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SENATE FINANCE
Office of the Attorney General
FY 2003-2004 and 2004-2005
Budget Hearing
February 7, 2003
7:30 a.m.

OPENING REMARKS:

Good morning, Mr. Chairman and members of the committee. For the record, I am Attorney General Brian Sandoval and I am here before your committee today to present an overview of the Office of the Attorney General's budget submitted for the next biennium. Before I begin with my presentation, I would like to introduce the members of my leadership team to the committee. Sitting to my far left, is Ann Wilkinson, the Assistant Attorney General. To my immediate left is Marietta Lopez, the Chief Financial Officer. Directly behind me are Jeff Parker, the Solicitor General; Jonathan Andrews, the Special Assistant Attorney General; and Christina Davis, my Executive Assistant. Elizabeth Quillin, who is the Regional Chief of the Las Vegas Office will be joining us shortly. I also would like to recognize the hard work and dedication of the rest of the staff and attorneys at the Attorney General's office who are devoted to the mission of protecting and defending the health, safety and welfare of the people of the State of Nevada.

I will begin this presentation with a brief overview of the budget reductions and measures we are implementing to achieve savings; I will then proceed with a brief discussion of each budget account as presented in the order set forth on the committee agenda, and I will conclude my remarks with a discussion of those budget items that apply across the various budgets within the office. To assist the committee in following along with this presentation, we have provided each committee member with a copy of the Attorney General's Budget Briefing.

EXHIBIT C Senate Committee on Finance

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OVERVIEW OF OFFICE OF THE ATTORNEY GENERAL:

As you are all aware, the Office of the Attorney General is responsible for serving as the legal adviser on all state matters arising in the executive department of the state government. (NRS 228.100). As an independent constitutional officer, the Attorney General must also ensure that the laws are enforced and administered fairly. The office is currently staffed with approximately 320 employees (140 legal staff and 180 other professionals) assigned to offices located in Carson City, Reno, Las Vegas and Ely. The Office is presently divided into 9 primary divisions: Administration; Criminal Justice, Litigation, Human Resources, Civil, Transportation, Gaming, the Bureau of Consumer Protection, and Investigations, along with other various special units such as the Prosecution Advisory Council, High Tech Crime, Tobacco Enforcement.

Mr. Chairman, we understand that performance indicators are a priority for you as budget requests are heard before this committee. We have reviewed the reported indicators for FY02-03 as contained in the Executive Budget, and we are continuing to examine those numbers and what they really mean. We are eager to work with the committee to achieve meaningful performance indicators.

REDUCTIONS AND SAVINGS MEASURES:

In light of the fragile condition of our State's economy, the Office of the Attorney General is committed to supporting the Governor's Executive Budget for this Office and cooperating with the 72nd Session of the Nevada Legislature to buckle down and tighten our budgetary belt.

- The Attorney General's Office is not requesting funding for any new positions, absent new legislation requiring additional staff.

- The Office training budget has been reduced by \$30,000 for each fiscal year in the next biennium.
- Voluntary leave without pay continues to be offered to all employees. Since its authorization this past Fall we have had 22 participants resulting in a savings of over \$22,000 in salary savings.
- Vacant positions are not frozen, but instead continue to be rotated for an extended period of time to achieve salary savings while at the same time avoiding undue hardship on any one division. It is expected that through this process we will realize a savings of approximately \$600,000 by the end of this fiscal year without reducing any positions.
- We are examining leased space for satellite offices to determine whether further operational costs can be saved through the consolidation of office space. In prior sessions, this Office committed to relocating the Bureau of Consumer Protection, the Private Investigator Licensing Board and the Gaming Division into the Attorney General's office complex across from the Capitol Building. I intend to follow through and honor that commitment. The rent savings achieved by doing this in the next biennium will initially be used to offset moving expenses and any tenant improvements that may be required (such as wiring and constructing walls/doors to create more office space) within our Carson City office space. Assuming this can be carried out completely, we anticipate an approximate rent savings of \$242,500 over the next biennium, an average of \$121,250 per fiscal year. We are also considering the relocation of the Reno office and expect to realize savings for reduced rent.

- As a cost savings measure, if we are unable to obtain grant funding, we are looking to consolidate the functions of the Crime Prevention Coordinator position with those functions performed by the Children's Advocate and other unit staff members (this equates to an annual general fund reduction of \$57,404 per fiscal year in budget account 1036);
- We have cut our original equipment request by almost \$200,000 from \$443,830 to \$248,323.

To further demonstrate my personal commitment to supporting budget reductions, I have also voluntarily reduced my own salary by 3%.

BUDGET BRIEFING PACKET:

Now, turning to the Budget Briefing Packets and the specific budget accounts, I will provide a brief overview of each account and highlight the requested enhancements. The supporting information and back up materials are included behind each tab that is labeled with the budget account. Although I recognize that unclassified salaries are handled separately through the unclassified paybill, in discussing each budget I will identify some of the enhancements related to unclassified salaries.

Attorney General Administrative Fund, B/A1030:

OVERVIEW OF BUDGET ACCOUNT 1030:

Budget Account 1030 is the Administrative Fund for the Attorney General's Office and it is supported through the Attorney General Cost Allocation Plan, general funds, and billings from commissions, boards and other agencies that are not assigned to the Cost Allocation Plan. We are requesting enhancements to this account for the addition of space in Las Vegas, replacement equipment, and the reclassification of two attorney positions.

REQUESTED ENHANCEMENTS:

- **Las Vegas Office Expansion**

The expansion of an additional 10,462 square feet of space in the Grant Sawyer Building is needed to address the current space needs of the office. This space enhancement provides an annual increase in this budget account of approximately 131,000 per fiscal year to pay for 9539 square feet. The remaining 900 square feet of space will be apportioned and paid for by other budget accounts. See Officewide Tab, Exhibit A. This additional space will permit us to relocate staff who currently work in file rooms, copy rooms, and converted conference rooms to be placed in more appropriate spaces. This new space will also provide project work spaces, it will open up converted conference rooms, and provide more room for file storage. It is anticipated that this space will be available for occupancy in October of 2003.

- **Replacement Equipment**

Based on DoIT's replacement schedule, much of our equipment is due for replacement. Our request reflects only our most urgent needs. This will enable us to provide for any unforeseen system problems and still provide the office with relatively current technology. To make all replacements in accordance with DoIT's recommended scheduled for the biennium it would cost this Office \$443,830. Our pared down request for the next biennium is \$248,323 (\$129,127 for FY 03-04 and \$119,196 FY 04-05) for a total savings of almost \$200,000 (\$195,507).

- **Reclassification of Attorney positions**

We are requesting an upgrade of two Department of Transportation Deputy Attorney General positions to Senior Deputy Attorney General. It is difficult to retain experienced attorneys in the Las Vegas market but it is essential to attract and retain experienced attorneys in the areas of eminent domain, construction contract litigation and tort litigation. This request is supported by the Department of Transportation and a copy of the letter of support is included in your presentation packet at Tab B/A 1030, Exhibit A. The cost of this enhancement totals \$26,182 for each year which will be paid by Highway Funds.

Special Fund, B/A 1031

OVERVIEW OF BUDGET ACCOUNT 1031:

This budget account is created under NRS 228.099 as the special litigation fund that is established for the payment of expenses related to litigation.

- We are not requesting any additional funding for the general litigation portion of this budget. We are, however, requesting that the same level of funding be authorized for both years of the biennium as it has been in previous years. This level of funding is important since litigation is unpredictable and costs are not always consistent from one year to the next.

REQUESTED ENHANCEMENTS:

- **Yucca Mountain Litigation**

The Governor has recommended \$2,000,000 be added to this budget account to provide continued litigation support to fight against Yucca

Mountain. Billings from outside counsel will be carefully scrutinized by the Attorney General's Office to insure that this financial resource is solely devoted to the legal defeat of the Yucca Mountain proposal. On the inside of the briefing packet, you have also been provided with a briefing memo on the status of the pending litigation.

Attorney General Insurance Fraud, B/A 3806

OVERVIEW OF BUDGET ACCOUNT 3806:

Budget account 3806 supports the Insurance Fraud Unit created in the Attorney General's Office under NRS 228.412. Insurance assessments provide the revenue stream for this account.

ADDITIONAL REDUCTIONS:

Our original budget proposal requested the replacement of 2 printers at the cost of \$3,400. This request has been withdrawn because sufficient forfeiture funds were utilized to purchase this equipment.

REQUESTED ENHANCEMENTS:

- **Las Vegas Office Expansion**

Of the additional 10,462 square feet requested for expansion of the Las Vegas Office, 274 square feet is designated for budget account 3806 for a cost of \$3,758 for fiscal year 2003-2004 and \$3,770 for fiscal year 2004-2005.

- **Reclassification of Attorney Position**

We are requesting the upgrade of a Deputy Attorney General position to Senior Deputy Attorney General. This is the only insurance deputy position in Northern Nevada. This position performs duties similar to other Senior Deputy positions in the Office of the Attorney General and makes

public appearances on behalf of the unit, teaches classes for P.O.S.T and is cross-deputized as a U.S. Attorney. The cost of this reclassification is \$13,019 each year and this increase would be funded through budget reserves.

AG Medicaid Fraud, B/A 1037

OVERVIEW OF BUDGET ACCOUNT 1037:

This budget account supports the Medicaid fraud control unit created under NRS 228.410. The federal grant for Medicaid Fraud Control provides for 75% of this unit's funding, and requires a 25% State match which has historically been provided through the recoveries successfully obtained by this unit.

REQUESTED ENHANCEMENTS:

- **Las Vegas Office Expansion**

Of the additional 10,462 square feet requested for expansion of the Las Vegas Office, 226 square feet is designated for budget account 1037 for a cost of \$3,168 for fiscal year 2003-2004 and \$3,178 for fiscal year 2004-2005.

- **Investigator Automobiles**

This unit presently has five motor pool vehicles to share between eight investigators. It is not unusual for an investigator to use his personal vehicle for office use on a regular basis. Therefore, we are requesting two additional motor pool vehicles at the cost \$6,750 (per fiscal year) which will be paid from the current reserves.

- **Replacement Equipment**

We are requesting replacement equipment per Dolt replacement schedule at the cost of \$ 10,780 (for fiscal year 03-04) which will be paid through grants and recoveries. (\$9240 grants/recoveries; \$1,540 SNAG grants).

- **Salary Adjustment for Director (Attorney) Position**

We are requesting that the salary of the Medicaid Fraud Control Director be increased to achieve parity with other positions within the office with similar duties and responsibilities. The current Director has been the only Director for this unit since it's inception in 1991. That position is currently funded at \$93,344 and we are requesting an annual salary increase of \$5,506. The cost of this increase will be paid through grant funds and recoveries.

- **Reclassification of Investigator**

We are requesting approval to create the position of Deputy Chief Investigator of Medicaid Fraud at \$67,998. This investigator in Carson City is responsible for supervision of all of the unit investigators in Carson City and Las Vegas that also includes the senior investigator in Las Vegas. The duties of this position mirror those of the Deputy Chief Investigator of the Workers Compensation Fraud Unit.

Attorney General-Workers' Comp Fraud, B/A 1033

OVERVIEW OF BUDGET ACCOUNT 1033:

Budget account 1033 was created to support the efforts of the Workers' Compensation Fraud Unit created under NRS 228.412. The revenue stream for this account is employer assessments and restitution paid by criminal defendants.

REQUESTED ENHANCEMENTS:

- **Las Vegas Office Expansion**

Of the additional 10,462 square feet requested for expansion of the Las Vegas Office, 418 square feet is designated for budget account 1033 for a cost of \$5,733 for fiscal year 2003-2004 and \$5,751 for fiscal year 2004-2005.

- **Replacement Equipment**

We are requesting replacement equipment per Dolt replacement schedule at the cost of \$33,880 (for FY03-04 only) which will be paid through employer assessments.

- **Security Improvements:**

We are asking you to approve the purchase of the equipment and software necessary to upgrade the current 'numeric touch pad' security entrance devices in the Reno office. The proposed upgrade is a security card reader system similar to those used in the Carson City offices and the Sawyer Building in Las Vegas. The card system is easy to maintain and allows regulating days and hours of access and categorizing entries based on need and security levels. The project will be vendor installed and training is at a minimum. There will be five proximity card readers along with two panic alarm buttons. In addition to the five card readers, a security camera will be installed at the main receptionist desk area. The cost of this building improvement is estimated at \$8,250 which will also be paid from employer assessments.

AG Office of Consumer Protection, B/A1038

OVERVIEW OF BUDGET ACCOUNT 1038:

This budget account was created in accordance with NRS 228.340 which establishes this account for maintaining the office of the consumer advocate and carrying out the responsibilities of the Bureau of Consumer Protection.

REQUESTED ENHANCEMENTS:

- **New Equipment**

We are requesting five additional file cabinets for files that must be maintained by the unit for the Organ Donor Task Force/ Anatomical Gift Fund and the Task Force for Renewable Energy Conservation. Both task forces were created in 2001 with administrative duties assigned to the Bureau of Consumer Protection. The cost for this equipment is a total of \$1,410 which will be paid from mil assessment reserves.

AG Crime Prevention, B/A 1036

OVERVIEW OF BUDGET ACCOUNT 1036.

This budget account is supported by general fund dollars and the sale of Missing Children license plates.

REDUCTIONS:

As stated in my opening remarks, as a cost saving measure we have eliminated the position of Crime Prevention Coordinator. The duties of this position will be absorbed by the Children's Advocate and the other unit staff members. This results in an annual cost savings \$57,404.

Attorney General Tort Claim Fund, B/A 1348

OVERVIEW OF BUDGET ACCOUNT 1348.

The Tort Claims fund is an internal service fund supported by the collection of assessments assigned to state agencies.

We are not requesting any enhancements to be funded by this budget account.

AG Extradition Coordinator, B/A 1002

OVERVIEW OF BUDGET ACCOUNT 1002.

Budget account 1002 is 87% funded by general fund appropriations. The remaining amount is funded through restitution payments.

ENHANCEMENTS:

- **Replacement Equipment:**

Although the Governor has not recommended this request, we are asking to replace two computers that were purchased in July of 2000. This is consistent with the DoIT replacement schedule and is consistent with our replacement requests in other budgets. If this equipment request is not included in our budget, the Extraditions Coordinator will have to wait until 2006 to replace this equipment. Therefore, we request that this budget account be increased by the cost of \$3,800.

AG Council for Prosecuting Attorneys, B/A 1041

OVERVIEW OF BUDGET ACCOUNT 1041.

The budget account for the Council for Prosecuting Attorneys is primarily funded through administrative assessments and a small portion of general fund dollars. Pursuant to NRS 241A.090, the Council is also authorized to receive grant funding.

- **Increased Administrative Fee**

The Governor has recommended an increase in revenues to this account by increasing the administrative fee by \$4.80 for misdemeanors.

AG, Victims of Domestic Violence, B/A 1042

OVERVIEW OF BUDGET ACCOUNT 1042.

Budget account 1042 is primarily funded through federal grants which require matching state fund dollars.

REQUESTED ENHANCEMENTS:

- **Salary Adjustment for Ombudsman:**

We are requesting an increase in the Ombudsman position from \$49,840 to \$51,955. Because of the nature and responsibilities inherent in the position of Ombudsman, the incumbent must possess qualifications that enable her to write professionally, to conduct media interviews, provide public presentations and training, to interact and network with professionals in high levels in other state, county, and local governments; to coordinate projects and committees; and to provide support and appropriate referral information to victims and the general public. The current salary is inconsistent with other ombudsman positions within the state. Please refer to Tab B/A 1042, Exhibit A.

CFS Juvenile Justice Programs, B/A 1383

The Governor's Executive Budget transfers the operation of the Juvenile Justice budget account 1383 to the Attorney General's Office. We have met with Mike Wilden and his staff to discuss this budget transfer and we are continuing to work together to examine how to best achieve this.

Ethics Commission, B/A 1343

Public integrity is an issue of great importance to the people of the state of Nevada and is a priority of my administration. As this committee heard a few days ago, the Ethics Commission is in need of investigatory and administrative resources. I requested that the Ethics Commission's budget be included as part of the Attorney General's budget in an effort for this Office to provide this needed administrative and investigative assistance to the Ethics Commission. We met with the Ethics Commission staff on January 15th and again on January 29th to discuss this proposal. Representatives of the Ethics Commission made it clear that they are not receptive to such a change and I respect their position. While I saw this as an opportunity to better serve the people of the state of Nevada and provide the Ethics Commission with needed support, I have no desire to make a change without the Commission's consent and I wish them well in their endeavors. In light of the Ethics Commission's position, I request that the Commission be removed from the Attorney General's Budget.

ADDITIONAL REQUESTS:

We are also requesting the Sentencing Commission and the Elder Rights Attorney be transferred into the Attorney General's Budget.

Our final request includes salary enhancements for our investigator and legal researcher positions.

- **Salary Adjustment for Investigators**

Salaries of the investigators within the Office of the Attorney General are substantially below those of other law enforcement agencies in the State. Our investigators have the same qualification requirements as other law enforcement agencies but are paid lower salaries and they are not eligible for police/fire retirement. These factors contribute to morale and retention issues. Our request is made only to achieve parity with other State agencies. A copy of the salary comparison charts are included in your presentation packet at Officewide Tab, Exhibit B.

- **Salary Adjustment for Legal Researchers**

Salaries for Legal Researchers within the Office of the Attorney General are substantially below salaries for comparable classified positions within the State as well as salaries for other city and county positions. Salaries for Legal Secretaries within the State are higher than for Legal Researchers in the Attorney General's Office. Because of that disparity, it is difficult to retain competent legal researchers when opportunities arise in the classified service as researchers in other agencies or as legal secretary positions in our own office arise. We have had legal researchers in the past transfer to a legal secretary position due to the salary issue. Our request is made only to achieve parity with other State positions. A copy of the salary comparison charts are included in your presentation packet at Officewide Tab, Exhibit C.

CLOSING REMARKS:

Unless there are any more questions, I would like to take this opportunity to thank you Mr. Chairman, the members of the Committee and your staff, for the opportunity to present this overview of the Attorney General's budget for the next biennium. We look forward to working with the subcommittee as we continue to address the budget issues for this Office.