



Janice K. Brewer
Governor

Aubrey V. Godwin
Director

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October 9, 2009

Eileen I. Klein
Deputy Chief of Staff, Finance
Director, Office of Strategic Planning and Budgeting
Office of the Governor
1700 West Washington St.
Phoenix, AZ 85007

Dear Ms. Klein:

In response to your request of September 8, 2009, to present a plan for an additional reduction of 15% in our budget, I submit the following information.

I would like to inform you of our current situation and the cuts I have already made. We are currently working with only 69% staff. Two programs are severely understaffed. The Radioactive Materials Program is running on only 33% staff. Arizona is currently under scrutiny by the Nuclear Regulatory Commission (NRC). We are in danger of losing our Agreement State Status due to the staff shortage. If we lose this status, current state radioactive licensees' annual fees would be issued by and paid to the Federal Government. Their fees would increase \$1,700,000 annually. This would not only be a hardship for the licensees, but the state would lose all current licensing fees being collected. The Medical Radiologic Technology Board of Examiners (MRTBE) is functioning with only 40% staff. As per §32-2811, "No person may use ionizing radiation on human beings unless that person is a licensed practitioner or a holder of a certificate issued by MRTBE". Medical Radiologic Technologists are not being licensed in a timely manner. Besides the employment obstacles for the technologists, the State is liable for refunding fees for lack of timely certification.

The State's capability to respond to a radiation emergency may also be questioned. Any additional staff reduction would alert the Federal Emergency Management Agency (FEMA) of a threat to Arizona's response capability. The State would be required to prove it could adequately respond to any radiological threats or dangers, be it Palo Verde Nuclear Generating Station (PVNGS), terrorism, or accidents. If FEMA finds the state response inadequate, the potential cost to the rate payers of PVNGS could reach \$1,000,000,000 per year. The cost of having a delayed or incomplete response to an actual emergency is difficult to estimate and could range from inconvenience to death

The attached reduction plan includes the requested 15% reduction of our appropriated funds and our non-federal non-appropriated funds. The total funding to be reduced is \$441,060. Please note that since the NEMF fund appears both in the appropriated funding and the non-appropriated funding of our budget request, the 15% is taken out twice for a total of 30%. I respectfully request that the NEMF fund only be reduced once by 15%. Also, the requested reduction amount assumes the Agency's budget will include \$500,000 of fee revenue, which has **not** been appropriated.

Assuming the fee revenue is appropriated and we are required to reduce our budget by the full \$441,060, the reduction would require the termination of 12 state health physicists and one program manager. The radioactive materials compliance, non-ionizing radiation compliance, and the radiation monitoring laboratory programs would all be suspended; and the x-ray compliance program would be severely reduced. Arizona would most likely lose Agreement State status with the U.S. Nuclear Regulatory Commission and receive an adverse finding from FEMA with regard to the Palo Verde Nuclear Generating Station (PVNGS) and the state's ability to respond to accidents or terrorist activities involving radiation.

This plan assumes the reductions start Jan. 1, 2010. Please see attached for more details.

If you have any questions or would like to discuss this submission, please contact me.

Sincerely,

Aubrey V. Godwin, M.S., CHP
Director
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**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
AZ RADIATION REGULATORY AGENCY**

GENERAL FUND

FY 2010 General Fund Budget 1,483,200

AGENCY REDUCTION TARGET - GENERAL FUND \$222,480

Priority	Issue Title¹	Reductions Amount
1	Staff Reductions: 8 State Health Physicists	\$205,290
2	Rent and Travel Reductions	\$17,190
	Issue Total	\$222,480
	Fund Total as a Percentage of General Fund Reduction Target	100%

¹ Please complete the attached Description and Impact Statement for each issue.

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
RADIATION REGULATORY AGENCY**

ALL NON-GENERAL FUNDS

FY 2010 All Non-General Funds Budget (less Federal Funds) 1,457,200

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$218,580

Fund	Reductions Amount	Percent Reductions
NEMF	\$88,160	40.3%
Fee Increase	\$104,692	47.9%
MRTBE	\$25,762	11.8%
Issue Total	\$218,614	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
AZ RADIATION REGULATORY AGENCY**

FEE INCREASE FUND

FY 2010 All Non-General Funds Budget (less Federal Funds) 500,000

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$218,580

Priority	Issue Title¹	Reductions Amount
1	Staff Reductions: 1 Program Manager & 1 State Health Physicist	\$69,292
2	Rent Reduction	\$35,400
	Issue Total	\$104,692

Fund Total as a Percentage of Non-General Fund Reduction Target 48%

¹ Please complete the attached Description and Impact Statement for each issue.

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
AZ RADIATION REGULATORY AGENCY**

MEDICAL RADIOLOGIC TECHNOLOGIST BOARD OF EXAMINERS FUND

FY 2010 All Non-General Funds Budget (less Federal Funds) 269,300

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$218,580

Priority	Issue Title¹	Reductions Amount
3	Maintain Vacancies	\$25,762
	Issue Total	\$25,762

Fund Total as a Percentage of Non-General Fund Reduction Target 12%

¹ Please complete the attached Description and Impact Statement for each issue.

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FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
AZ RADIATION REGULATORY AGENCY

NUCLEAR EMERGENCY MANAGEMENT FUND
Option A

FY 2010 All Non-General Funds Budget (less Federal Funds) 627,900

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$218,580

Priority	Issue Title ¹	Reductions Amount
1	Staff Reductions: 3 State Health Physicists	\$88,160
	Issue Total	\$88,160

Fund Total as a Percentage of Non-General Fund Reduction Target 40%

¹ Please complete the attached Description and Impact Statement for each issue.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

AZ RADIATION REGULATORY AGENCY

Issue Title: Staff Reductions

Issue Priority: 1

Reduction Amounts:

General Fund: \$205,290
Fee Increase Fund: \$ 69,292
NEMF Fund: \$ 88,160

Total: \$362,742

Issue Description and Statement of Effects

This reduction would require the release of 12 State Health Physicists and one Program Manager, in addition to the already reduced staffing. The loss of staff would require the suspension of all activities in three of the six operational programs including radioactive materials compliance, non-ionizing radiation compliance, and the radiation monitoring laboratory. The x-ray compliance program would also be severely reduced, causing inspections to fall further behind schedule.

If these staff reductions were implemented, Arizona would most likely lose Agreement State status with the U.S. Nuclear Regulatory Commission. The reduction in staff would also create a high risk of an adverse finding by FEMA with regard to the Palo Verde Nuclear Generating Station (PVNGS) and the state's ability to respond to accidents or terrorist activities involving radiation.

The cost to the State of Arizona and its citizens for the loss of programs.

- Loss of Agreement State status: Loss of revenue to State, \$700,000; cost to citizens due to increased fees paid to federal agency, \$1,700,000.
- Loss of an acceptable response for PVNGS: Cost to electric power users of PVNGS, up to \$1,000,000,000 per year until an acceptable response capability exists.
- Increased medical costs due to medical problems caused by the use of non-complying x-ray equipment.
- Loss of government credibility due to general lack of radiation regulation and the shortage of radiation experts able to respond to emergencies.

Legal Citations, A.R.S. unless otherwise designated.

§30-654(B)(1) Regulate sources of radiation
§30-654(B)(4) Emergency Response

October 15, 2009

§30-654(B)(16) Monitoring of nuclear facilities

§30-656 Agreement State authorized

§26-306.01(C) Use of NEMF

10 Code of Federal Regulations Part 50, §50.47(a)(2) Emergency Response Plans, PVNGS

10 Code of Federal Regulations Part 50, Appendix E Emergency Response Plans, PVNGS

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**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

AZ RADIATION REGULATORY AGENCY

Issue Title: Rent and Travel Reductions

Issue Priority: 2

Reduction Amounts:

General Fund: \$ 17,190

Fee Increase Fund: \$ 35,400

Total: \$ 52,590

Issue Description and Statement of Effects

Along with the staff reductions already mentioned, this would require the suspension of most activities outside the Agency offices. Arizona would most likely lose the Agreement State status with the U.S. Nuclear Regulatory Commission. X-ray inspections would fall further behind schedule. And if the travel reduction stops the Agency's response to problems at PVNGS, this would create an extremely high risk of an adverse finding by FEMA with regard to PVNGS and the state's ability to respond to accidents or terrorist activities involving radiation.

The cost to the State of Arizona and its citizens for the loss of programs.

- Loss of Agreement State status: Loss of revenue to State, \$700,000; cost to citizens due to increased fees paid to federal agency, \$1,700,000.
- Loss of an acceptable response for PVNGS: Cost to electric power users of PVNGS, up to \$1,000,000,000 per year until an acceptable response capability exists.
- Increased medical costs due to medical problems caused by the use of non-complying x-ray equipment.
- Loss of government credibility due to general lack of radiation regulation and the shortage of radiation experts able to respond to emergencies.

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10 Code of Federal Regulations Part 50, Appendix E Emergency Response Plans, PVNGS

STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

AZ RADIATION REGULATORY AGENCY

Issue Title: Maintain Vacancies

Issue Priority: 3

Reduction Amounts:

MRTBE Fund: \$ 25,762

Total: \$ 25,762

Issue Description and Statement of Effects

Medical Radiologic Technologists would not be licensed in a timely manner. This would delay individuals seeking employment as well as require the refunding of the fees they may have paid.

The cost to the State of Arizona and its citizens for the loss of programs.

- Loss of income for technologists who are seeking certification prior to employment.
- Small loss of revenue to the state due to Agency's inability to process all licenses within statutory timeframes.
- Investigation and disciplinary actions would not be performed, threatening patients health and safety

Legal Citations, A.R.S. unless otherwise designated.

§32-2811 MRTBE certification required