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POLICY ISSUE (Notation Vote)

October 14, 1999

SECY-99-250

FOR: The Commissioners

FROM: William D. Travers
Executive Director for Operations

SUBJECT: NATIONAL MATERIALS PROGRAM: REQUEST APPROVAL OF
THE FORMATION OF A WORKING GROUP ON THE
INCREASE IN THE NUMBER OF AGREEMENT STATES AND
IMPACT ON NRC'S MATERIALS PROGRAM

PURPOSE:

To inform the Commission of the staff's plan to form a working group to address the impacts of the increased number of Agreement States and to provide advice to the Nuclear Regulatory Commission (NRC) on the National Materials Program.

BACKGROUND:

Presently, NRC exercises regulatory responsibility over about 5,310 material licensees. The 31 Agreement States regulate about 16,550 material licensees. Staff expects four additional States will become Agreement States by Fiscal Year (FY) 2003 and estimates that the number of NRC licensees will drop to approximately 4,000. At that time, the Agreement States will be regulating about 17,860 licenses. This shift in responsibility has significant implications for both NRC's materials program and the Agreement States. The process that NRC will use in the future to develop and maintain the infrastructure of regulations and supporting guidance applied by NRC and the Agreement States in their respective licensing and inspection programs should reflect this shift.

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DISCUSSION:

Agreement State licenses currently comprise approximately 75% of the national total. With the forecast of four more States signing agreements by FY 2003, Agreement State licenses soon may comprise over 80% of the national total. In acknowledgment of this reallocation of licenses, NRC is placing more emphasis on program activities in support of the national infrastructure, particularly with emphasis on program activities such as rulemaking and guidance development activities, information technology systems, technical support, event follow-up, and Integrated Materials Performance Evaluation Program (IMPEP). These activities have a fee impact on an increasingly smaller number of NRC licenses.

Although NRC and Agreement State staff refer to a "National Materials Program," or use similar references (e.g., coherent nationwide effort), no clear definition has been established to define what is meant by a National Materials Program (e.g., its structure, characteristics, makeup, functions and resources). Staff believes the following six issues are key to defining and implementing future State and Federal roles under a National Materials Program and need to be addressed:

1. Development of an overall program mission statement with defined "top level" goals and objectives.
2. Delineation of the respective roles and legal responsibilities of NRC and the Agreement States, including the Organization of Agreement States (OAS) and the Conference of Radiation Control Program Directors, Inc., (CRCPD).
3. Delineation of the scope of activities to be covered by the program and the need for statutory changes at both State and Federal levels.
4. Establishment of formal program coordination mechanisms.
5. Establishment of performance indicators and a program assessment process to both measure program performance and to ensure program evolution.
6. Provision/Budgeting of resources at both State and Federal levels.

To address the future of a National Materials Program, staff will establish a working group in accordance with Management Directive 5.3, "NRC and Agreement State Working Groups," to examine the impacts of the increased number of Agreement States and develop options for Commission consideration. The working group would examine potential frameworks through which the regulation of nuclear materials can be accomplished in the future when the size of Agreement State programs will collectively be significantly larger than that of NRC. The working group would need to address these six issues within the context of other related activities. For example, the group's actions must track with the appropriate materials arena goals, measures, and strategies from the new NRC Strategic Plan, once this new Plan is completed by NRC staff, reviewed by our stakeholders, and approved by the Commission. Regarding item 5, in establishing performance indicators and a program assessment process, the working group will

need to be sensitive to the ramifications of its output on the indicators already in place in the IMPEP program. These IMPEP indicators were developed with significant input from NRC and the Agreement States, and have proven to be a highly-successful means by which we assess the technical adequacy, and consistency of our regional materials programs, and those in Agreement States.

The working group will be comprised of NRC, Agreement State, and CRCPD staff as follows:

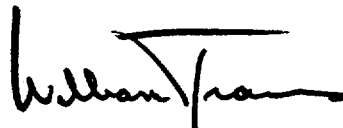
- Office of State Programs (OSP) - one representative (.5 FTE)
- Office of Nuclear Material Safety and Safeguards (NMSS) - one representative (.25 FTE)
- Office of the General Council (OGC) - one representative (.25 FTE)
- Regional Office - one representative (.25 FTE)
- CRCPD - one-two representatives (.25-.5 FTE)
- OAS - one-two representatives (.25-.5 FTE)

RESOURCES:

Staff believes agency resources of approximately 1.25 FTE, would be required to characterize and frame these issues for Commission review. This effort can be accommodated within the existing budget.

COORDINATION:

The Office of the General Counsel has no legal objections. The Office of the Chief Financial Officer has reviewed this Commission paper for resource implications and has no objections.



William D. Travers
Executive Director
for Operations

Commissioners' completed vote sheets/comments should be provided directly to the Office of the Secretary by COB Friday, October 29, 1999.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT October 22, 1999, with an information copy to the Office of the Secretary. If the paper is of such a nature that it requires additional review and comment, the Commissioners and the Secretariat should be apprised of when comments may be expected.

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