

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
February 21, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 7:30 a.m. on Monday, February 21, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Assemblyman Rod Sherer, Assembly District No. 36

STAFF MEMBERS PRESENT:

Jeffrey A. Ferguson, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Sandra Small, Committee Secretary

OTHERS PRESENT:

Bruce Bommarito, Executive Director, Division of Tourism, Nevada Commission on Tourism
Laura Billman, Representing Nye County
Arthur D. Jones, Disabled American Veteran
Candice Trummell, Board of Commissioners, Nye County
Charles (Chuck) W. Fulkerson, Executive Director, Office of Veterans' Services
Gary Hollis, Board of Commissioners, Nye County and Vietnam Veteran
Dwight Dortch, City Council, City of Reno
Charles McNeely, City Manager, City Council, City of Reno
Leann McElroy, Chief of Staff, City Council, City of Reno
Brian Sandoval, Attorney General, Office of the Attorney General
Marietta Lopez, Chief Financial Officer, Office of the Attorney General
Gerald J. Gardner, Chief Deputy Attorney General, Criminal Justice Division, Office of the Attorney General
Adriana Escobar-Chanos, Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General
Marilyn Skibinski, Regulatory Manager, Bureau of Consumer Protection, Office of the Attorney General
Zachary Rees, Wooster High School Senior
Kristin L. Erickson, Chief Deputy District Attorney, Criminal Division, District Attorney Washoe County and Nevada District Attorney's Association
John P. Comeaux, Director, Department of Administration

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CHAIR RAGGIO:

We will open the hearing for discussion on Senate Bill (S.B.) 5.

SENATE BILL 5: Revises provisions governing transfers of money for use of Committee for the Development of Projects Relating to Tourism. (BDR 18-383)

BRUCE BOMMARITO (Executive Director, Division of Tourism, Nevada Commission on Tourism):

This item was in the budget last Legislative Session, but there was not enough time to get it passed.

CHAIR RAGGIO:

Please explain how the bill will affect the Commission.

MR. BOMMARITO:

It is a \$200,000 grant in each biennium to be used for infrastructure related to tourism, all in rural Nevada. The current law requires the committee to request the funds from the Interim Finance Committee (IFC). Since it is a recurring budgeted item, we would like the funds to go directly to the budget for the Committee for the Development of Projects Relating to Tourism rather than request the funds from IFC. It will save time.

CHAIR RAGGIO:

How often do you use this process?

MR. BOMMARITO:

Once every year.

CHAIR RAGGIO:

The State Controller is prohibited from transferring the money that is made available to the Committee for the Development of Projects Relating to Tourism from the mandatory room tax to the special account, unless the IFC approves the transfer. Is that the situation?

MR. BOMMARITO:

Yes, it is.

CHAIR RAGGIO:

Does staff have any concern about a loss of control over these funds?

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The only concern we have at this time is putting into statute a dollar amount that would be transferred. If you would like to do it on a budgetary basis and have it based upon the funding level approved by the Legislature, that would be fine.

CHAIR RAGGIO:

Please get with staff and see if an amendment that meets that objective can be developed.

We will close the hearing on S.B. 5 and open the hearing on S.B. 50. This bill was requested on behalf of Nye County.

SENATE BILL 50: Makes appropriation to Office of Veterans' Services for expenses relating to establishment of Office of Coordinator of Services for Veterans in Nye and Esmeralda Counties. (BDR S-449)

LAURA BILLMAN (Representing Nye County):

There are over 7,000 veterans in Nye County. The office closest to Pahrump is the Las Vegas Office of Veterans' Services, nearly 60 miles away. The veterans and their families living in the outlying areas have a long travel time. The transportation is a burden. Sometimes they have unreliable or no transportation. The Veterans' office in Las Vegas is backlogged with waiting periods of three to four months. At times, this can cause the time between making an appointment and receiving benefits extend to more than a year.

Nye County is requesting a onetime appropriation of \$300,000. This will cover the startup for a coordinator of veterans' services office in Nye and Esmeralda Counties. The plan is to base the main office in Pahrump which has a population of just under 30,000 and have a mobile unit that would travel into the outlying areas such as Tonopah, Goldfield and Round Mountain. Once the veterans' services office is operational, it is also possible to service other parts of Eureka and White Pine Counties since Duckwater is very close to the border.

As this coordinator of veterans' services office is stabilized, Nye County hopes to expand its coverage. We have been in touch with Mr. Charles W. (Chuck) Fulkerson, Executive Director of the Office of Veterans' Services, who has agreed to help the Nye County Board of County Commissioners in establishing these offices. He and his budget director have helped develop the budget in our handout, S.B. 50-Background, [Exhibit C](#). Mr. Stephen Simmons, the area director for the federal Department of Veterans' Affairs Regional Office, has offered to hold the Training, Responsibility, Involvement and Preparation training classes for our new veterans' services officers. This will ensure they are fully trained and accredited as well as offset the cost of training. I want to assure the Committee that this is a onetime request. The active veterans in Nye County are going to be setting up both a minor and major donor program and intend to apply for federal grants. The Nye County Board of Commissioners has agreed to fund this office start-up with \$59,500 as a good-faith gesture. The requested appropriation will give the Nye County Veterans' Association the needed time to set up their donor and grant programs. The County is behind them and willing to help offset the costs.

CHAIR RAGGIO:

I have a letter from Senator McGinness, [Exhibit D](#), indicating his support for [S.B. 50](#).

ARTHUR D. JONES (Disabled American Veteran):

I think it is important to get this veterans' services office in Pahrump and in the Nye County area. The veterans have to go back and forth to Las Vegas, a long trip. The veterans in Nye County are getting old. It is hard to get back and forth because of transportation. If we have an office in Pahrump, it would serve all the veterans in Pahrump and Nye County. We have many veterans coming back from Iraq, Afghanistan and other places. These veterans will need help. Those who do not come back have family and children who will need the services.

CHAIR RAGGIO:

Are there any services in Pahrump?

MR. JONES:

The only services we have right now are the Pahrump Veterans' Administration clinic and one or two veterans who help with some claims. The volunteers are not able to fill out the claim forms. The Veterans of Foreign Wars, American Legion and the Disabled American Veterans have a service officer, but they can only do so much.

CANDICE TRUMMELL (Board of Commissioners, Nye County):

Veterans represent a unique constituency. Veterans are one of the groups, if not the only group, that first serves us before asking for service. We are able to sit here today because of the veterans who defend our freedoms, our lives and our form of government. I understand you are continually faced with requests from various interests. Please understand we are not here to ask for a handout, but rather a hand up. This onetime appropriation will provide the necessary funding to establish a unique program designed to be self funded. We have appreciated tremendous support for this concept from Senator Reid and Congressman Gibbons. Every time I see him, Senator Reid asks me how this project is going and where we are. They both support our long-term goal to expand these services to other rural areas without coming back to the Legislature for additional appropriations.

The office in Pahrump will be collocated with many other services that veterans may need such as housing, social services, counseling and Nevada JobConnect. The location intended is next to the Veterans' Administration clinic. Your support for this onetime appropriation will enable us to provide an increased level of service to veterans in rural Nevada and streamline the workload for State Veterans' Services officers, decreasing wait time for both rural and urban veterans. We appreciate your support.

CHARLES (CHUCK) W. FULKERSON (Executive Director, Office of Veterans' Services):

This legislation will greatly increase the outreach to an area with a high rate of growth in our veteran population. We have never had the resources to go to rural areas. My office in Las Vegas sends a veterans' services officer to Pahrump four or five days each month. In 18 visits to Pahrump during FY 2004, one veterans' services officer submitted claims for over \$1 million in veterans' benefits. A consistent presence by a trained officer would increase the number of deserving veterans served and would increase the disposable income in the community.

A study conducted during the late 1980s by the Carson and Rural Elders (CARE) Law Project for the Administration on Aging stated: "Rural Nevada is ripe with older adults eligible for financial assistance from the Veterans' Administration (VA), but are unaware of their eligibility for VA assistance." Attached is a report titled State Veterans' Budget Hearings Staff Deficits from Ms. Teresa M. Sacks who conducted a similar study in Washoe County, [Exhibit E](#). She found that over 78 percent of those surveyed were unaware of any non-service connected pension benefits. The proposed Nye County office could be the first of many steps to conduct an effective outreach program. There is enabling legislation in place in Nevada Revised Statute (NRS) 244.401, [Exhibit F](#).

CHAIR RAGGIO:

Have you looked at the proposed budget?

MR. FULKERSON:

Yes, I helped develop the budget.

CHAIR RAGGIO:

They contemplate a total budget of \$350,000. Nye County would match \$55,000. Is that for two years or one year?

MS. BILLMAN:

The \$55,000 is for two years. Nye County has actually set aside \$59,500. The additional \$4,500 will be for incidentals such as stationery.

CHAIR RAGGIO:

This would envision two full-time veterans' services officers?

MR. FULKERSON:

That is the proposal.

CHAIR RAGGIO:

If this is done, does it establish a precedent to set up offices throughout Nevada? Is there a similar need all over the State?

MR. FULKERSON:

I certainly hope so. There are areas of the State that will not support a full-time officer. There is a need for a circuit rider, so to speak, in northern Nevada, going up Interstate-80 and coming back down Highway 50 and in the south, going from Las Vegas to Pahrump to Ely and back. If it was done on a consistent basis, we could help many veterans not currently being reached. There are a tremendous number of veterans' widows who are unaware of need-based pensions available to them.

CHAIR RAGGIO:

You mentioned NRS 244.401. That statute allows a county to create the office.

MR. FULKERSON:

I believe that is where we are headed. I see the money coming from the Treasurer to my office, to the county.

CHAIR RAGGIO:

How would the program be maintained if this is a onetime request from the State? You have a budget of \$355,000 over a biennium.

MS. BILLMAN:

We are asking the State for \$300,000 in start-up costs. The veterans intend to have donor programs and grants fund the program. The Commissioners have requested this office and are prepared to provide financial support after the first two years.

CHAIR RAGGIO:

The State sets up things like this, for instance school class-size reduction, and gets a commitment that the local government will take over the program. The next Session, someone comes in stating the Legislature mandated the program and the local government needs funds to support it.

MS. BILLMAN:

Would it be helpful if the bill were amended to show the county guaranteed to keep the office open for a minimum period after the State funding has ended?

CHAIR RAGGIO:

Sometimes those promises are short-lived. The promises are well intentioned, but I am wondering if the County can really support the office. Is this included in the Office of Veterans' Services budget?

MR. FULKERSON:

No, it is not. It is my understanding, under the statute, the officers would be Nye County employees, not State employees.

SENATOR COFFIN:

What medical facilities are in southern Nye County? Is there anything on the planning board for medical care for everyone in southern Nye County?

MS. BILLMAN:

Ground has been broken for a 25-bed hospital by Rural Health Management Center (RHMC), a private company.

SENATOR COFFIN:

Will the hospital take the veteran's insurance?

MS. BILLMAN:

I believe that RHMC has agreed to take all insurances.

MR. FULKERSON:

There is a community-based outpatient facility run by the VA in Pahrump. It is probably one of the fastest growing medical practices in the State; however, there is no clinic work there. They replenish pharmacy supplies so the veterans do not have to go to Las Vegas.

CHAIR RAGGIO:

Does that facility have the ability to provide the kind of service available through a veterans' services officer?

MR. FULKERSON:

An officer from Las Vegas spends three or four days each month in that facility. If the new office is approved, the Las Vegas officer would be used for more pressing needs in Clark County.

CHAIR RAGGIO:

That would not provide the mobile service you are requesting in S.B. 50?

MS. BILLMAN:

No, an officer out of Pahrump will provide the mobile service. The mobile officer will be in a personal or a county car collecting information and getting the veterans' benefits claims prepared.

CHAIR RAGGIO:

I do not see a request for equipment, but there is a request for \$50,000 in travel.

MS. BILLMAN:

The \$50,000 is to pay for either mileage in a personal car or gas in a county car.

ASSEMBLYMAN ROD SHERER (Assembly District No. 36):

Pahrump is a unique area. It has changed drastically in the last ten years. More veterans are moving there because of the VA clinic. The veterans have created a coalition of all veterans groups to get needed services. Infrastructure for water and sewer continues to be a problem in Pahrump.

SENATOR CEGAVSKE:

What is the population of Pahrump? Has it doubled in the last ten years?

ASSEMBLYMAN SHERER:

The population has doubled. I believe it is about 37,000 now.

SENATOR CEGAVSKE:

What is the veteran population?

ASSEMBLYMAN SHERER:

It is about 7,000 in Nye County.

SENATOR CEGAVSKE:

Is the Disabled American Veterans' van available for transportation every day?

ASSEMBLYMAN SHERER:

I believe it is used every day. There are many miles on the vehicle's odometer.

GARY HOLLIS (Board of Commissioners, Nye County and Vietnam Veteran):

I believe this is a good bill for the State and Nye County. It benefits the veterans and their families. They did their job, now it is our job.

CHAIR RAGGIO:

We have a number of letters in support of S.B. 50 that will be made part of the record in [Exhibit G](#).

We have a number of special or onetime appropriation bill draft requests (BDRs) to consider for Committee introduction.

BILL DRAFT REQUEST S-1188: Makes a supplemental appropriation to the Department of Cultural Affairs for records storage costs for the Nevada State Library and funding anticipated operating costs for the Comstock Historic District. (Later introduced as [Senate Bill 88](#).)

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1188.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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BILL DRAFT REQUEST S-1190: Makes a supplemental appropriation to the Department of Human Resources for the Substance Abuse Prevention and Treatment block grant Maintenance of Effort requirements in the Health Division. (Later introduced as [Senate Bill 89](#).)

SENATOR CEGAVSKE MOVED TO INTRODUCE BDR S-1190.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1191: Makes a supplemental appropriation to the Department of Human Resources for funding operating costs at emergency hospital annex at Desert Regional Center and funding anticipated revenue shortfall for Rural Clinics. (Later introduced as [Senate Bill 90](#).)

SENATOR RHOADS MOVED TO INTRODUCE BDR S-1191.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1192: Makes supplemental appropriation to the Department of Corrections for funding anticipated operating costs and the takeover of the Southern Nevada Women's Correctional Facility. (Later introduced as [Senate Bill 91](#).)

SENATOR MATHEWS MOVED TO INTRODUCE BDR S-1192.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1193: Makes supplemental appropriation to the Department of Public Safety for funding anticipated Highway Patrol operating costs (Highway Fund) and for Dignitary Protection operating costs. (Later introduced as [Senate Bill 92](#).)

SENATOR BEERS MOVED TO INTRODUCE BDR S-1193.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1196: Makes a supplemental appropriation to the Department of Motor Vehicles to fund anticipated operating costs in Administrative Services (Highway Fund). (Later introduced as [Senate Bill 93](#).)

SENATOR BEERS MOVED TO INTRODUCE BDR S-1196.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1203: Makes one-time appropriation for the Interim Finance Contingency Fund to restore and increase the balance to approximately \$12,000,000 and restore the Highway Fund. (Later introduced as [Senate Bill 94](#).)

SENATOR CEGAVSKE MOVED TO INTRODUCE BDR S-1203.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1205: Provides for appropriation to the Rainy Day Fund. (Later introduced as [Senate Bill 95](#).)

SENATOR CEGAVSKE MOVED TO INTRODUCE BDR S-1205.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1206: Makes appropriation for contractor to update the state's Energy Assurance Plan per federal guidelines. (Later introduced as [Senate Bill 96](#).)

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1206.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1208: Makes appropriation for security enhancements in the Attorney General's Office, the Capitol, the Supreme Court Building. (Later introduced as [Senate Bill 97](#).)

SENATOR CEGAVSKE MOVED TO INTRODUCE BDR S-1208.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1210: Makes appropriation necessary to assist the Nevada Prostate Cancer Task Force. (Later introduced as [Senate Bill 98](#).)

SENATOR RHOADS MOVED TO INTRODUCE BDR S-1210.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1214: Makes appropriation to offset litigation costs incurred by the Interstate Commission for Adult Offender Supervision. (Later introduced as [Senate Bill 99](#).)

SENATOR RHOADS MOVED TO INTRODUCE BDR S-1214.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1217: Makes appropriation to fund remodeling costs associated with the conversion of two attorney rooms into a meeting and training room. (Later introduced as [Senate Bill 100](#).)

SENATOR BEERS MOVED TO INTRODUCE BDR S-1217.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1218: Makes appropriation to fund production of out-of-print publications, information technology upgrades, building improvements and a State Printing Office emergency generator. (Later introduced as [Senate Bill 101](#).)

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1218.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1219: Makes appropriation to fund a shelter to protect State-owned vehicles. (Later introduced as [Senate Bill 102.](#))

SENATOR RHOADS MOVED TO INTRODUCE BDR S-1219.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1220: Makes appropriation for the development, renovation and expansion of the Southern Nevada Railroad Museum. (Later introduced as [Senate Bill 103.](#))

SENATOR TITUS MOVED TO INTRODUCE BDR S-1220.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1222: Makes appropriation to the Department of Corrections for 48 replacement vehicles. (Later introduced as [Senate Bill 104.](#))

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1222.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1225: Provides for appropriation to the School of Medicine in support of its partnership with the Nevada Cancer Institute to expand research, treatment, education and teaching opportunities in Nevada. (Later introduced as [Senate Bill 105.](#))

SENATOR BEERS MOVED TO INTRODUCE BDR S-1225.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-1226: Makes appropriation to assist White Pine County in the construction of a new court facility. (Later introduced as [Senate Bill 106.](#))

SENATOR RHOADS MOVED TO INTRODUCE BDR S-1226.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR MATHEWS:

I would like to see the court facility as a multipurpose building. There are not enough people to justify a court-only facility.

SENATOR RHOADS:

I toured the Governor's mansion last Friday, as Senator Raggio requested, to observe things that may be needed. Mrs. Guinn has done an excellent job of getting donations to purchase rugs and furniture and bringing in her own furniture. My conclusion is that she does not need anything else. The next governor might have differing tastes. She should be complimented for what she has done to the mansion in the last six years. It is an outstanding place. Twenty-six years ago, the Governor's mansion was like a barn. Today it is magnificent.

SENATOR RAGGIO:

It was in a sad state of repair. I would also compliment previous first ladies who have taken a great deal of pride in the mansion and restoration programs. I believe the restoration began under Governor Miller with the north hall.

SENATOR COFFIN:

Will we have to replace Mrs. Guinn's furniture when they leave?

SENATOR RHOADS:

There are several coffee tables and cabinets the Guinns brought from their home. Mrs. Guinn felt the next first lady would like to select her own furnishings.

SENATOR RAGGIO:

There is a delegation here from Reno who would like to request a BDR.

DWIGHT DORTCH (City Council, City of Reno):

After 20 years of debate, we started breaking ground this week on Phase I of a Community Assistance Center (CAC). I have been a proponent of this project for many years and we are excited.

CHARLES MCNEELY (City Manager, City Council, City of Reno):

This is a project important not only to Reno but the entire area. The CAC is a four-building centralized campus-style facility. The CAC is hoping to provide comprehensive social services to homeless and temporarily displaced men, women and children. The CAC will include a 150-bed men's drop-in center; a 150-bed women and family shelter; and a 94-bed emergency and transitional housing shelter. The CAC also provides a public dining facility for residents at the Center as well as persons in need. The Community Resource Service Center, also a part of the CAC, provides life-skill training, counseling, employment services and closet facilities. The men's drop-in center has a total of 10,000 square feet of unfinished space for other services to be added later such as a triage center and a mental health and homeless court. Our partners in the project not only include the City of Reno, but also the City of Sparks,

Washoe County and the Reno Lions for the Homeless. Also supporting the project are nonprofit organizations such as the Reno-Sparks Gospel Mission, Catholic Community Services of Northern Nevada and Good Shepherd Clothing Closet. We also have support from the Second Judicial District Court and downtown casinos. This project is designed to provide the full range of services necessary to assist individuals in finding employment, affordable housing, and other means of temporary assistance needed to move to self-sufficiency. The CAC is being constructed in two phases. Phase I encompasses three buildings: the men's drop-in center which is 20,000 square feet, St. Vincent's Dining Room which is 15,000 square feet and the Reno-Sparks Gospel Mission which is 12,900 square feet.

CHAIR RAGGIO:

Where are these buildings shown on the Master Site Plan for the Reno Community Assistance Center ([Exhibit H](#))?

LEANN MCELROY (Chief of Staff, City Council, City of Reno):

Phase I is the men's drop-in center, indicated in yellow, and the Reno-Sparks Gospel Mission and St. Vincent's Dining Room, both indicated in blue. Phase II is the women and families' shelter indicated in red.

MR. MCNEELY:

Phase II is one building which is 28,000 square feet plus the basement for the women and families' shelter; resource center; clinics and the clothing closet. Construction begins this week. Phase I is scheduled to open November 2005. The total cost is approximately \$19 million. We have raised about \$9 million.

CHAIR RAGGIO:

We want an overview for purposes of evaluating the request for a BDR. If there is a BDR, there will be a full hearing on the proposal.

MS. MCELROY:

St. Vincent's Dining Room is operated by Catholic Community Services of Northern Nevada. It serves an average of 400 meals each day. The CAC would allow St. Vincent's to provide not only the lunch meal to the general public, but also a daily meal to all individuals staying in the housing facilities. St. Vincent's would double its seating capacity to 360 people. It also has a large interior waiting area to accommodate about 300 people. We have a significant issue in the neighborhood with St. Vincent's Dining Room patrons standing and waiting quite some time on the street. The new St. Vincent's would also comply with the Americans with Disabilities Act and have appropriate restroom facilities inside which the current facility does not.

CHAIR RAGGIO:

What amount are you requesting as a State appropriation? If you receive that, what else is needed to complete the project?

MS. MCELROY:

We are requesting \$5 million.

CHAIR RAGGIO:

I will entertain a motion from the Committee for authorization to draft a BDR.

SENATOR COFFIN MOVED TO AUTHORIZE A COMMITTEE-SPONSORED BILL DRAFT REQUEST ON BEHALF OF THE RENO COMMUNITY ASSISTANCE CENTER REQUESTING \$5,000,000 FOR BUILDING FUNDS.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

Staff will contact the City of Reno Manager's Office for specifics on drafting this BDR. We will open the hearing on the budget for the Office of the Attorney General.

BRIAN SANDOVAL (Attorney General, Office of the Attorney General):

I will give you a brief overview of the budget reductions and performance measures we have implemented and the operational efficiencies we have achieved this biennium. The expanded narrative of each budget request is before you in Office of the Attorney General (AG) Budget Proposal Presentation for Fiscal Years 2005 – 2007 ([Exhibit I](#), original is on file at the Research Library). The employees of the AG's Office serve to advise and represent the executive agencies of State government, prosecute criminal matters and assist in protecting the general welfare of Nevadans. Statewide, the office is staffed with 353 employees: 145 attorneys and 208 non-attorneys. As the AG, I have had the opportunity to work with each of these individuals. I would like to praise their efforts during this past biennium. When I appeared before this Committee two years ago, I spoke of the measures the AG's office planned to implement in an effort to increase savings during a tight budgetary time. I am pleased to report the AG's office has followed through with its commitment to develop performance measures for all budget accounts. In taking this initial step, we recognize the possibility that some fine-tuning may be necessary. If you look at the last page of each budget in [Exhibit I](#), you will see specific language related to the performance indicators.

This office has also successfully implemented measures resulting in significant savings to the General Fund. The AG's office returned \$1.2 million to the General Fund in fiscal year (FY) 2004. We have consolidated satellite offices to reduce rent payments for leased space. We have operated with significantly reduced training funds and with reduced funding for equipment and technological needs. In addition to these monetary savings, we have taken steps to lay the groundwork for implementing internal organizational and operational efficiencies. Some of these efforts include increasing the use of technology to improve case management, time tracking and accounting functions; accepting and implementing audit recommendations to improve operations of the fraud units and the Bureau of Consumer Protection (BCP); restructuring the civil division; creating a separate division of conservation and natural resources; installing technology and equipment to provide teleconferencing capabilities between the Carson City and Las Vegas offices; reassigning open meeting law matters to a primary deputy as opposed to a number of attorneys throughout the office; maximizing training by federal agencies for attorney general investigators; obtaining Homeland Security grants for investigator equipment; encouraging cooperation and communication

between northern and southern deputies to reduce travel expenses; and developing performance measures for all budgets within the AG's office.

The monetary savings, combined with the operational efficiencies we have achieved, have allowed us to seek almost a flat budget. We request modest increases for position upgrades, minimal staffing needs, and necessary funding for equipment and training. The AG's office supports the Governor's recommended budget as submitted and seeks support of two additional revisions that do not impact General Funds which I will discuss later in this presentation.

ELECTED OFFICIALS

Attorney General Admin Fund – Budget Page ELECTED-34 (Volume I)
Budget Account 101-1030

MR. SANDOVAL:

This account is supported by General Funds, the AG cost allocation plan, and billings from boards, commissions and other agencies that are not assigned to the cost allocation plan. We are requesting enhancements to this account for replacement equipment, reclassification of eight positions, and in the Las Vegas office, the addition of an investigator and a clerical position. These equitable salary changes will allow us to retain qualified staff. These budget requests are detailed in our handout, [Exhibit I](#).

I would like to discuss the two new positions for our Las Vegas office. Public integrity is an issue of great importance to this administration. Since the creation of the Public Integrity Unit in September 2003, this office has seen a 360 percent increase in public employee misconduct referrals. We had 10 cases in calendar year (CY) 2003 and 46 cases in CY 2004. Recent cases include referrals from the Welfare Division, Mental Health Services, Department of Motor Vehicles, the University and Community College System of Nevada and the Department of Corrections.

Criminal prosecution initiated as a result of AG investigations include embezzlement, receiving bribes, possession of child pornography on a State computer, food stamp theft, carrying a concealed weapon and oppression under color of office. Along with the chief of investigations, four general investigators currently bear Statewide responsibility for all public integrity cases, all district attorney conflict referrals, all criminal division trial support and process serving in criminal and civil cases. This is insufficient to support the increasing number of criminal referrals to this office. We are asking for funding to support the hiring of one additional investigator in Las Vegas to work on public integrity matters. The extensive litigation workload is document and paper intensive and requires a significant level of clerical support. We have found that one secretarial position can effectively support no more than two litigation attorneys at any given time. The secretary to attorney ratio in the Litigation Division is three attorneys to one secretary. We request a legal secretary II for the Las Vegas Litigation Division.

CHAIR RAGGIO:

Staff has informed me that budget account (B/A) 1030, Enhancement E-806 (Unclassified Salary Increases) is not in the Governor's *Executive Budget*. Is that correct?

MARIETTA LOPEZ (Chief Financial Officer, Office of the Attorney General):
They are in the unclassified pay bill.

MR. GHIGGERI:

To our knowledge there has been no recommendation received from the budget office to fund salary increases for those positions. That decision unit was not covered in the Governor's recommendation.

CHAIR RAGGIO:

Please verify that information.

Special Fund – Budget Page ELECTED-43 (Volume I)
Budget Account 101-1031

MR. SANDOVAL:

With regard to the Yucca Mountain litigation, the Governor has recommended \$1 million be added to this B/A in FY 2006 to provide continued litigation support, [Exhibit I](#). Nevada successes on this front have been given great attention, most recently on February 13, 2005, in the *Los Angeles Times* and in the *Las Vegas Sun*.

CHAIR RAGGIO:

Is there other funding available for the purpose of litigation? We had a similar request for \$2 million in the last biennium with a stipulation that all existing resources be exhausted before that appropriation was used. Are there other resources to be expended before this \$1 million, if it is approved?

MR. SANDOVAL:

Not that we are aware. We recently argued a case before the District Court of Appeals to obtain additional funding from the federal government. We are awaiting a decision in that regard.

CHAIR RAGGIO:

What is the legal status now?

MR. SANDOVAL:

We have a lawsuit filed with regard to the District Court case and we anticipate an oral argument this summer associated with transportation issues in southern Nevada. The other cases were resolved the summer of 2004 with Nevada receiving a significant victory associated with the radiation standard. The National Academy of Science recommended a 300,000-year radiation standard, but the United States Environmental Protection Agency (USEPA) adopted a standard of 10,000 years. The District Court of Appeals for the District of Columbia threw that out, requiring the USEPA to go back to the drawing board to create a new radiation standard that is in conformance with the recommendation of the legislation and the National Academy of Science.

CHAIR RAGGIO:

There was some indication from Mr. Loux that the Yucca Mountain project was at a standstill. What is your best analysis of the situation?

MR. SANDOVAL:

It is a matter of time before this project fails. The project administrator has resigned. The project is behind schedule in terms of filing a license application

with the licensing board. We were successful in litigation regarding the submission of records and have not seen any indication when there will be a timely filing of the records by the U.S. Department of Energy. The funding from the U.S. Congress as well as the administration has been significantly reduced. The AG's office does not believe a safe radiation standard can be established at Yucca Mountain. For that reason, there will not be a meaningful license proceeding. I watched some of the testimony before the Assembly with regard to a discussion of benefits. I have never seen any benefits from this project. The health and welfare of Nevadans should not be negotiated. I agree with the testimony of Mr. Loux.

CHAIR RAGGIO:

Is there any possibility that Congress could change the radiation standard?

MR. SANDOVAL:

We have heard rumors that Congress may attempt to set a new standard for the Yucca Mountain project. The AG's office is confident, given the strength of our Congressional delegation, that such an attempt would fail. The original intent of the legislation was for Yucca Mountain to meet the radiation standards set by the most eminent scientists in the world. That recommendation is 300,000 years. I do not see how the Congress could defer from what its wisdom was originally and try to legislate a standard at this time.

SENATOR COFFIN:

Thank you for your fight and continued support. We are winning this fight. I do not think we need to pour money into it. I think we will end up with some use of that location. Not in nuclear storage, but rather something like a secure document storage facility. You must keep up the pressure. It is obvious that the initial design of the program is not going to fit Yucca Mountain. They did not know what was underground until they started digging. If our people had not kept them honest, they would have blown it right by us just as they did the nuclear tests above ground that threw radiation everywhere.

MR. SANDOVAL:

Yucca Mountain is literally a volcano that sits on an earthquake fault above an aquifer next to the Nevada Test Site, next to one of the nation's largest organic farms, next to the State's largest dairy, adjacent to the fastest growing metropolitan area in the United States and next to one of the busiest air force bases in the country. I challenge you to find a worse place to store nuclear waste.

SENATOR COFFIN:

I think this situation is forcing the government to do some creative thinking about what to do with the waste. The waste is usable; burying it forever does not make any sense. Now the engineers and physicists will be able to work toward an answer to how to use it above ground. The waste is going to be around for a long time. We can get a lot of use out of it.

MR. SANDOVAL:

Everyone is aware the technology exists now to recycle this waste. It is a technology used by France and Japan. I cannot think of a more primitive way of dealing with this waste than burying it. Another problem to deal with is the waste disposal containers. These containers have never been constructed or tested. Nevada scientists have been exposing the fact that the containers will

probably fail within 100 years. Yucca Mountain is the only proposed nuclear storage facility in the world that would be above an aquifer. We call the proposal the world's largest septic field because they seek to use the water beneath the mountain to distribute the radiation that will in time flow into the aquifer. I will do everything in my power to continue the fight against the storage of nuclear waste at Yucca Mountain.

Attorney General Insurance Fraud – Budget Page ELECTED-46 (Volume 1)
Budget Account 101-3806

MR. SANDOVAL:

Insurance assessments provide the revenue stream for this account. We are seeking replacement equipment and two insurance investigators.

We request the consolidation of the Insurance Fraud Unit and Workers' Compensation Fraud Unit. The consolidation of these units will result in savings and improvements to the efficiency of these operations. Merging two director positions will eliminate duplication of managerial and administrative functions and will free up more cases in court. Centralization of intake screening and tracking of all fraud complaints promotes consistent treatment of all cases. Attorneys and investigators will combine outreach and education efforts to the insurance industry and the public. Combining investigative resources will allow the elimination of two workers' compensation investigator positions.

The AG's office is also requesting reclassification of one attorney. We have been informed that this change was left out of the budget. The cost of this reclassification is \$14,431 each fiscal year which would be funded through industry assessments. This request has been rejected for the past six years. We believe it is appropriate to approve it now. There is additional information in our handout, [Exhibit I](#), under tab B/A 1036.

CHAIR RAGGIO:

Will there be a bill draft to increase the assessment on the insurance industry? What amount will the assessment be?

MR. SANDOVAL:

The request will be to increase the ceiling for the assessment. We do not have the specific figure now. I will provide it.

CHAIR RAGGIO:

How many new positions will there be in the combined Insurance and Workers' Compensation unit?

MR. SANDOVAL:

The net change will be zero. We are eliminating two Workers' Compensation positions and will be adding to the Insurance Fraud positions. These are two separate budgets with two separate funding schemes. We will be monitoring that closely.

CHAIR RAGGIO:

What is the productivity of each of these units and what will this do toward increased productivity?

GERALD J. GARDNER (Chief Deputy Attorney General, Criminal Justice Division, Office of the Attorney General):

The productivity of both units has shown steady improvement over the past two years. The Insurance Fraud unit, which prosecutes claim fraud, staged accidents and things of that nature, is on track in FY 2005 to double the number of prosecutions initiated and convictions. We are closing the 10-percent gap, putting an enormous strain on investigative staff. The improvement in the prosecution numbers is directly attributed to Deputy AG Ms. Ronda Clifton.

The Workers' Compensation unit has also gone through a major transformation in the last two years. We have a new director, new staff and new case-handling procedures. We are tracking at a prosecution rate of approximately 10-percent higher than the previous year. Financial recoveries are increasing 16 percent over the previous four-year average. We received an informal report from the Employer's Insurance Company of Nevada showing our workers' compensation fraud has saved them \$7.5 million in reserves and future liabilities.

CHAIR RAGGIO:

What kind of cases are those?

MR. GARDNER:

They are claimant fraud cases in the workers' compensation system, people who try to fake injuries or claim false injuries to collect workers' compensation benefits.

We have been operating with one attorney and four investigators short this entire time; yet, we have shown these incredible increases in productivity. We returned \$357,000 to the workers' compensation assessment this biennium.

SENATOR BEERS:

How is it that you can more efficiently and effectively investigate these things than the insurance companies can?

MR. GARDNER:

The major insurance companies have special investigation units. Many smaller insurance companies rely on the AG's insurance fraud investigative staff to conduct a full investigation. The insurance companies investigate for the purpose to put an end to a false claim, not for criminal prosecution. The insurance companies do not have subpoena or search warrant authority. They do not have access to all the things necessary to build a prosecution case. The AG's Insurance Fraud Unit operates with a modest staff. There are five investigators for the entire State. Cases are referred to us from the big companies. We initiate cases on our own from smaller companies or from public complaints.

CHAIR RAGGIO:

The upgrade from deputy to senior AG is not shown on the budget.

MR. SANDOVAL:

The Office of the Governor is aware of this oversight and supports this request.

CHAIR RAGGIO:

We need a directive in support of this upgrade.

I was looking at a June 2004 report on investigations and fines, penalties and restitution that the AG's office submits. I noticed pending investigations from the previous month were 243 and 111 agency referrals. What does "agency referrals" mean?

MR. GARDNER:

These cases are referred to us by agencies as opposed to cases we initiate or come from the public.

AG Medicaid Fraud – Budget Page ELECTED-52 (Volume I)
Budget Account 101-1037

MR. SANDOVAL:

This budget supports the Medicaid Fraud Control Unit created under NRS 228.410. We are requesting replacement equipment and budget support to supplement the 25-percent match required by the federal government. The AG's handout, tab B/A 1037, [Exhibit I](#), provides additional detail about this program. This unit is currently involved in pharmaceutical pricing litigation. Recoveries in this litigation are not expected until 2007.

CHAIR RAGGIO:

What are you doing with pharmacies in this unit?

MR. SANDOVAL:

The litigation is associated with the average wholesale price of drugs that are provided to the State through the Medicaid program. We feel the State is being short-changed with respect to rebates. For that reason, we are in litigation with several large pharmaceutical companies to recover that amount.

CHAIR RAGGIO:

Is that the reason you are requesting more money than previously?

MR. SANDOVAL:

This litigation is using many resources. We anticipate a favorable outcome, but it is a complex litigation that will take years to complete. We anticipate resolution in 2007. Because the case is venued in Washoe County, we hope for an expedited process.

CHAIR RAGGIO:

Are General Funds necessary because of this effort?

MR. SANDOVAL:

The federal government requires a 25-percent match within this budget. There are other cases ongoing. We are hopeful those will recover funds.

CHAIR RAGGIO:

Have Medicaid collections been decreasing?

MR. SANDOVAL:

Yes.

CHAIR RAGGIO:

Staff has suggested that the quarterly Medicaid Fraud Control Unit report might have additional data to let us know if the funds spent are effective in reducing Medicaid fraud. Also, I understand you will have new performance indicators.

MR. SANDOVAL:

We will have new performance indicators for this budget which include the number of complaints initiated for prosecution, the percentage of criminal convictions or judgments obtained, the number of long-term health facilities visited for in-service training and the percentage of elder regulatory and health care agencies that are satisfied or very satisfied with the performance of the Medicaid Fraud Control Unit.

CHAIR RAGGIO:

Do you think it is justified to spend this money for that purpose?

MR. SANDOVAL:

Yes, I do.

SENATOR COFFIN:

Some doctors have been embarrassed by Medicare fraud. Has that contributed to reducing fraudulent cases? What are we finding out about physicians and other providers?

MR. SANDOVAL:

The Medicaid Fraud Control Unit has been aggressive with regard to provider fraud. There has been a reduction in the number of cases, because we are aggressive.

SENATOR COFFIN:

What is the profile of a physician-generated fraud claim?

MR. GARDNER:

I am not sure that there is a typical case due to the complexities of the medical insurance business as a whole. Frauds we see every day are bundling and unbundling schemes where a patient is billed piecemeal for services that normally are combined and, therefore, much cheaper. We have seen disturbing cases of dilution of pharmaceuticals where a physician charges for a dose of drugs, when in fact he was using it to treat more than one patient and charging each patient for the full dosage of the drug. We are seeing a wide variety of both financial crimes and crimes that affect public safety.

SENATOR COFFIN:

Do you think the incidence of this type of fraud is decreasing?

MR. GARDNER:

The number of investigations is increasing. We are exploring filing civil actions as opposed to criminal actions in the financial cases. Our civil litigation numbers have gone up from two cases in 2001 to 34 cases currently against health care corporations or providers. We are not going to file civil actions in the case of public safety issues. In the case of complex billing matters and thousands of patient records, we believe the message is sent by imposing a heavy civil penalty.

SENATOR COFFIN:

Do you find business practices are sloppy? Are third parties who work on behalf of the doctors committing the fraud?

MR. GARDNER:

I think that is the case in some situations. We tend to process those cases as civil rather than criminal. The doctor is ultimately responsible, but proving criminal liability would be more difficult so we seek compensation for money that has been defrauded.

SENATOR TITUS:

There is a proposal to allow the State to help buy pharmaceuticals from Canada. Do you see that resulting in any lawsuits or bringing any problem to the State?

MR. SANDOVAL:

The National Association of Attorneys General has been looking at this issue. There is a concern from a liability standpoint. Our concern would be if the State obtains Canadian drugs and the drugs do not do what they are supposed to do or if the drugs cause people to become more ill. The State needs to be certain before we go down that road. It is an important policy issue to be discussed by the Legislature.

CHAIR RAGGIO:

Where the drugs are made and quality control will be the issues.

MR. SANDOVAL:

Exactly. We have seen that some of the Canadian drugs are manufactured in India. The quality control is certainly an issue.

Attorney General-Workers' Comp Fraud – Budget Page ELECTED-57 (Volume I)
Budget 101-1033

MR. SANDOVAL:

As we discussed with the Insurance Fraud Control Unit, we are requesting replacement equipment, two position reclassifications, elimination of two vacant investigator positions and one position upgrade as detailed under tab B/A 1033, [Exhibit I](#).

CHAIR RAGGIO:

Will this reduction in staff affect the productivity of the unit?

MR. SANDOVAL:

Two years ago, I made a commitment to make some changes. We are doing more with much less. Last biennium we returned \$350,000 to the insurers. We think we can do more again with less with efficiency attempts in that unit. You will continue to see increases in prosecutions and recoveries with fewer positions.

CHAIR RAGGIO:

You are requesting \$4 million for the Workers' Compensation Fraud unit in FY 2006. In FY 2004, the unit collected \$277,000 in recoveries. Actual fines imposed totaled only \$618,000. Is it worth it?

MR. SANDOVAL:

We think it is. Those are not the only figures on which we ask you to focus. One of the numbers we are proud of is in terms of the insurers. Two years ago, the insurers would get \$3 back for every \$1 they invested. Through the successes of this division, the insurers have been able to reduce their reserve by approximately \$7.5 million. That is a 13:1 ratio return on dollars. The \$7.5 million are dollars they can take out of their reserves and use at their discretion. We think that amount is directly attributable to the efforts of the Workers' Compensation Fraud unit. We will always do our very best to recover as much as we can from those prosecuted.

SENATOR COFFIN:

This unit is supposed to be *quid pro quo*. When workers' compensation privatized, we needed a barrier to help protect the employee. The employee is likely to be a victim of some claim that is not adjudicated properly or becomes subject to a fight. We get complaints because employees feel they are being taken advantage of by the workers' compensation insurer.

MR. SANDOVAL:

We have been aggressive in compliance checks to insure companies have workers' compensation insurance for employees. If insurers are not handling claims in a prompt manner and a complaint is made, we will look into it right away.

MR. GARDNER:

With regard to the question of dilatory claims and complaints by the claimant, the AG's role is to help claimants who work for companies who, illegally, do not carry workers' compensation coverage. That represents one-half of what we do. People who file false claims and are not injured or who have second jobs while collecting, represent the other one-half of what we do. Our investigations return money to the uninsured fund helping all the people who pay into the insurance fund. We do not get involved in the administrative process of the claims. That goes through the Division of Industrial Relations (DIR).

SENATOR COFFIN:

The posting on the wall at a person's place of employment tells them where to go and the AG's office is not the first one on the list. Is that correct?

MR. GARDNER:

Yes, that is correct. Our role is dealing specifically with fraud and failure to carry insurance.

SENATOR COFFIN:

Are you the threat the DIR can use?

MR. GARDNER:

The AG's office is frequently the entity to discover a company does not have workers' compensation coverage. We then send the information to DIR for possible assessment of administrative fines.

MR. SANDOVAL:

This budget requests approval to fund several positions: a legal secretary II, a program assistant and an investigator. We are also requesting replacement equipment, scanning and electronic file conversion technology and personnel upgrades.

CHAIR RAGGIO:

How many positions are you asking for in B/A 1038?

MR. SANDOVAL:

The request is a total of four new positions.

CHAIR RAGGIO:

The budget reflects three positions. Is there an additional one you want considered?

MR. SANDOVAL:

Yes. This position is not included in our handout, [Exhibit I](#).

ADRIANA ESCOBAR-CHANOS (Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General):

I was appointed January 3, 2005. You have a one-page sheet, [Exhibit J](#), with information about the proposed position. The Bureau of Consumer Protection (BCP) has responsibility for the utility function and representation of the ratepayers and small companies. It is also responsible for consumer fraud, deceptive trade, antitrust, unfair trade practices and securities fraud. We provide legal representation to the Consumer Affairs Division and provide administrative support to the Task Force for Renewable Energy and Conservation. This new position would be paid for by the mill assessment paid by utilities. I served as a commissioner on the Public Utilities Commission. I know it is a fast-paced area. The new position would coordinate all of the attorneys and technical staff. This would allow us to analyze cases sooner and streamline the process. We would be able to work in a more constructive way with utilities because we would have more information about a case. We would be much stronger for the consumers and be able to spend more time in a proactive way within the other areas of BCP responsibility.

CHAIR RAGGIO:

Who served in your position previously?

MS. ESCOBAR-CHANOS:

It was Mr. Tim Hay.

CHAIR RAGGIO:

Has this position been requested before? Would the addition of staff make the process less contentious?

MS. ESCOBAR-CHANOS:

I would hope for that because we would be able to analyze and become involved at an earlier stage, making it a more constructive process.

CHAIR RAGGIO:

Was this request submitted to the Governor?

MR. SANDOVAL:

We have discussed it with the Governor's office and they are supportive of this request.

SENATOR TITUS:

Will adding this position change the mill rate?

MS. ESCOBAR-CHANOS:

The mill assessment would not change. We would use BCP's reserve.

SENATOR TITUS:

You would drop the mill assessment from 0.75 to 0.7 and still have enough money in the reserve to cover this cost.

MARILYN SKIBINSKI (Regulatory Manager, Bureau of Consumer Protection, Office of the Attorney General):

The cost of this position for two years will still leave us with a 15-percent reserve without increasing the mill assessment, assuming revenues stay flat.

SENATOR TITUS:

It seems to me we needed this position when we were doing the restructuring of power companies and moving toward deregulation. Why is it so late in coming?

MS. SKIBINSKI:

I have been with the BCP for a number of years. The amount of work and diversification of the work has always spread the BCP thin. In recent years, the impact has been greater.

SENATOR TITUS:

The BCP is under the Office of the AG. I think the BCP needs to operate independently in order to advocate for the public. Will the new attorney work for the BCP or the AG?

MS. ESCOBAR-CHANOS:

I agree with you. It is an independent position and absolutely necessary that it remains so.

CHAIR RAGGIO:

What is your term?

MS. ESCOBAR-CHANOS:

It is a four-year term.

AG Crime Prevention – Budget Page ELECTED-72 (Volume I)
Budget Account 101-1036

MR. SANDOVAL:

This budget is supported with 87-percent General Funds and 13 percent from proceeds from the sale of Missing and Exploited Children's license plates. We are seeking replacement equipment and a motor pool vehicle as described under tab B/A 1036 in our handout [Exhibit I](#).

CHAIR RAGGIO:

This budget has used less than \$200 for in-state travel in the past. Why do you need over \$4,000 now?

MR. SANDOVAL:

The primary issue is safety. The investigator uses her personal vehicle and has been followed home. This is a highly-charged area in terms of the recovery of missing children.

CHAIR RAGGIO:

Is this program successful?

MR. SANDOVAL:

The number of recoveries has increased during the past biennium.

CHAIR RAGGIO:

You have an expanded narrative in your handout, [Exhibit I](#). Do you want to discuss the statistics?

MR. SANDOVAL:

Criminal prosecutions and the number of children recovered remained the same in FY 2004 and FY 2005. The number of civil enforcement actions, the number of children located and requests for investigative assistance have increased in FY 2005 over FY 2004, [Exhibit I](#).

CHAIR RAGGIO:

We have three people in this unit. What are those position titles?

MR. SANDOVAL:

We have a senior deputy attorney general, an administrative assistant and an investigator.

CHAIR RAGGIO:

Do they work closely with local law enforcement?

MR. SANDOVAL:

Yes, they do.

Attorney General Tort Claim Fund – Budget Page ELECTED-77 (Volume I)
Budget Account 715-1348

MR. SANDOVAL:

This is an internal service fund supported by the collection of assessments assigned to State agencies. We are requesting replacement equipment as shown in the handout tab B/A 1348, [Exhibit I](#).

CHAIR RAGGIO:

How are we doing?

MR. SANDOVAL:

We were doing well. We have one large payment out of that account.

CHAIR RAGGIO:

Are we entirely self-insured? What has been happening?

MR. SANDOVAL:

Yes, we are self-insured. We found that the amount being paid out of this account was significantly lower than the amount projected by the actuaries. Recently there was a large payment made out of this fund for the settlement of a case in the amount about \$1.75 million. This had to do with the placement of a child in foster care who was beaten by a foster parent, almost to the point of being in a vegetative state. The amount our focus group determined a jury would award was significantly higher than the amount we paid to resolve this claim. We are hoping, through training, the individuals involved will recognize the issues that led to this event and it will not happen again. Otherwise, the amounts paid out of this account have been reduced significantly.

SENATOR MATHEWS:

Does any of the settlement go into a trust for the child?

MR. SANDOVAL:

We made sure, when the Board of Examiner's approved this, that a trust fund was created to care for the young child for the rest of his life.

CHAIR RAGGIO:

How are all these cases handled? Do you hire attorneys?

MR. SANDOVAL:

We use a combination of outside counsel and in-house attorneys. We have a tort claims manager who is trained to review all the claims and makes recommendations with regard to payments made out of the tort claims fund. A new policy has been implemented which requires my approval for any settlement over \$50,000.

CHAIR RAGGIO:

How do you determine which attorneys you will contract?

MR. SANDOVAL:

People involved in these claims may have an attorney and wish to continue with that attorney. We also use a request for proposal process.

CHAIR RAGGIO:

How is this budget funded? It has a negative balance forward in FY 2004.

MR. GHIGGERI:

The balance forward for FY 2004 is a negative number. The interagency transfers are from State agency payments for AG services.

CHAIR RAGGIO:

How is the assessment rate established for the agencies?

MR. SANDOVAL:

The amount assessed is the result of an actuarial study.

CHAIR RAGGIO:

In FY 2006, employee torts go down \$42 and in FY 2007 it goes up \$7. Is that as a result of an actuarial study? Is it the same for vehicle claims?

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MR. SANDOVAL
Yes, to both.

CHAIR RAGGIO:
Who does the actuary study?

MR. SANDOVAL
I will get that information for you.

CHAIR RAGGIO:
Are there any large claims pending?

MR. SANDOVAL:
I am not aware of any.

AG Extradition Coordinator – Budget Page ELECTED-81 (Volume I)
Budget Account 101-1002

MR. SANDOVAL:
This Budget is 85-percent General Fund. The remaining 15 percent is funded by restitution payments. We are requesting replacement equipment as shown in our handout, tab B/A 1002, [Exhibit I](#).

AG Council for Prosecuting Attorneys – Budget Page ELECTED-85 (Volume I)
Budget Account 101-1041

This account is funded with administrative assessments and a small portion of General Funds. The Council is able to receive grant funding. We are seeking replacement equipment, additional out-of-State travel funding for meetings and position upgrades as described in our handout, [Exhibit I](#).

CHAIR RAGGIO:
I believe this is an effective program. Has it maintained good training for prosecutors?

MR. SANDOVAL:
This is an incredibly effective program. The executive director has conducted several trainings benefiting city and district attorneys across the State. He has also provided some new training associated with domestic violence that has been well received by prosecutors throughout the State. The prosecutors are able to attend these conferences at no charge and obtain continuing legal education credit. These courses are well attended.

CHAIR RAGGIO:
Who is the executive director of the Advisory Council for Prosecuting Attorneys?

MR. SANDOVAL:
It is Mr. Brett Kandt.

SENATOR MATHEWS:
Paying for continuing education is wrong. We should not be paying for, either directly or inadvertently, a professional's continuing education. I am responsible for my nursing license and my continuing education. Whether the professional

works for the State or for private enterprise, the individual should be responsible for payment of continuing education.

MR. SANDOVAL:

I paid for my own continuing education. The AG's office does conduct several internal trainings by our deputies for the benefit of our attorneys.

CHAIR RAGGIO:

The training conducted for prosecuting attorneys is a little different.

SENATOR MATHEWS:

Inadvertently the State is paying for this continuing education.

AG, Victims of Domestic Violence – Budget Page ELECTED-90 (Volume I)
Budget Account 101-1042

MR. SANDOVAL:

This account is funded through federal grants and court assessments. We are requesting replacement equipment, an administrative assistant IV, increased training and reassignment of the ombudsman to General Funds. We also request the establishment of B/A 1040, a pass-through account. These are further described in our handout, [Exhibit I](#). The combination of B/A 1040 and 1042 has made certain funds unavailable when expenditures overall exceed actual revenues.

CHAIR RAGGIO:

What is the need to use General Funds for the ombudsman position?

MR. SANDOVAL:

The policy associated with creating the ombudsman position in 1997, at least by the federal grantees, is that the governmental organization in the State sponsoring the position should begin to fund it. We are concerned that the grantors may no longer provide the funding for this position since we have passed the three-year guideline.

CHAIR RAGGIO:

Have the grantors said they will stop funding the position?

MR. SANDOVAL:

No, we are trying to be proactive. We want to be in a position to continue the funding for this position.

CHAIR RAGGIO:

How effective is the program?

MR. SANDOVAL:

We have a person in the ombudsman position, Ms. Lori Fralick, who has been active in traveling throughout the State. There are workload statistics in our handout, tab B/A 1042, [Exhibit I](#), describing how much has been done in this area.

SENATOR CEGAVSKE:

Can you tell me why we do not have performance indicators in 2004 for victims' assistance public education training for law enforcement? I would like

to see what the ombudsman's office could or should do to help once women have filed a restraining order. The number of women being killed after getting a restraining order is increasing. A restraining order does not shield or guard the individual. Are we giving any training to the person who has filed the restraining order to help them know how to be safe? How does the ombudsman assist these individuals?

MR. SANDOVAL:

The AG's office is doing that. The person in the ombudsman position was a victim's advocate with the City of Reno. The ombudsman is uniquely trained to help the victims of domestic violence who believe they are protected by the restraining order. I will have Ms. Fralick provide you with information regarding the specifics of what is being done in this area.

SENATOR CEGAVSKE:

I am concerned about the length of time it takes for resources to get to the victim. It seems as though they are in danger shortly after they file for protection. It is an issue we need to be concerned about. I would like a performance indicator or some type of information telling us what is being done for the people from the day they file.

Violence Against Women Grants – Budget Page ELECTED-96 (Volume I)
Budget Account 101-1040

MR. SANDOVAL:

The account serves as a pass-through for grants awarded to the AG's office. The AG applied for and received a grant to stop abuse and sexual assault of older individuals and individuals with disabilities, tab B/A 1040, [Exhibit I](#).

CHAIR RAGGIO:

We have a visitor, Mr. Zachary Rees from Wooster High School. Please come forward to testify. What are you studying?

ZACHARY REES (Wooster High School Senior):

I am here researching my senior project which is about the political and legislative process.

CHAIR RAGGIO:

Have you been here all morning? What have you discovered?

MR. REES:

I am surprised by the level of detail you get into for each budget.

CHAIR RAGGIO:

One of the big issues this Session is assessed values of property. Do you have any input on real property tax?

MR. REES:

No, sir.

KRISTIN L. ERICKSON (Chief Deputy District Attorney, Criminal Division, District Attorney Washoe County and Nevada District Attorney's Association):
I want to express my support for the training received under the Council for Prosecuting Attorneys. There may be continuing education associated with this training, but it is meant to primarily make better prosecutors for our State.

SENATOR MATHEWS:

I do not think Mr. Sandoval's statements were unfair. I believe that State attorneys make more money than State nurses. If nurses have to pay for their continuing education, so should attorneys. I am talking about nurses because I am one. We are required to have 30 hours of continuing education.

CHAIR RAGGIO:

I will entertain a motion to consider BDRs for Committee introduction.

BILL DRAFT REQUEST S-1227: Makes appropriation to the Department of Education for the Education for Handicapped Act. (Later introduced as [Senate Bill 108](#).)

SENATOR CEGAVSKE:

Does staff know why these funds are needed?

MR. GHIGGERI:

Staff has no information on this.

CHAIR RAGGIO:

This is a supplemental request. Mr. Comeaux, can you respond?

JOHN P. COMEAUX (Director, Department of Administration):

We just received a request from the Department of Education. A child was recently placed in a treatment program that will basically break the bank. We will be sending more detail.

SENATOR COFFIN MOVED TO INTRODUCE BDR S-1227.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BILL DRAFT REQUEST S-545: Makes various changes to provisions governing the Airport Authority of Washoe County. (Later introduced as [Senate Bill 110](#).)

SENATOR RHOADS MOVED TO INTRODUCE BDR S-545.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
There being no further business to come before the Committee, the meeting is adjourned at 10:10 a.m.

RESPECTFULLY SUBMITTED:

Sandra Small,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____