



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

NRC-PDE

OCT 10 1980

Dr. David Axelrod, Commissioner
State Department of Health
Empire State Plaza
Tower Building
Albany, New York 12237

Dear Dr. Axelrod:

I appreciated the opportunity to meet with you and other New York officials on September 23 to discuss the Department's program for regulation of agreement materials.

Since the time of our review in July, other events have taken place which relate to the status of the Department's program:

1. Some staff have been transferred out of the materials program.
2. The morale of the materials staff is low due in part at least to the uncertainty of the future of the program.
3. Mrs. Schneider recently accompanied Department inspectors on some licensee inspections. She concluded the inspections were adequate to determine the adequacy of the licensees' programs to protect public health and safety and to comply with the Department's regulatory requirements.

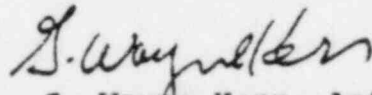
Based on our conversation, as well as your letters of August 11 and September 3, I understand the Department will provide the resources to address those deficiencies noted in my letter of August 6, 1980. I would like to receive your specific plans for reducing the backlog of inspections, filling of vacancies, and solving the problems relating to coordination and supervision of regional operations as discussed in that letter. I am enclosing a copy of a letter to Mr. Goldman requesting his response to the items addressed in my letter of July 30, 1980.

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I think everyone at the meeting agreed that the principal factor in the long-term resolution of the Department's problem is adequate funding. We differ on the method of providing such funds. We discussed at some length the subject of user fees. As I noted, eleven Agreement States have taken this progressive approach and the NRC charges fees for processing license applications and performing inspections. Thus, about 65% of the users of radioactive materials in the U. S. are subject to fees. We also note that the New York City Department of Health has recently adopted increased fees. We believe that the imposition of user fees is highly preferable to increased taxes collected by the Federal Government with the return of operating funds to the States and the related costs for administering such a program. Further, the latter program would result in an economic loss to the State since some of the revenues collected will be spent by Federal employees located outside of New York State. We would hope that you and other members of management would support the user fee approach or develop other approaches to solving the State's funding problem.

I look forward to hearing from you at an early date.

Sincerely,



G. Wayne Kerr, Acting Director
Office of State Programs

Enclosure:
As Stated

cc: H. Goldman w/encl.
W. Davis w/encl.
J. Dunkelberger w/encl.
NRC Public Doc. Rm. w/8/11&9/3/80 ltrs. & w/encl.
State Public Doc. Rm. w/8/11&9/3/80 ltrs. & w/encl.

State Programs - N.Y. file