



March 16, 2018

TO: Members, Subcommittee on Energy and Subcommittee on Environment

FROM: Committee Majority Staff

RE: Hearing entitled “Fiscal Year 2019 Nuclear Regulatory Commission Budget.”

I. INTRODUCTION

The Subcommittee on Energy and the Subcommittee on Environment will hold a joint hearing on Tuesday, March 20, 2018, at 10:15 a.m. in 2123 Rayburn House Office Building. The hearing is entitled “Fiscal Year 2019 Nuclear Regulatory Commission Budget.”

II. WITNESSES

The three commissioners of the Nuclear Regulatory Commission (NRC) are the only witnesses:

- Kristine Svinicki, Chairman;
- Stephen Burns, Commissioner; and,
- Jeff Baran, Commissioner.

III. BACKGROUND

The NRC is an independent agency established by Congress in the Energy Reorganization Act of 1974.¹ Its mission is “to license and regulate the Nation’s civilian use of byproduct, sources, and special nuclear materials to ensure adequate protection of public health and safety, to promote the common defense and security, and to protect the environment.”²

NRC requests total budget authority of \$970.7 million for Fiscal Year (FY) 2019, including \$12.6 million for the Office of Inspector General.³ Of the \$958.1 million the NRC requests for direct activities, \$805 million would be recovered in fees assessed to applicants and NRC licensees,⁴ resulting in a net appropriation of \$153 million, an increase of \$44.3 million from the annualized FY 2018 levels.⁵ This increase is primarily a result of NRC’s inclusion of \$47.7 million for high-level waste activities, which is exempt from the fee recovery rule.

¹ P.L. 93-438.

² Nuclear Regulatory Commission, “Mission.” Accessible at: <http://www.nrc.gov/about-nrc.html>.

³ Nuclear Regulatory Commission, “*Congressional Budget Justification Fiscal Year 2019*,” Nureg-1100, Volume 34. Accessible at: <https://www.nrc.gov/docs/ML1802/ML18023B460.pdf>

⁴ By law, the NRC is required to recover approximately 90 percent of its budget through fees.

⁵ The NRC is operating at an annualized rate based on FY 2017 levels due to the lack of an FY 2018 appropriation.

The NRC’s budget is subject to four budgetary control points for activities:

- *Nuclear Reactors Safety* - includes licensing, regulating, and overseeing civilian nuclear power, research and test reactors, and medical isotope facilities;
- *Nuclear Materials and Waste Safety* - includes activities associated with the production of nuclear fuel: storage, transportation, and disposal of high-level radioactive waste and spent nuclear fuel;
- *Decommissioning and Low-Level Waste* - includes the licensing and oversight of sites undergoing decommissioning, the licensing and oversight of new and operating uranium recovery facilities, and the oversight of the national low-level waste management program; and
- *Integrated University Program* – includes grants for nuclear engineering education.

Nuclear Regulatory Commission FY2019 Budget Request⁶

Budget Authority and Full-Time Equivalents (Dollars in Millions)								
Business Line/ Major Program	FY 2017 Actuals		FY 2018 Annualized CR		FY 2019 Request		Changes from FY 2018	
	\$M	FTE	\$M	FTE	\$M	FTE	\$M	FTE
Operating Reactors	352.0	1,548.9	353.8	1,593.0	375.6	1,531.0	21.8	(62.0)
New Reactors	108.2	433.3	95.2	455.0	99.1	394.0	3.9	(61.0)
Nuclear Reactor Safety	\$460.2	1,982.3	\$449.0	2,048.0	\$474.8	1,925.0	\$25.8	(123.0)
Fuel Facilities	24.5	109.2	24.7	113.0	25.2	107.0	0.5	(6.0)
Nuclear Materials Users	64.4	228.5	63.5	238.0	60.6	215.0	(2.9)	(23.0)
Spent Fuel Storage and Transportation	24.8	99.6	22.3	102.0	24.8	100.0	2.5	(2.0)
Decommissioning and Low- Level Waste	26.8	111.8	26.4	115.0	25.4	104.0	(1.0)	(11.0)
High-Level Waste	0.9	1.3	0.0	0.0	47.7	124.0	47.7	124.0
Nuclear Materials and Waste Safety	\$141.3	550.6	\$136.9	568.0	\$183.7	650.0	\$46.8	82.0
Major Program Subtotal	\$601.5	2,532.8	\$585.9	2,616.0	\$658.5	2,575.0	\$72.6	(41.0)
Corporate Support	306.7	641.3	298.1	717.0	299.6	609.0	1.5	(108.0)
Integrated University Program	15.0	0.0	14.9	0.0	0.0	0.0	(14.9)	0.0
Subtotal	\$923.1	3,174.2	\$898.9	3,333.0	\$958.1	3,184.0	\$59.2	(149.0)
Inspector General	12.2	61.1	12.0	63.0	12.6	63.0	0.6	0.0
Total	\$935.3	3,235.2	\$910.9	3,396.0	\$970.7	3,247.0	\$59.8	(149.0)

\$M includes FTE costs as well as contract support and travel. Numbers may not add due to rounding.

The NRC requests \$10.3 million for activities related to the development of regulatory infrastructure for advanced nuclear reactor technologies. This funding, appropriated in FY 2017

⁶ NRC Congressional Budget Justification, p. x.

outside of NRC’s fee-base, would be subject to fee recovery requirements under the FY 2019 proposal.

Nuclear Regulatory Commission Budget Authority and Fee Collection for FY 2019

Total Budget Authority by Appropriation (Dollars in Millions)				
	FY 2017 Enacted	FY 2018 Request	FY 2019 Request	Changes from FY 2017
NRC Appropriation	\$M	\$M	\$M	\$M
Salaries and Expenses (S&E)				
Budget Authority	905.0	939.1	958.1	53.1
Offsetting Fees	794.6	803.4	805.0	10.4
Net Appropriated S&E	\$110.4	\$135.7	\$153.0	\$42.6
Office of the Inspector General (OIG)				
Budget Authority	12.1	12.9	12.6	0.5
Offsetting Fees	10.0	10.6	10.4	0.4
Net Appropriated OIG	\$2.1	\$2.3	\$2.3	\$0.2
Total NRC				
Budget Authority	917.1	952.0	970.7	53.6
Offsetting Fees	804.6	814.0	815.4	10.8
Total Net Appropriated	\$112.5	\$138.0	\$155.3	\$42.8

\$M includes FTE costs as well as contract support and travel. Numbers may not add due to rounding.

For FY 2019, NRC requests \$47.7 million for activities to continue the review and adjudication of the Department of Energy’s license application for a high-level waste repository. This is an increase of \$17.7 million above the FY 2018 requested level.⁷

The Government Accountability Office (GAO) has reviewed a variety of aspects of NRC’s financial management and performance, including NRC’s budget structure and process,⁸ fee-setting rulemaking,⁹ workforce management and composition,¹⁰ and invoicing processes. GAO identified a lack of transparency, predictability, and clarity associated with NRC’s financial management practices and recommended improvements to the various financial management processes.

IV. ISSUES

The following issues may be examined at the hearing:

⁷ The Fiscal Year 2018 Appropriation has not been enacted. The FY18 House Energy & Water Appropriations bill included \$30 million in NRC funding to restart the Yucca Mountain licensing proceedings.

⁸ Government Accountability Office, [“Nuclear Regulatory Commission: Changes Planned to Budget Structure and Justification,”](#) March 8, 2017.

⁹ GAO, [“Nuclear Regulatory Commission: Regulatory Fee-Setting Calculations Need Greater Transparency,”](#) March 2, 2017.

¹⁰ GAO, [“Strategic Human Capital Management: NRC Could Better Manage the Size and Composition of Its Workforce by Further Incorporating Leading Practices,”](#) April 27, 2017.

- NRC's budget proposal for FY 2019;
- Ongoing financial, organizational, and management initiatives;
- NRC rulemakings and regulatory issues; and
- Policy issues associated with advanced nuclear technology licensing.

V. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Andy Zach or Mary Martin of the Committee staff at (202) 225-2927.