time frame,
15 these people know enough to take up the slack, so to speak, in our work.

16 We did a thing, it's the last bullet. And I should talk about
17 that because it caused an attrition blip which has me panicking, but not too
18 much. We had a buy out on the administrative side, rebalance skills. And
19 it resulted in 23 people opting to leave the Agency at that time, created an
20 opportunity for me and HR and for Ed Baker and OIS to bring in some new
21 staff with different skill sets. That really helped us.

22 Next slide. Right now, we have made 97 offers to 69
23 different people. A lot of these people get dual offers and thus far have
24 received 34 acceptances for our intern or our nuclear safety professional
25 development program.

1 We had a big day last December 16th. It's the kind of
2 thing we do to telescope the process to say come on, let's talk to them
3 today. Let's make a decision today about who we're going to offer jobs to
4 and as a result of that, we had 154 interviews. There were 60 managers
5 that participated in this. We made 50 offers to 33 students and of that
6 group, we've got 17 acceptances. So you can see that we're getting about
7 half, about 50 percent acceptance rate which is why we have to keep
8 going.

9 COMMISSIONER MERRIFIELD: Just to clarify, on that
10 day you flew in 154 people?

11 MR. McDERMOTT: No, 154 interviews, multiple
12 interviews. Forty-five. We flew in 45 people. They had an average of
13 three or four interviews apiece from some 60 managers.

14 COMMISSIONER MERRIFIELD: These are second
15 interviews then?

16 MR. McDERMOTT: Yes, a whole series of interviews and
17 they got -- some got multiple offers. It's one of the reasons we're meeting
18 on February 13th. All right, some have accepted one of the three offers
19 they got. Let's offer two other people, the other two jobs -- let's keep
20 going, see if we still have good candidates in the hopper.

21 COMMISSIONER MERRIFIELD: So of the 45 we flew in,
22 three of them walked out with offers. That's really the bottom line? What
23 did I say? Thirty-three of the 45 walked out with offers?

24 MR. McDERMOTT: Yes, that's correct.

25 COMMISSIONER MERRIFIELD: You go recruit and you

1 tell people second interviews 33 of 45 are going to walk out with an offer.
2 That's a pretty good incentive to have them come down.

3 MR. McDERMOTT: Yeah. I think I can go to the next
4 slide.

5 How do you absorb this many people into the Agency all
6 at once is a great issue. First and foremost, it's on the job training,
7 especially if we're going to keep them. The maximum is people join
8 organizations. They leave supervisors.

9 We have addressed that. You have approved
10 reorganizations for the major program offices recently. And one of the key
11 facets of those reorganizations was to improve the ratio of supervisors to
12 employees at the first level of supervision. New people need face time and
13 they need coaching and guidance and we're trying to set the stage to be
14 able to do that.

15 That will be an evolutionary process. We'll be creating, as
16 the staff grows, more and more supervisory positions so that we can
17 manage them well.

18 We've mentioned already space. Space is going to be --
19 space can be a show stopper if we don't get what we need. We made that
20 point yesterday. We've got to get them here. We've got to have a place
21 for them to sit. And it has to be a good enough place so that the
22 employment experience is positive for these people. That means they
23 need -- they can't be stuck in a corner some place where they don't know
24 anybody and nobody pays any attention to them. That's what we have to
25 avoid.

1 We're going to get increased competition from the
2 industry.

3 We had a meeting in October here, I think, with the
4 industry. GE says we're looking to hire 100 engineers in 2006.
5 Westinghouse says we want 500 this year. Areva said we want 200 over
6 the next two years. And they're out there. They're looking for them. And
7 that's going to impact us.

8 We also have and it's my third bullet here. I don't know if
9 the thought comes across. This is a lot of work and the managers are
10 helping us do our job while they're still doing their jobs. We're not helping
11 them do their jobs. They have to take care of the program and licensing
12 and safety programs, but they are investing heavily in recruitment and
13 training and support for our people. It's the way to go.

14 Next slide is about realigning current staff to maintain
15 connectivity between skills and workload requirements and that's Greek for
16 shifting as programs shift. We're going to have assets in some program
17 areas that we can move to other areas where the skills are fungible.

18 A lot of people who work on environmental issues in one
19 office can work on environmental issues in another office, as in early site
20 permits or whatever you want. We need to think and act on that as well as
21 think and talk about it.

22 I don't want to not talk about the importance of maintaining
23 diversity in all the stuff that we are doing here. You know, our safety
24 culture thing says we do okay on diversity and there are groups like
25 women and some minority groups that say yeah, it's a great place to work.

1 We can't rest on our laurels on that thing. We still want to improve the
2 diversity in our management ranks and we'll do that as the diversity gains
3 that we have made in our hiring at lower levels move through the system
4 and come up to where they now populate the pools from which we make
5 these selections.

6 We're also following up on the results of this famous
7 survey at lower organizational levels. The IG has made available to us,
8 the consultants that did a forum, they held two or three oversubscribed
9 training sessions to teach some staff people how to go in, mine this data
10 and come up with findings relevant to a particular office or organization.
11 They're set up to say we'll let you go down as low as a 20-person
12 organization. You can't go below that because then anonymity becomes
13 endangered somewhat. But the offices are looking at that data. They just
14 started. I don't have any results to report on that.

15 Next chart, please. This is the tsunami chart. We wanted
16 to show you where we think we're going and we're not going. The
17 message is clear. The message is we'll continue to improve on the low
18 end of the chart. The red line there is a guess at where we might be in
19 2010. I think it's a conservative guess, I think the line is going to move
20 farther up the chart period because we're going to have more people.

21 But the part that looks like it's going to fall off on the right
22 hand side is going to stay with us. For a long time, that's where we're
23 going to be. We have a lot of people and that is good news. People are
24 not retiring. We had a smaller, we always have a January retirement
25 spike. We had a smaller spike this past January than we've had in the

1 previous two or three years. I'm at a loss to explain that. On the other
2 hand, last year, we had higher spikes in April and in June. My guess is
3 maybe real estate market being so good tempted some people to say I'm
4 selling and I'm going to Florida or wherever I'm going to go.

5 (Laughter.)

6 Bingo. That's why we've indicated that we expect attrition
7 to pick up a little bit.

8 Our challenge is to anticipate and then take steps to
9 mitigate or forestall any kind of retirement tipping point where all of a
10 sudden we get, we get a little internal epidemic of retirements. I'm worried
11 about that. I'm watching that.

12 The next slide, please. Not all the news is good. This is
13 where we are on attrition. And the part that makes we nervous is the pink
14 bar in 2005. That's about 50 percent higher than it was in 2004. In the
15 previous years it didn't change so much. That means in actual numbers
16 it means there were 34 people who quit and went to the private sector.
17 They did not retire and they did not transfer to other agencies. We did not
18 fire them. They chose to leave. Forty-nine went. Thirty-four, the previous
19 year.

20 Twenty of those 49 were engineers. Thirteen of them
21 were residents. Maybe it's because the seven-year cycle crunch kind of
22 hit big then, but when I went name for name as to what happened -- I was
23 real curious as to who was in that bump, that worried me some. The rest
24 of the categories were kind of okay, except for attorneys, five attorneys.
25 Not retirements, these were five quits, lured out of here. I knew a couple

1 of them personally, lured out of here by big bucks in the private sector.
2 That's going to become something we're going to have to watch because
3 we talk about engineers, we need attorneys for the licensing process. We
4 can't have a mandatory hearing without an attorney.

5 COMMISSIONER MERRIFIELD: Just to clarify, you broke
6 those numbers down a little bit. Was there any breakdown you had by
7 age?

8 MR. McDERMOTT: No. My staff looked at it for me and
9 said we didn't see any trends. So I looked at it and I saw a trend for
10 resident inspectors. But I don't know if there was any particular age trend.

11 Wait a minute. There was a grade trend which kind of
12 correlates a little bit with age. There were 11 of them were in the 12 and
13 higher grades and we set ourselves a mark in the performance measures
14 to keep our new hires a minimum of three years or we've failed, maybe I
15 ought to raise that to make it more ambitious. And we hit that mark, so we
16 weren't losing people right after they got here. It's the 12 and 13s. And I've
17 been thinking about it, you know.

18 Why do people leave? They don't find the work
19 interesting. Apparently interesting work is one of the most powerful
20 retention tools. They don't see enough opportunity for advancement. And
21 we sent a chilling signal last year with our emphasis on let's take a look at
22 non-supervisory grade 15s. I don't have good information from the people
23 who left. I was talking this morning, you know, a lot of them still like us.
24 We're going to contact them and say okay, you left us. Why and what
25 could we have done to keep you, just to see if we can get any helpful

1 response from that. That would be good information.

2 I think, again, I worry about this tipping point thing where are we
3 getting to a place where people are going to take us, but that's my story on
4 attrition. I wanted to end on attrition because we have lost 80 people so
5 far this year. That's a lot of people.

6 COMMISSIONER McGAFFIGAN: Eighty people in this
7 fiscal year?

8 MR. McDERMOTT: Yes. Eighty people in -

9 COMMISSIONER McGAFFIGAN: In the last four months?

10 MR. McDERMOTT: Yes, 80 people in the last year, so we
11 need to pay real close attention to this. We're doing well on the hiring,
12 don't let me mischaracterize that. But it just makes the curve that much
13 deeper, if we're draining as fast as we're filling in.

14 COMMISSIONER LYONS: Jim, just to clarify, I'm sorry,
15 you said there were 80 that were lost to attrition?

16 MR. McDERMOTT: So far this year, yes sir.

17 MR. REYES: FY-06.

18 COMMISSIONER LYONS: That seems very different than
19 the numbers in the FY06 which is just for NRR, but I'm just --

20 MR. McDERMOTT: I've got 80 bodies. We tracked that
21 pay period by pay period, total losses, total gains.

22 COMMISSIONER LYONS: Is that inclusive of the buyout
23 of the administrative folks?

24 MR. McDERMOTT: Yes, it is. I told there was a --

25 COMMISSIONER LYONS: That was 26.

1 MR. McDERMOTT: That was 23.

2 COMMISSIONER LYONS: Twenty-three.

3 MR. McDERMOTT: So if you bought that out, it's still a
4 little higher, enough to worry me a little bit. I'm looking at the clock.

5 COMMISSIONER JACZKO: Can I just follow up? What
6 is the total number on this chart for Fiscal Year 05?

7 COMMISSIONER McGAFFIGAN: About 200?

8 MR. McDERMOTT: It's right around 200. I think it was
9 198 is the actual number. I can verify that for you. It's 200, plus or minus
10 4. Yes, it is.

11 If that's okay, I'd like to turn the mic over to Kathy Gibson
12 who will talk about training and knowledge management.

13 MS. GIBSON: Good morning.

14 MS. GIBSON: We're on slide 15. In training and
15 development, we've undertaken a number of enhancements. We're
16 planning learning activities essentially for four groups of individuals. We're
17 looking at entry level new hires. We're looking at experienced new hires.
18 We're looking at experienced new hires assigned to new reactor licensing
19 and construction inspection. And we're looking at existing experienced
20 staff that will be assigned to new reactor licensing and construction
21 inspection.

22 The TTC staff, in conjunction with the NRR subject matter
23 experts, are doing a job task analysis to identify the training needs to
24 support new reactor licensing and construction inspection. We've already
25 added additional sessions of existing courses, technical courses,

1 regulatory skills courses, and professional skills courses. We're adding
2 additional sessions and scheduling them to train the new hires that are
3 coming in.

4 New training will need to be developed on the new reactor
5 designs and new regulatory processes like the Part 52 licensing process.
6 As a result of the JTA, once we identify exactly what's needed, we'll begin
7 the development of those training courses.

8 We're looking at a number of different delivery methods for
9 these courses, more web-based training, other e-learning methodologies;
10 of course, traditional instructor-led training, on-the-job training, self-study,
11 seminars, it runs the gamut.

12 We're also looking at various delivery sources. In addition
13 to our in-house staff, we're looking at commercially available, external
14 training and contractors that are available.

15 In anticipation of expanded training needs, as Jim says,
16 we're using the strategic workforce planning system and the information
17 that we have on the age and retirement plans of our instructor core. We
18 have double encumbered some positions. We've early replacement hired
19 some positions. We have been fortunate enough to hire experienced staff
20 from industry that are able to qualify more quickly than the norm. So we're
21 doing well in maintaining our instructor core.

22 Being that the majority of the folks that are going to be
23 working on new reactor licensing and some of the construction inspection
24 folks are located in headquarters, we are hiring some headquarters
25 training staff with technical backgrounds and qualifying them as instructors,

1 so we can do more technical training here in headquarters. And that then
2 will reduce the travel time and cost of bringing the TTC instructors up here
3 to do training. So we see that as a win-win situation.

4 We've made some changes and improvements in new
5 employee orientation. It used to be under the -- I'll call it the old program,
6 we brought the staff in on the first Monday and they spent three quarters
7 of the day in a classroom filling out paperwork and being told all the things
8 that could get them in trouble during their employment with the NRC and
9 it was really rather grim, I think. And they also walked out with a three or
10 four inch binder, just stuffed full of all kind of brochures and paper,
11 everything they possibly could need to know during their 30, 40 or 50-year
12 employment with the NRC.

13 (Laughter.)

14 So what we've done is we worked with the offices who --
15 we have offices that make presentations in orientation as well as HR and
16 we work with the offices to determine what does a person, what's the
17 minimum that they have to know the first day of their employment? And
18 what can we wait to tell them the second day, the third day? What can we
19 rely on the offices to tell them during their orientation period with the
20 offices?

21 So we all work together. We shorten the program. It's a
22 half day now. They're done by lunch time. They still fill out the paperwork
23 that they need for their health insurance and those kinds of things. They
24 get a few short presentations and they get a small notebook which we took
25 most of the information that was in the big notebook, either got it in

1 electronic format or put it in electronic format. We have an orientation
2 website for new employees.

3 Another benefit of that is when they would go back to their
4 notebooks, they would have a procedure, a piece of paper that was
5 probably years out of date. So now they can go right to the web and have
6 the most up-to-date information that they need.

7 So in addition to that, we give them a list of recommended
8 training. We tell them what training is required and then a list of
9 recommended training. The offices also have procedures that they use to
10 orient new employees and there was an example of NRR's in your
11 notebook. So we have, as I said, partnered with the offices so that on the
12 first day we can limit what they get to what they need the first day and then
13 the offices take some of it from there and a lot of the information that they
14 need subsequently is on the orientation website.

15 Next slide. Of course, there's a number of challenges,
16 maintaining the effectiveness of orientation. As the number of people that
17 come in every Monday morning increases, we think the information on the
18 web and, as Jim mentioned, the reduced span of control for supervisors
19 will facilitate our ability to orient new employees to the NRC.

20 Another challenge is the nuclear safety professional
21 development program. The offices, especially, NRR, are bringing in more
22 NSPDP participants.

23 HR has an agency coordinator for the NSPDP and each
24 of the offices has one or more office coordinators and the coordinators
25 have monthly meetings and that provides an infrastructure to bring up any

1 issues or problems that there are with the program so that we can solve
2 them early.

3 The next slide, the first challenge that's listed here is
4 creating an environment where everyone in the agency maintains and
5 improves their skills. The last human capital briefing I mentioned that we
6 were developing a training and development strategic plan. And this bullet
7 is actually the vision from our training and development strategic plan.

8 We have completed a draft of that plan and we're getting
9 ready to send it out to the offices for review and comment before we
10 finalize it. But that plan is geared to addressing the challenge that's noted
11 in the first bullet.

12 And a second challenge moving the Professional
13 Development Center is simply a practical one. And what I can say there
14 is that are working really closely with the Office of Administration and also
15 the Office of Information Services to effect this move and from where I sit,
16 it's working very well.

17 Knowledge management, this is the next slide. We're
18 developing an agency-wide knowledge management implementation plan.
19 Let me note that individual offices are already using innovative methods to
20 capture and transfer key knowledge among their employees and
21 stakeholders.

22 We maintain a KM website that links to some of the things
23 that the offices are doing so that other offices could go there and get some
24 ideas.

25 We also list tools and conferences and other information

1 that's of use to the offices on knowledge management.

2 Individual offices have been working with us to pilot some
3 knowledge transfer methodologies that when we've gone to conferences
4 and talked to other agencies and companies, there are methodologies that
5 they found useful and so we've partnered with offices to try out some of
6 these to make some assessments on whether they would benefit their
7 office and the NRC as a whole and also to get some idea of their resource
8 needs, if we were going to implement some of these things on a wider
9 scale.

10 Other agency efforts, such as the strategic workforce
11 planning process that Jim mentioned, and the lessons learned task force
12 will integrate into the KM effort. The offices have identified KM champions
13 and staff leads in their offices and we work through those people to
14 coordinate and implement knowledge management tools and to share
15 information.

16 So the bottom line, I guess here is that we're pulling all of
17 the efforts that we have underway into a Commission paper on
18 implementing an NRC agency-wide knowledge management program.
19 And in closing, I wanted to say the thing that we have, I think, going most
20 for us in knowledge management from my experience in going to
21 knowledge management conferences and interacting with my peers is the
22 interest and support we have from senior managers and from you all.
23 They don't have that in some other agencies and they find it very difficult
24 to implement some of these things when they don't have the support from
25 their senior management. So I thank you for that.

1 MR. REYES: Thanks, Kathy. Chairman, Commissioners,
2 that completes our prepared remarks. We're ready for questions.

3 CHAIRMAN DIAZ: Well, thank you very much.
4 Appreciate the presentation. I know that we probably will have some very
5 interesting questions and we'll start with Commissioner Merrifield.

6 COMMISSIONER MERRIFIELD: Thank you, Mr.
7 Chairman. I appreciate the fact that we're able to have this meeting in an
8 open meeting today because I think it's constructive for folks to see the
9 degree to which we get involved in this. This is the way it's been for some
10 years now.

11 I think first I want to start off with some comments and
12 then get into some question areas. On the use of -- Jim, you mentioned
13 using the offsets, being able to bring in retired annuitants for knowledge
14 transfer. I guess the only comment I would make on that is that's good.
15 I would hope we could get to a point where we could get that transfer to
16 occur before they leave, rather than having to bring them back for the
17 purpose of doing that transfer. And I view that as more of a success
18 criterion.

19 In terms of telecommuting, I think it would be helpful for
20 me to get a better understanding of some of the impediments that we may
21 have that are outside of our control. Congressman Wolf of Virginia has
22 been a real leader on this in Congress. I think if there are specific areas
23 we might be able to get some help from Congress, I think it would be
24 useful to provide that information to him as well as the relevant House and
25 Senate Committees, Government Affairs Oversight Committees.

1 In terms of pay for performance, you noted the fact that
2 we're monitoring that. I think -- you said it, but I think it's worth
3 underscoring, this is a very sensitive issue with many members of our
4 workforce. From my personal view, I've been very supportive of our
5 approach where we sort of watch what's going on without leaning too far
6 forward because that has obviously created a lot of difficulties for those
7 agencies which have gone a bit further in that regard.

8 In terms of -- and this is my real first question. You said
9 we had about a 50-50 chance of getting 350 people through the door and
10 so what I'd like to have a little better idea of are what are some of the
11 barriers keeping us from doing that. Can you hone in on that a little bit
12 more.

13 And specifically, what I'm looking for are there areas, and
14 it seems to me there's two pots. One are, are there issues that we can
15 grapple with as an agency, whether it's additional authority from the
16 Commission or other activities we need to make, vice what are those areas
17 that we need additional help from Congress. Those may be some things
18 we need to pull a string on.

19 MR. McDERMOTT: Well, I mentioned already our request
20 for direct hire authority from OPM. One of the barriers that we run into is
21 length of time for us to get an offer to a promising candidate and to some
22 extent we lose people because we don't get there in time. That's one
23 barrier. OPM may solve that to some extent for us. It won't be a panacea.
24 We will have to use that judiciously.

25 Among other things, we have to pay very close attention

1 to the Veterans Preference Act. And make sure that we're not going astray
2 in that realm.

3 Other barriers are there are some internal things that we
4 could still streamline, in my view. And some of these have been practices
5 we've had for a very long time, but we need to revisit them. Example, the
6 use of panels adds a great deal of time to the selection process. Getting
7 three people's schedules to match up can take two or three weeks. That's
8 unacceptable. We can't wait two or three weeks.

9 We have a process now and you'll hear hisses and boos
10 from my staff in the back, although some of them have suggested this. We
11 go through a process where we get a ton of applications and we go
12 through a laborious thing looking at all of them to determine whether
13 they're basically qualified. Then we send that ton of applications to a
14 program official who goes through all the applications to decide well, are
15 they really qualified and who is best qualified. That's a step we don't need.

16 You'd be surprised how few people end up on the cutting
17 room floor as just basically totally unqualified for the position. Well, that's
18 time on the clock. We can just say hey, look, here are the applications.
19 You go through them. We'll go through them in parallel and if we find
20 somebody totally unqualified, we'll say throw that one away and we'll close
21 it out.

22 Those are very minor little steps, but cumulatively they can
23 cut off time off the process. You'll hear me talk about time all the time
24 because I think timing is the huge thing. If we get out there with the offers,
25 we'll get people.

1 COMMISSIONER MERRIFIELD: I think it will be useful,
2 perhaps coming out of the meeting. It would seem to me that there are
3 areas -- there are issues that are fully within our control, things that we can
4 change, the EDO can change.

5 There are areas where we require some assistance from
6 other elements of Federal government, whether it is, as you mentioned
7 with OPM, the notion of speeding up the direct hire authority, whether it is
8 GSA giving us more space that we need for the workforce of the future.
9 And then there are areas where we need some help from Congress.

10 And I think in order to help guide the Commission, I think
11 we really need to get a well laid-out list of what are the barriers to
12 increasing the size of our workforce and where are the areas we need to
13 focus. And with some, such as OPM, and GSA, perhaps, we've got folks
14 like Senator Voinovich who are begging us, tell me what I can do to help
15 you and we have got to focus on this in such a way so that we can provide
16 them that list. And give them that instruction.

17 Okay, you mentioned the Navy earlier. I've asked you this
18 one before and I'd like to get an update on it. There has been a laid out
19 plan to increase the number of facilities that are being closed as a result
20 of the Base Closure Realignment Act.

21 MR. McDERMOTT: Yes.

22 COMMISSIONER MERRIFIELD: Are we making an effort
23 to reach out to some of those areas for recruitment of mid-level Federal
24 personnel who might be able to fill some of our mid-levels?

25 MR. McDERMOTT: We've done a little. We probably

1 need to do more. Part of it is the timing thing. The BRAC things are --
2 they're out in the future. Some of them don't occur until quite a ways in the
3 future. Although my view is that -- but the people are already nervous, so
4 there's no time like the present to go after them. We're going after them
5 and I haven't gotten any data for you, but we're saying okay, where is Ford
6 cutting loose perhaps mechanical engineers that we could use? We do
7 need to be serendipitous in that fashion, pounce when we hear that
8 something is going on.

9 And we have done that in the past. We went down in
10 NRR, I think, down at Savannah River. There was a cutback there. We
11 went down and did some interviewing and got some people, brought them
12 up and we hired some for NRR. I don't know the exact numbers.

13 COMMISSIONER MERRIFIELD: I think obviously we
14 need to focus a little bit more on the mid-career folks and I hope you can
15 report back to us on some of your plans on that one.

16 Mr. Chairman, assuming we're not going to have a second
17 round, I just want to make one quick comment. One of the areas, we're
18 talking about training, one of the areas that was brought forward to me by
19 some of the younger members of our staff who are nontechnical, non-
20 NRR, non-NMSS, was a concern that we are using our reactor 101 course
21 for all kinds of new entry hires and that there was, in fact, a more useful
22 course that some of those folks found over at DOE that gave a much
23 bigger picture of what we do as an agency, not just focusing on reactor
24 101.

25 I can engage with you folks later on, but we may need to

1 look at some specialized training or some different training packages,
2 depending upon the group of folks we have coming in.

3 Thank you, Mr. Chairman.

4 CHAIRMAN DIAZ: Thank you, Commissioner Jaczko.

5 COMMISSIONER JACZKO: I have a few questions on
6 some different topics.

7 One is just going back to Jim, you talked about the
8 targeted buyout. I got the impression that focused mostly on Office of
9 Information Services?

10 MR. McDERMOTT: Two offices, Office of Human
11 Resources and OIS. And the --

12 COMMISSIONER JACZKO: Right, but that's not my
13 question.

14 The question is actually and maybe you can comment on
15 this, if that's an area and I guess if I understood from what you were saying
16 that that's an area where we kind of needed to do an updating of skills in
17 some respects, what kinds of programs do we have from a training
18 perspective for the people we've now hired, for instance, to keep their skills
19 up to date, so that we don't find ourselves perhaps in a place where we're
20 needing to do that kind of replacement again later?

21 MR. McDERMOTT: The nature -- it's two difference
22 businesses that we're talking about. One is the personnel business and
23 one is the IT business.

24 In the IT business --

25 COMMISSIONER JACZKO: That's the one I was more

1 interested in.

2 MR. McDERMOTT: Yes. There's a choice to be made
3 and we've talked a little bit about this. We need to think about contingent
4 employment in the IT business because things change so rapidly that we
5 could always be behind the curve in trying to retrain specialists in the latest
6 technologies. We need to do some leapfrogging. We do a lot of that and
7 people are very good about taking their own initiatives and say I'm going
8 to get certified in this and that and the other thing.

9 Project management skills are really the higher order skills
10 in our permanent IT staff. For special projects and projects that involve
11 unique software or networking, we contract for that or I would suggest that
12 we would contract for that or we do something other than full-time
13 permanent employment. You get people for the length of time that you
14 need them and then they move on and you move on.

15 What we found is that in the past we ended up with people
16 with very, very good COBOL skills. We don't use COBOL any more almost
17 any place and that's kind of why -- it's really the IT thing and the personnel
18 business has changed too and it was just a good opportunity to prime the
19 pump to create some ability to bring in, actually we brought in a number of
20 young people and they all have master's degrees in business
21 administration or public administration and that's kind of where we want to
22 go.

23 COMMISSIONER JACZKO: Thanks. You talked a little
24 bit about the pension offset waiver and that's been a very effective
25 program. Just a question on that. Is this something where -- do we keep

1 track of the people who leave so that we have an idea of what pool is out
2 there or are these largely people who keep track of us and then come back
3 and say hey, I know you need some people on a short-term basis. I'm
4 interested in doing that.

5 MR. McDERMOTT: It's done informally. It's true, we don't
6 have a formal system for doing this, but it's really just networking and it's
7 both ways, both ways. We have some professional networkers, used to
8 be John Davis. It's to some extent Hugh Thompson, but we're always, you
9 know keeping in touch with everybody and we know how to reach people.

10 That's how we do it.

11 COMMISSIONER JACZKO: Would there be problems
12 with keeping track of -- having some kind of database where we keep track
13 of those people so that, for instance, in very unique skill sets that we know
14 the people who were here and they've left, but had expressed an interest
15 when they left, for instance, of coming back if there was a short term.

16 MR. McDERMOTT: We do that. We have, our database
17 has their forwarding address and their phone number. And to the extent
18 that we can keep that current, we're fine and we make those kinds of
19 contacts.

20 I think that we need to explore using retention allowances
21 as well as these pension offsets. We could get them to stay before they
22 go, which by the way, is a much better bargain for the taxpayer.

23 COMMISSIONER JACZKO: The last question, I want to
24 focus a little bit on the -- you talked a little bit about the strategic workforce
25 planning document, this is really a very crucial part of how we do some of

1 the knowledge management, how we do some of the succession planning
2 and all those things.

3 Just from the little bit that I've had a chance to look at, it
4 seems like it's focused very much on some of the emerging work which
5 really seems to be on the new reactors. Is there a way that that also
6 incorporates some other kinds of new and emerging work, for instance,
7 take as an example something came up in emergency planning where the
8 Agency had to focus a lot more on emergency planning. Does that
9 document, in that planning tool allow for those kind of additional areas of
10 focus that may need attention?

11 MR. McDERMOTT: It does almost to a fault in that we
12 have a huge -- a very long list of skills and disciplines and all of that
13 organized roughly into the major program categories, reactors, materials,
14 I think security has developed one. There's one on IT and all the rest of
15 them. We asked boys just go through all of them and tell us what you
16 know.

17 We're looking at ways to improve that. We've got to get
18 a little more horsepower into that system, make it more user friendly with
19 drop down boxes that simplify your update.

20 MR. REYES: But it does include emergency
21 preparedness.

22 MR. McDERMOTT: Yes.

23 MR. REYES: It includes languages. It includes all kinds
24 of things.

25 MR. McDERMOTT: Financial management.

1 MR. REYES: Sometimes people don't want to update it
2 because there are so many fields to fill. So we're trying to balance that.

3 MR. McDERMOTT: Yes.

4 COMMISSIONER JACZKO: And if I could just make a last
5 comment. We talked a lot about the nuclear safety professional
6 development program and one of the things that I was hearing a lot was
7 we refer to this as an intern program sometimes. Perhaps we might want
8 to change the name to the improving nuclear training expertise in
9 regulatorially necessary skilled programs.

10 (Laughter.)

11 There may be some advantage to that in terms of the
12 acronym to that particular program.

13 CHAIRMAN DIAZ: It might have broken the record for the
14 number of letters.

15 (Laughter.)

16 CHAIRMAN DIAZ: Commissioner Lyons.

17 COMMISSIONER LYONS: I very much appreciate the
18 briefing information.

19 Both Commissioner Merrifield and Commissioner Jaczko
20 spoke briefly about the pension offset and I appreciated your comment,
21 Jim, that maybe we need to pay perhaps even more attention to the
22 retention allowance in those cases.

23 But for those individuals that are part of the pension offset
24 program which incidentally, in general, I very much support, I'm just
25 curious, since those individuals presumably are coming back for a

1 relatively short period of time, is there a focus effort on knowledge transfer
2 and mentoring from those individuals as they come back under that
3 program?

4 MR. McDERMOTT: Some of them were brought back
5 precisely for that and really only for that. There's a big wave, of course,
6 that came back to do the spent fuel pool thing. But they constitute right
7 now, they're almost two thirds of the group we brought back. There's quite
8 a slug of those, but there is still a dozen for whom the primary purpose was
9 the knowledge transfer kind of thing.

10 COMMISSIONER LYONS: I think that's a very, very good
11 use of those individuals. I appreciate it.

12 If I remember correctly, in the IG survey, there was
13 relatively low understanding among the staff of a knowledge management
14 program.

15 MR. McDERMOTT: Yes.

16 COMMISSIONER LYONS: I'm just curious what you folks
17 are planning to try to increase the knowledge, increase knowledge of the
18 knowledge management program.

19 MR. McDERMOTT: We're going to do two things. First
20 of all, we're trying to get -- if not all of us on the same page, all of us in the
21 same chapter on knowledge management. That's been a struggle.
22 Because we've been going every which way.

23 We devoted a majority of the senior management meeting,
24 the last one, to knowledge management where the senior managers tried
25 to rethink what it is to address exactly what you're talking about. How are

1 we going to articulate this in a more understandable and therefore more
2 attractive way to our staff? And that's what Kathy will -- get that written
3 down on a piece of paper and get it to you to see what you think.

4 MR. REYES: If I can add, the IG survey result, we have
5 a plan called results to actions and they've taken all the results of the
6 survey and turning it into actions to address issues. So we have a
7 communication issue with the knowledge transfer to share with the staff
8 where we are.

9 To be very honest with you, where we are is that we're not
10 in the same chapter. There's a lot of good work going on, but it's offices
11 and one of the reasons the next senior managers meeting is going to
12 dedicate a lot of time to it is we're trying to make it an agency-wide, an
13 enterprise-wide approach. And we're going to communicate that too.

14 COMMISSIONER LYONS: I think it's a very, very
15 important program, just absolutely critical, so I appreciate the emphasis
16 you're putting on it and similarly if there are things that we should be doing
17 from the Commission level to help you, I hope you tell us that.

18 MR. McDERMOTT: We won't be bashful.

19 COMMISSIONER LYONS: A question on the use of the
20 regional offices in recruiting. It seems to me that the fact that we can offer
21 new employees a number of different locations for employment should
22 provide us with a significant recruiting advantage.

23 I was just curious, how the regions are involved and if
24 we're looking at opportunities to use that flexibility.

25 MR. McDERMOTT: In many ways, we can learn from the

1 regions on how well they do this. Maybe it's because they're just right
2 sized. They have very powerful recruiting programs and they go out there
3 and once they -- they know how to set the hook in the regions, as well or
4 better than we do in headquarters. They get -- they're very hands on and
5 I can only applaud them.

6 Judy Royal is sitting right behind me from the regional
7 personnel office from Region 1. Judy and her team go out, they go to all
8 their local schools. They're very visible and active in their local areas,
9 because you still get most of your employees from a 15-mile radius, let's
10 say. And they're extremely effective and they move quickly. That's why
11 I like them. They just get it done.

12 MR. REYES: Yes, a key issue to mention is when we hire
13 specifically a nuclear safety professional, we make the point that the fact
14 that we are an organization with five geographical locations, that at the end
15 of the training program, that we can work preferences on the kind of work
16 we do and we have many multiple examples of individuals who started at
17 headquarters who are currently in the regions and backwards, people who
18 started in regions who are here.

19 So we actually use that as a leverage in recruiting, saying
20 if your professional or personal needs change down the road, we're not
21 like some employers who only have one location and that's it. We have
22 five and we can work that into the organization's interest and individual's
23 interest.

24 It's a powerful discussion when you're trying to recruit
25 somebody.

1 COMMISSIONER LYONS: We not only have five, we
2 have five very complete organizations that use a wide range of skills. I'm
3 glad you're using that as a recruitment tool. I think it's a very, very good
4 one.

5 Just in the last minute that I have, I mentioned this book,
6 Commissioner McGaffigan mentioned this book. I'm finding it very
7 interesting and I may be a third of the way through it. I mentioned that
8 retention does come up very prominently in this book. I noticed that
9 retention isn't really one of the areas of focus, for example, on the
10 knowledge management website.

11 I'm just wondering if we are carefully as an organization
12 evaluating that side of the overall equation, because certainly recruitment
13 is important, but retention, particularly at that middle level, middle to middle
14 senior level. I can imagine many, many ways of approaching that
15 challenge, but I hope we're doing it.

16 MR. REYES: Let me tell you, in the past we haven't
17 because we have been very fortunate that people in the NRC stay much
18 longer than minimum retirement requirements.

19 In the future, because the environment is changing and
20 opportunities are going to be plentiful, etcetera, etcetera, we're going to
21 have to add to that element of it. Part of why we're using that book in the
22 next senior managers meeting is to make sure we're covering all the
23 different facets of knowledge management.

24 So we don't take all the credit, this is the book that was
25 presented to the Chief Nuclear Officers and CNO meeting in INPO. So

1 they have the same problem we do and so we steal from every source and
2 when we saw that, we said okay, here's a tool that we can use in our
3 management team to try to also concentrate on the same kind of problem.

4 COMMISSIONER LYONS: I think that's very positive, that
5 INPO and the CNOs are also recognizing this. If nothing else, I notice as
6 I visit a number of plants and maybe they have a particular issue, all to
7 often, the answer I'm given to their issue is that we hired an expert from
8 another plant.

9 MR. REYES: And now the NRC.

10 COMMISSIONER LYONS: Or the NRC, not that we grew
11 our own people. I'm over time.

12 CHAIRMAN DIAZ: Thank you very much. Let me just
13 take a minute, I do believe that we have an opportunity here that's kind of
14 unique in many ways. And each one of these opportunities and challenges
15 using the NRC jargon are interrelated to each other. In other words,
16 success breeds success.

17 Fundamentally, we are going to be challenged to do things
18 in a timely manner that will require then to keep doing it in a timely and we
19 have more people to do more things so they can all be done in a timely
20 manner. And they have to be done effectively. At the same time that
21 strains the other part of the organization.

22 So I believe we are in a very good position to actually
23 succeed. I think we are on a success path. I think we have done the right
24 things as Commissioner Merrifield said and my fellow Commissioners.

25 I do believe that the real challenge is keep doing that,

1 keep the intensity, keep the concentration and don't see any one of these
2 issues as an isolated issue. You can't see recruitment or retention or
3 human resources because fundamentally, it has come out of this meeting,
4 you've got a challenging job, people might get a little better money some
5 place, but they like it. I think the buzz is going around that the changes in
6 the organizations, the attention that is being put to our normal, very good
7 attention to personnel issues, is all coming together. It's a matter of
8 keeping each one of those things moving forward.

9 In that respect, my first question is not how NRR is doing,
10 it's how Human Resources is doing. Do you have what you need, Jim?
11 Do you have the personnel? Do you have the resources?

12 MR. McDERMOTT: Internally, I guess the best answer I
13 can give you is I'm getting them. I mentioned the buyout. That gave me
14 10 slots to go after people and I'm spending them on instructors and I'm
15 spending them on personnel staff here to make sure I have enough people
16 to support the recruitment and do the recruitment outreach. That's what
17 we're doing. We've got -- and we still have a few to go. A couple of
18 people that are in the wings, still to come in and I'm trying to beef up so
19 we're ready to go and ready to go quickly.

20 CHAIRMAN DIAZ: Okay, we talk about the importance of
21 being able to hire in a timely manner. I think changes that can be done
22 internally, I believe, we can compare them with what we need to do
23 externally.

24 There is an issue of reaction time and I think we need to
25 realize that our reaction times are going to have to get smaller, shorter and

1 we need to be able to put these things in frameworks.

2 Now we're good at process and we like to do process.
3 Again, we need to stop and see if the process that we have is the right
4 one. And the feedback from the offices on each one of the programs,
5 because they're different. How do you maintain the different intensities
6 and different levels of retention. And so that becomes an issue.

7 Having said that then and looking at all of those things, is
8 there an issue, we talk about space, is there an issue that you see as one
9 that will require not only your attention, but the senior managers and the
10 Commission and the Chairman during the next two years? The next two
11 years, where we see this potential thing? Is there something that will
12 require more attention or more resources or more front end or more
13 communications or more of the Commission or myself going out? Is there
14 something in there that you can put together that says these are the things
15 that we need to do or are we already comfortable?

16 MR. McDERMOTT: There's two things. The first one is
17 publicity -- I don't know what to call it -- PR from the Commissioners and
18 all the places they go, the meetings, the school contacts, the academic
19 contacts and all that. We need all the help we can get to keep our name
20 out there, to keep people -- yeah, we've heard of them, Commissioner so
21 and so was here; Commissioner so and so talked to us; we met with
22 Commissioner so and so. That works very well for us and then we
23 leverage that. We get in.

24 It's the same, I mentioned earlier today, senior managers
25 make very powerful recruiters and the audience we're after are very

1 interested in the five Commissioners and what they're doing and it just
2 helps us enormously.

3 CHAIRMAN DIAZ: Do we have the right publicity and PR?
4 Do we need to do more in that arena?

5 MR. McDERMOTT: You can always need to do more. I
6 don't know what specifically to tell you to do except you know tell people
7 to call me for a job.

8 CHAIRMAN DIAZ: You cannot do everything. You need
9 somebody to look at what are the PR needs that we need to put in place.

10 MR. McDERMOTT: That would be a good idea. Or I say
11 are we really doing it right.

12 CHAIRMAN DIAZ: The second thing?

13 MR. McDERMOTT: The second thing is money. Money,
14 money, money. I will need a lot of money.

15 (Laughter.)

16 MR. REYES: You asked.

17 (Laughter.)

18 CHAIRMAN DIAZ: Look into this face and it says fiscal
19 conservative on the forehead.

20 MR. McDERMOTT: And I want to particularly plead for
21 retention allowances for mid-career people. I want to find out if they're
22 going someplace and they say well, look, if the beauty of a retention
23 allowance, it's kind of a pay as you go thing and it works, even for mid-
24 level people. There's a legislative initiative and I haven't been able to track
25 this down. Here's what I heard or I think I heard, that the Army now is

1 going to contribute to the down payment that a transferred officer or
2 enlisted man may have to make because you talk about barriers and I
3 didn't say cost of living in Washington, D.C. is a huge barrier. And
4 anything we can do to do that, that's why I say money, money, money.

5 Much more generous recruitment and relocation bonuses
6 to say come on, come to town, we'll pay. And I don't know where to set
7 the bar on that. We worked that with our FEPCA panel there. They're real
8 good at figuring out where we should go.

9 CHAIRMAN DIAZ: Take a good look about what we need
10 to do with PR. If there's something else that we need to do, you let us
11 know quickly.

12 Commissioner McGaffigan?

13 COMMISSIONER McGAFFIGAN: Thank you. And I
14 appreciated the money, money, money comment because I think -- you all
15 met yesterday with Senator Voinovich. He wants us to use the flexibilities
16 we have and that usually involves spending money and if we don't spend
17 the money, we may have a crisis a few years from now. We may be on a
18 path to handling it, but we have to prepare for the worst.

19 One of the issues that hasn't been mentioned today, I just
20 -- your data -- are you looking at FERS employees as opposed to CSRS
21 employees? Because CSRS clearly has more golden handcuffs in it than
22 FERS does. FERS is a largely 401k and although it's called something, the
23 Thrift Savings Plan and Social Security, you can get a small multiplier on
24 your high three, whereas CSRS you get a bigger multiplier. It strikes me
25 that we may be doing better on retaining people in the 55 to 60 bow wave

1 at the moment partly because are still doing -- mostly CSRS people and
2 they're doing pretty well, but that may change.

3 So are you looking at FERS and its implications for the
4 younger group of managers and the solution there may again be money,
5 money, money. I don't know, but retention bonuses, it's going to be harder
6 to keep those people.

7 COMMISSIONER MERRIFIELD: Just to pile on, I'm glad
8 you asked that question. I didn't get a chance to ask that one, but you
9 made a mention earlier about some 12s and 13s you were losing. And
10 that, I think, falls right directly into the question.

11 MR. McDERMOTT: I don't know what to do about it, but
12 clearly I think that's one of the factors that we have, this little bump of what
13 I call quits, people who went to private sector or decided to go because it's
14 so affordable.

15 I think Jesse would tell us that we're over 70 percent of
16 FERS today and the 30 percent, they're a little gray around the temples.

17 MR. REYES: We're there now. It's 30/70 percent
18 breakdown and every day --

19 COMMISSIONER McGAFFIGAN: Of the 55 to 60 group
20 it's probably the other way around. It's 70 percent CSRS and 30 percent
21 or even maybe higher CSRS to FERS.

22 So you're still living off, in terms of people's retirement
23 decisions, you're still sort of living off of the CSRS system.

24 MR. McDERMOTT: The high end, the 60 to 70 crowd.

25 COMMISSIONER McGAFFIGAN: Talking about the GAO

1 audit, I have to take some responsibility for that because in my courtesy
2 call with Senator Voinovich who spent about an hour with me and spent a
3 lot of time speaking about this, he was talking about a private sector entity
4 coming in and potentially helping us and I said well, GAO might be better
5 because they're actually in government. They understand governmental
6 systems. Mr. Walker has gone through a reorienting his workforce and
7 using special authorities.

8 So the purpose, as I understand the GAO report, is to
9 really come in and try to be helpful. This is not meant to be a hostile audit.
10 This is meant to be partly we're going to transfer knowledge from GAO and
11 the flexibilities that we have there to you all. I hope that's the spirit. We'll
12 be able to tell at the entrance meeting, but the spirit of the sponsor of that
13 audit was I want to get some help so that you guys are absolutely at the
14 forefront of using personnel innovations, human resource innovations,
15 knowledge management innovations, to make sure you can manage the
16 future.

17 Is that the hint you're getting from GAO?

18 MR. REYES: The entrance is this week, so we'll let you
19 know. We are looking for help from any source.

20 MR. McDERMOTT: And we've looked at, Luis put me on
21 to a report they published on what they looked at at the National Nuclear
22 Security Administration, NNSA, I keep forgetting what it is. And what they
23 did was say we measure them against what we have enunciated as the
24 five principles of human capital management. Well, they published those,
25 I think 2001, 2002 something like that. Those things have informed our

1 strategic plan, our human capital strategic plan, right down the line.

2 They'll see things that they think we can do or do better,
3 but they will not, they will recognize exactly where we're coming from and
4 how we're doing it because we got it from them.

5 COMMISSIONER McGAFFIGAN: The issue of industry
6 poaching, which we are already seeing, as you say, in lawyers and
7 residents and whatever, is only going to expand and we can try to deal
8 with it with retention bonuses, but we probably also need to realistically
9 plan for losing some people and making better guestimates about losing
10 people, particularly with the nuclear renaissance.

11 How are you approaching that issue of trying to plan for
12 what may become increased poaching in future years?

13 It's not poaching, they're just doing their job. They're
14 hiring our best people. You know, they're waving large sums of money in
15 front of them. But that means that our job gets harder.

16 MR. McDERMOTT: Two things you have to do. You have
17 to get as accurate assessment as you can of the external environment and
18 what they're saying they're going to do next year. That's --

19 COMMISSIONER McGAFFIGAN: I had one joke with me,
20 a senior industry official who I'll leave unnamed for obvious reasons, and
21 I met with him twice in one day and I brought up the poaching issue. And
22 then he jokingly started the afternoon meeting by telling me that he noticed
23 the young person's table in our cafeteria and he had handed out his cards
24 there. He hadn't really, but he was trying to pull my chain.

25 But it was just an element of seriousness and all of that,

1 but --

2 MR. REYES: We are anticipating that by making
3 assumptions in the budget. We're assuming, if you look at '06 or '07 and
4 we're working in the '08 budget right now, higher levels of attrition and the
5 monies that go with higher traffic in HR in training, in processing security
6 clearances and all that. So you have to have that foundation there. We're
7 going to have to take a look at what Jim was talking about as how do we
8 replenish that skill inventory faster because there's some -- it's going to get
9 -- we are assuming higher attrition.

10 COMMISSIONER McGAFFIGAN: Can I just ask one last
11 very brief question?

12 Contractors, particularly national lab folks, you're going to
13 have to schedule them for a bow wave of additional work and we have to
14 be sure that they have the people there to do the bow wave of additional
15 work because they're probably also facing retirement issues.

16 Is that all being considered? Today's meeting has been
17 focused on our own workforce, and where the people make the decisions,
18 but we're aided in environmental reviews and safety reviews by folks at the
19 national labs. Is that planned for?

20 MR. McDERMOTT: No.

21 MR. REYES: NRR already met with the different groups.
22 Do you want to supplement that, Bill? And we got mixed results. But we
23 are going in that direction.

24 MR. BORCHARDT: Bill Borchardt, NRR Staff.

25 We've met with the contractors specifically about new

1 reactor work. They recognize they have many of the same issues that we
2 do. They're coming up with some innovative ways of teaming together,
3 amongst the labs, in order to accomplish the new reactor review work,
4 environmental, all tolled, so they recognize and they're taking measures to
5 address it just as we are.

6 COMMISSIONER McGAFFIGAN: It isn't a great
7 reassurance at this point.

8 MR. REYES: Money talks, money talks. They know we
9 have money. We know they have the work. And the meeting that Bill was
10 talking about, it's just the beginning of the driver to let them know. You
11 want the money, we got it.

12 COMMISSIONER JACZKO: Can I just follow up on that
13 and broaden that too to include the Department of Homeland Security as
14 well. Perhaps if you could give us a brief update on what they're doing
15 because again in the emergency preparedness issue, a lot of that burden
16 of new reactor work will be handled by the Department of Homeland
17 Security.

18 MR. McDERMOTT: What did Senator Voinovich say
19 yesterday? He said really, we're all playing a zero sum game. We need
20 to broaden the pool. He said, whose report, \$10 billion for the National
21 Science Foundation's view that we've got to build science and engineering
22 capacity in the population period.

23 CHAIRMAN DIAZ: All right, well, thank you very much. I
24 think it's always a very good meeting. I do appreciate that you're trying to
25 stay ahead of the ball, although at times we all get a little bit behind the ball.

1 I think the Commission realizes the importance of this
2 activity. I think you see the desire to be kept informed, so I would
3 encourage the staff if there are issues to bring them up early. That always
4 works very well because it allows the Commission even before we see a
5 paper to really start deliberations and sometimes deliberations and one on
6 one, among us, creates the proper channel to get things resolved.

7 If there are show stoppers at any point, bring them up.
8 Don't linger of them. Don't go to the concurrence chain, just bring them up.
9 All right? And with that --

10 COMMISSIONER McGAFFIGAN: Mr. Chairman, that's
11 actually a good -- the Chairman of the NRC just told folks don't worry too
12 much about the concurrence chain. I don't think it just applies to HR and
13 recruiting issues.

14 COMMISSIONER MERRIFIELD: Mr. Chairman, I just want
15 to reflect when you were asking questions about the staff preparing for the
16 future. And I was thinking a little bit about your questioning.

17 Again, back to the comment that Jim McDermott made, 50-
18 50 chance of getting 350 people, I want to make sure that we can change
19 that because when you look at organizational development, we're not going
20 from a small organization to a massive organization.

21 We're not going from a medium size organization to a large
22 organization. We're talking about going from 3,000 to 3,400 on either side
23 of that. It's a big change, but it's not out of reach.

24 What I think the Chairman is searching for, we need to have
25 an organization that has sustainability for meeting the needs of which are

1 going to be confronted with and I think identifying early on how the
2 Commission can help is going to be vital in making sure that we can make
3 success 100 percent.

4 CHAIRMAN DIAZ: I want to put my own number in there.
5 I think there is a 90 percent chance that they can make 90 percent of their
6 target. Is that correct? That's what I think it is. That's a number that did
7 not surface. It is -- might not get all the way there, but there is a very good
8 chance and in the critical areas, as I understand, like NRR, those areas are
9 ahead.

10 So I think we are hearing a conservative estimate in trying
11 to say well, we are there, but the reality is that we are going to get very
12 close this year.

13 I think you rightly point out is that can we do that well next
14 year and what we need to do is have those things in place so that we can
15 do that well or better next year. I think that is a big challenge.

16 With that, we're adjourned.

17

18

19