

January 10, 2007

Mr. James E. Wells, Jr.
Director, Natural Resources
and Environment
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Wells:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter by email dated December 12, 2006, requesting NRC review and comment on your proposed report entitled, "Retirements and Anticipated New Reactor Applications Will Challenge NRC's Workforce" (GAO-07-105). We appreciate your providing the NRC the opportunity to review this draft report, the time and effort you and your staff have invested in reviewing this important topic, and the care that you have taken to ensure that your report is constructive and accurate.

Overall, the NRC considers the draft report to be comprehensive, fair, and balanced. The report is well written and provides an accurate reflection of the review. Ultimately, the NRC believes the findings, conclusions, and recommendations of the report to be very constructive.

The report accurately identifies challenges that the agency faces in meeting an anticipated increased workload while coping with replacing retiring workers and adding new staff with critical skills. The agency is aggressively taking steps to address these challenges. As you are aware, however, since the report was written, the two incoming Appropriations Committee Chairmen, Senator Robert Byrd and Congressman David Obey have announced their intention to complete a full-year FY 2007 Continuing Resolution (CR) with very few exceptions. This would mean a \$95 million reduction in the level of funding expected by the NRC compared to the level approved by the full House and the Senate Appropriation Committee for FY 2007, and absorbing a cut of this magnitude is exacerbated by the fact that we are already three months into the fiscal year. Currently, we are considering how the NRC can adapt to this prospect with the least damage, while we are also requesting that we be an exception. However, we can assure you that the funding and full-time equivalent (FTE) restrictions under a full-year CR at the FY 2006 level would have a crippling impact on our ability to manage human capital.

For instance, a full-year CR will likely have a disastrous impact on our ability to avail ourselves of the beneficial tools developed in the Energy Policy Act of 2005 (EPAAct). It will also seriously damage our ongoing efforts to build additional bridges to colleges and universities, including Minority Serving Institutions (historically black colleges and universities, Hispanic serving institutions, and tribal colleges and universities).

We will try to protect current employees, but operating under a Continuing Resolution will result in significant curtailment, if not cessation, of new hiring, except for those already given offers and those necessary for the most critical of skills. The funding impacts will also permit only essential travel and training. As such, non-essential rotational opportunities, an important training tool particularly for new employees, will have to be eliminated.

These are but a few examples of anticipated adverse impacts should the agency be forced to operate at the FY 2006 budget level for the entire fiscal year 2007. Such a scenario will seriously imperil the agency's ability to meet our human capital goals and to manage the enormous demographic transition underway as our most experienced employees retire. Such a scenario will also result in enormous inefficiencies elsewhere in our programs and would seriously challenge our ability to meet our agency performance objectives.

The enclosure provides some minor comments for your consideration. We greatly appreciate the report and its findings, conclusions, and recommendations. We hope that we can implement many of its proposals and fully use the tools given to us through EPAct should Congress restore us to the House and Senate approved funding levels for fiscal year 2007. Should you have questions about these comments, please contact me directly, or our Director of Human Resources, Mr. James F. McDermott, at (301) 415-7516.

Sincerely,

/RA/

Dale E. Klein

Enclosure:
NRC's Minor Comments on Draft
GAO-07-105

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The NRC staff suggests the following minor changes to improve accuracy and completeness:

Page 7, 2nd paragraph, 3rd line from the bottom, the draft report states that "NRC generally can only employ U.S. citizens" for science and engineering positions. The implication is that a legal prohibition precludes NRC from hiring non-citizens. This is not correct since the Energy and Water Development Appropriations Act of 1999 provides the NRC continuing authority to employ aliens. NRC's current practice of requiring citizenship is grounded in policy. NRC management has cited the cost and time of performing needed security clearance reviews for non-citizens, as noted in footnote 35 of the draft Report.

Page 10: The bulleted list of activities are not Agreement State activities. Suggest deleting the word "for" at the end of line 3 and adding a sentence: "The NRC oversight includes:..."

Page 20, the text and footnote 19 explain that since 2001 agencies are no longer required to establish partnerships with their labor organizations. Suggest adding a statement that NRC's Agency Labor Management Partnership Committee (ALMPC) has continued by mutual agreement of management and the NTEU. Similarly, many NRC offices and the appropriate union officials have elected to continue labor-management partnerships at the office level.

Page 31, 2nd line, suggest a clarification that states, "Relocation incentives may be offered only to current federal employees making geographic moves. NRC typically offers recruitment incentives to similarly situated non-federal employees."

Enclosure

Page 31, 3rd bullet, suggest adding at the end, "A larger number of employees telework on a "project" or irregular basis."

Page 32, 2nd paragraph, the draft report refers to "reciprocity regulations" when explaining efforts to streamline the security clearance process for new hires. The reciprocity effort to date is grounded, not in regulations, but in executive orders. Suggest the language should read "and has been granting clearances under reciprocity mandated by pertinent executive orders."

Page 54, 1st paragraph, 4th line from the bottom, suggest making reference to the applicable regulatory authority, i.e., "early site permits in 10 C.F.R. Part 52."

Page 54, 1st paragraph, suggest revising the last two sentences as follows. "A COL authorizes a company to construct and conditionally operate a nuclear power plant. In addition, the NRC has formulated a design-centered review approach (DCRA) which encourages applicants to submit applications that are standardized to an extent beyond that obtained through certification by rule."

Page 54, 2nd paragraph, suggest beginning the paragraph "Under Part 52, plant designs... ."

Page 55, 2nd paragraph, line 1, the phrase "Part 52 and" should be inserted after the words "that is not standardized in".

Footnote 40 should read: "NRC formally docketed General Electric's ESBWR DC application for review in December 2005."

Page 56, paragraph on Combined Licenses, 2nd sentence, suggest modifying the sentence to read: "NRC estimates that COL applications referencing a certified design will require approximately 30 months for the technical review. COL applications that do not reference a certified design will require additional review time and staff resources."

Page 60, 1st paragraph, suggest the opening discussion of 161(d) be revised to read as follows to ensure accuracy:

"The NRC carries out many of its human capital programs under the authority of section 161(d) of the Atomic Energy Act of 1954. While section 161(d) directs the NRC to comply with classification and associated pay provisions of Title 5 of the U.S. Code, NRC is authorized to depart from these to the extent necessary to discharge its responsibilities, within certain prescribed limits. This authority allows NRC flexibility in areas such as recruitment and retention incentives, details to other positions... ."

Page 60 , 3rd sentence, the draft report states ... "Some of NRC's human capital programs are authorized under laws that also apply to other federal agencies, ... the Energy Policy Act of 2005, ... Suggest deleting the "Energy Policy Act of 2005" from this sentence because human capital flexibilities in the Energy Policy Act did not apply to other federal agencies. Add a sentence saying, "The Energy Policy Act of 2005 provided NRC with additional human capital flexibilities."

Page 61, the row on "Direct Hire Authority," suggest annotating the definition to indicate that this authority is NOT currently available to NRC.

Page 64, row describing special rate schedules, suggest further noting that the statute also prescribes limits (Executive Level IV) to the pay rates NRC can establish for these positions.