

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Fourth Session  
March 12, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:07 a.m., on Monday, March 12, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/74th/committees/](http://www.leg.state.nv.us/74th/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Morse Arberry Jr., Chair  
Assemblywoman Sheila Leslie, Vice Chair  
Assemblywoman Barbara E. Buckley  
Assemblyman Mo Denis  
Assemblywoman Heidi S. Gansert  
Assemblyman Tom Grady  
Assemblyman Joseph P. (Joe) Hardy  
Assemblyman Joseph Hogan  
Assemblywoman Ellen Koivisto  
Assemblyman John W. Marvel  
Assemblywoman Kathy McClain  
Assemblyman David R. Parks  
Assemblywoman Debbie Smith  
Assemblywoman Valerie E. Weber

**STAFF MEMBERS PRESENT:**

Mark W. Stevens, Assembly Fiscal Analyst  
Steve Abba, Principal Deputy Fiscal Analyst  
Larry Peri, Principal Deputy Fiscal Analyst  
Linda Blevins, Committee Secretary  
Patti Adams, Committee Assistant

Chairman Arberry recognized Catherine Cortez Masto, Attorney General, who presented the following testimony attached as [Exhibit C](#):

Good Morning. For the record, I am Attorney General Catherine Cortez Masto, and I am here today with my Chief Financial Officer Teri Sulli and my Assistant Attorney General Randy Munn to provide a summary of the proposed budget for the Office of Attorney General. Also with me are my chiefs and unit heads that have decision units in our proposed budget. They are available to assist with any questions from the Committee.



I would like to begin by saying there are no new fees within this proposed budget, and the proposed budget falls within the dollar constraints established by Governor Gibbons for my office. Also, for anyone who would like an overview of our Office, I have submitted within your back-up material a copy of the overview provided to Legislative staff as part of the development of this budget request.

The recent history of the Attorney General's Office includes the leadership of three Attorneys General in a 2-year period resulting in a general feeling of uncertainty and instability in the Office. In the past two legislative sessions, for the most part, the Office's legislative fiscal notes were not filed, were abandoned, or were otherwise compromised in a spirit of cooperation, and existing staff were called upon to absorb new clients and duties that inevitably flowed from each session of the Legislature. The Attorney General's Office has absorbed considerable new clients and work as a result of legislation from the last two legislative sessions.

Attorney General Masto pointed out that footnote 1 on page 2 of [Exhibit C](#) set forth the new advisory boards, commissions, and laws the Attorney General's Office (AGO) was required to absorb. Attorney General Masto continued with prepared testimony:

In fiscal year 2005, the Office of the Attorney General experienced 48 percent in turnover of its attorneys either changing divisions through internal job postings or deciding to leave the Office. As you will note in footnote 2 there were 2,296 vacancy days during fiscal year 2005 or over eighteen thousand hours of attorney work that went unfulfilled. The many changes in leadership, the excessive attorney turnover, and the vacancy days have negatively impacted our office. Therefore, it is a priority for me as our Attorney General to bring stability to the Office, reduce our backlog of work and retain our seasoned attorneys.

One of the first acts I took after assuming Office in January was to request a "best practices assessment" be conducted by the National Association of Attorneys General to review how we were doing business in the Nevada Attorney General's Office. I wanted a group of experienced experts to advise me regarding the best way to organize the Office so that I can better serve the Executive Branch and the citizens of Nevada.

A team of three chief executive attorneys on loan from the Attorney Generals of Oregon, Utah, and Colorado, came to my Carson City and Las Vegas offices for the better part of a week, conducted interviews, and surveyed staff and management. Best practices recommend that we reorganize ourselves around what we do, rather than who we represent. Common sense tells me this must be done in appropriate managed phases, ensuring that the needs of the State are best met. Therefore, I will need the assistance and guidance of this legislative body as this process moves forward.

I believe the Office of the Attorney General should be divided into the three primary areas: 1) *Administrative* (reporting to a Chief of Staff), 2) *Legal* (reporting to the Assistant Attorney General), and 3) *Appellate* (reporting to a Solicitor General). In my restructure of the Office I intend to prioritize our Litigation Division to ensure we can meet the litigation needs of the State, and build in necessary legal walls to limit as much as possible the advent of conflicts that would require the use of outside special counsel. In addition, we will engage in a systemic strategic planning process throughout the divisions and units to fully analyze and reform ourselves, making sure resources are adequately directed towards the needs of the state of Nevada and its citizens.

The following proposed budget I present to you begins the first phase of necessary change I will be proposing for the Office of the Attorney General.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**ADMINISTRATIVE FUND (101-1030) – ELECTED-38**

Attorney General Masto's overview began with Budget Account (BA) 1030, the Attorney General Administrative Fund:

This budget account currently supports the salary, benefits, travel and operating costs for 229.37 Full-Time Equivalent (FTE) positions.

This budget account is currently supported by General Funds, Attorney General Cost Allocation, Boards and Commission Fees, District Court Assessments, Contract Services Charges (Bureau of Alcohol and Drug Abuse), tobacco funds and miscellaneous reimbursements.

We are requesting 11 new FTE within BA 1030 (5 new FTE transferred to BA 1044).

- E325—Requests five new FTEs and restructures the High Tech Crime Unit.

Please note Decision Units E924, E925, and E926—Transfers High Tech Crime Unit's existing three FTE and these five new FTEs to a new Budget Account 1044.

Attorney General Masto requested Decision Unit E325 be revised as follows:

- One unclassified program specialist.
- Three unclassified computer forensic examiners.
- One unclassified Investigator (reduced by one FTE).

Attorney General Masto continued the prepared testimony ([Exhibit C](#)) as follows:

The proposed restructure of the High Tech Crime Unit is pursuant to recommendations of the Advisory Board for Nevada Task Force for Technological Crime. We seek Legislative support to expand the mission of the Unit to specialize in electronic data investigations and to become a cyber-crime incident response team

for prosecution support for state and local government prosecutors. Funding from the General Fund, AG cost allocation and boards and commissions fees is sought. One of the legislative members of the Advisory Board has submitted a BDR [Bill Draft Request 15-78] on behalf of the Board, in part, to provide for criminal forfeitures in support of related law enforcement activities. At present, forensic analysis of suspect electronic devices in Nevada is performed primarily by federal agencies such as the FBI [Federal Bureau of Investigation], ICE [Immigration and Customs Enforcement Agency], and the U.S. Secret Service. Currently, the State has only one dedicated employee from our Office working with the Las Vegas Task Force. Federal authorities in Nevada have informed the Advisory Board that their agencies will be unable to meet future demands of Nevada law enforcement agencies for forensic electronic examinations. That is why we are requesting the new positions.

- E326—Tobacco Unit 1 FTE staff increase (reduced from 3 FTE).

We request revision of this decision unit. Legislative support for utilization of additional resources from Tobacco MSA [Master Settlement Agreement] settlement funds for enforcement purposes is unlikely. We request one FTE general fund investigator originally requested in E325 (High Tech Crime) be moved to this decision unit (E326—Tobacco) to support existing and anticipated growth of enforcement of counterfeit—contraband cigarette statutes passed by the 2005 Legislature. The enforcement of these statutes ensure more taxable sales occur in Nevada.

This change will have no overall increase to our Governor recommended budget.

- E327—Increases staff in Criminal Division Special Prosecution Units (SPU) by 2 FTE.

Requesting: 1 DAG [Deputy Attorney General] and 1 Legal Secretary 2

The criminal Special Prosecutions Unit has experienced case growth in the last several years with no overall increase in staff.

Criminal caseload growth data over the past 6 fiscal years (FY 2001 through FY 2006) for the Criminal Division shows significant growth from 44 percent to 86 percent in the major case categories. Caseload in major categories almost doubled between 2001 and 2004, with no corresponding increases in total Special Prosecutions Unit FTE. The data demonstrates a leveling off of case growth from 2004 through 2006 due to reaching the workload saturation point for existing attorneys and staff.

Attorney General Masto noted that in [Exhibit C](#) of the Overview, footnote 5, page 3 provided more statistical information with respect to the caseload growth. Attorney General Masto continued with her prepared information:

- E328—Increases staff in the Civil Division 2 FTE (redirecting use of 2 FTE).

We are requesting that this decision unit be revised. We are requesting 2 FTE in E328 be redirected to begin restructure of the Office of Attorney General consistent with NAAG's [National Association of Attorneys General] best practices assessment, as follows:

1 DAG FTE be reconsidered for creation of an unclassified chief personnel officer at a salary commensurate with the Office's CFO [Chief Financial Officer].

[The] unclassified chief personnel officer [position] needs to be added to the unclassified pay bill.

One legal researcher FTE [position] be reconsidered to assist with funding the creation of an unclassified solicitor general position at a salary equivalent to the chief of staff and assistant attorney general. To create the solicitor general [position], we would be utilizing an existing vacant Chief DAG position along with this increased funding from this reconsidered FTE.

[The] unclassified solicitor general needs to be added to the unclassified pay bill.

These revisions will have no increased fiscal impact to this budget account.

After revisions, E328 also requests:

Increase staff in Civil Division by 2 FTE: 1 Senior DAG and 1 legal secretary.

This request is needed to handle a 12 percent growth in overall Civil Division caseload and increased work from new boards and duties created by the Legislature.

- E902—Transfer to BA 1040.

This decision unit requests the transfer of the Victims of Domestic Violence grant funded positions (PCN 060, 313 and 320) from Attorney General Administrative Fund into Violence Against Women Grants, which provides more efficient tracking of the grant expenditures.

The Attorney General noted other enhancements in BA 1030 include:

- E805—Classified Position Reclassifications.

This High Tech Crime position is transferring to the new BA 1044. This position is currently classified as a computer network specialist 1. Based on the state Personnel Occupational Study this position will be reclassified to an IT professional 2. We are requesting that due to the computer forensic responsibilities and the level of forensics expertise required by this position, it is better fitted to an IT professional 3.

- E806—Reclassify various positions (unclassified salary increases).

Reclassification of the Executive Director (PCN [Position Control Number] 314).

Our original request was to increase the Executive Director to a salary equivalent to a senior DAG [SDAG]. After further evaluation we are requesting that this position's salary be equivalent to a mid-level DAG position (approximately \$83,454 in FY 2008 and \$86,793 in FY 2009, including COLA and E813 increase).

The savings achieved between the salaries of a senior DAG and a DAG will be utilized to reclassify a chief DAG position (in E807) and create and appropriately pay a chief of staff position as recommended in NAAG's best practices assessment. We are requesting that the new chief of staff [and] solicitor general positions and the Assistant Attorney General be paid equally. This revision will have no increased fiscal impact to this budget account.

[The] unclassified chief of staff needs to be added to unclassified pay bill.

[The] Executive Director's salary needs to be adjusted in unclassified pay bill.

The AG's CFO has all the duties and responsibilities that are equivalent to the classified job of administrative services officer 4 (ASO) of a large executive department. The scope of responsibility of this position will grow in anticipated best practices reorganization of the Office. This position has significant authority and is required to make independent decisions in the fiscal affairs of the Office. It is requested that this position be paid the equivalent of an ASO IV.

CFO Salary needs to be adjusted in unclassified pay bill.

- E807—Reclassification (upgrade-promotions) of various unclassified staff.
  - 2 Litigation Division DAGs to SDAGs.
  - 1 NDOT legal researcher to supervising legal researcher.
  - 1 general investigator to deputy chief investigator.
  - 1 gaming division DAG to SDAG.
  - 1 civil division legal researcher to supervising legal researcher.
  - Secretary to the Executive Director of high tech crime to administrative assistant.

Regarding the cost allocation revenue, Chairman Arberry asked why there was a decrease in General Fund support and a large increase in cost allocation revenue for fiscal year (FY) 2008. Ms. Teri Sulli, Chief Financial Officer, Office of the Attorney General (OAG), responded noting the OAG had been in contact with the Budget Division regarding the cost allocation figures and the reasons for the differences between FY 2008 and FY 2009. According to the Budget Division, the calculations were correct, but when the cost allocation was prepared, and the amounts brought forward from FY 2005, the FY 2008 figure included a larger adjustment than the adjustment for FY 2009.

Assemblywoman Leslie noted that FY 2008 was considerably different than FY 2009, which raised concerns for the Committee. Ms. Sulli was uncertain why this was occurring but believed it was because of the cost allocation amounts brought forward from FY 2005. At the request of Ms. Leslie, the OAG will chart the information and provide clarification to the Committee.

Chairman Arberry inquired why the OAG was requesting adjustments for Decision Units E325, E326, E327, and E328. Attorney General Masto replied that the original request for Decision Unit E325 was for six new FTEs. The readjustment would bring that request to five new FTEs for the High Tech Crime Unit. The remaining new FTE would be an investigator for the Tobacco Unit. Chairman Arberry asked whether the Budget Division was in agreement with that decision. Ms. Sulli stated the OAG was working with the Budget Office but had not received final approval.

Chairman Arberry requested further clarification for Decision Unit E328. Attorney General Masto explained the Civil Division had originally requested four FTEs. Instead of the four FTEs, the OAG revision requested two FTEs for the Civil Division, one FTE for an unclassified chief personnel officer, and one FTE for a solicitor general position.

Assemblywoman McClain voiced concerns regarding funding an additional investigator in the Tobacco Unit in Decision Unit E326, and whether there would be an impact on grantees funded from the tobacco fund. Attorney General Masto pointed out the position was to be paid from the General Fund, not tobacco money. The investigator would assist with the sting operations required to be performed as a part of the tobacco settlement. According to Ms. McClain, staff was under the impression the position was to be funded with tobacco money.

Mark Stevens, Fiscal Analyst, provided additional information regarding the funding for the requested position in Decision Unit E326. Mr. Stevens stated the OAG was requesting budget adjustments that would move items but not change dollar requests. Staff was reviewing the OAG adjustments requested. [Exhibit D](#) outlined the adjustments which indicated The Executive Budget recommended three new FTE positions for the Tobacco Enforcement Unit funded by the Healthy Nevada Fund. The OAG requested to eliminate the three new FTE positions and transfer one FTE from Decision Unit E325 funded by General Fund.

In response to Ms. McClain's question regarding whether the OAG determined how much money was "taken off the top" before the tobacco money was allocated to grantees, Mr. Stevens noted that decision was based on the legislatively approved budget. Dependent upon the authority provided by the Legislature to the OAG, that money was deducted from the amount of money available to be allocated to the Millennium Scholarship, the Fund for a Healthy Nevada, and other areas.



Assemblyman Hardy noted that from the 2005-07 biennium to the 2007-09 biennium, it appeared there was a net increase of approximately \$7.0 million for BA 1030, yet there was no increase in the overall budget or an increase in fees. He questioned how the OAG would be able to support the FTE enhancements. Ms. Sulli responded the \$7.0 million budgetary increase was primarily the result of salary increases and fringe benefits built into the budget. Attorney General Masto further explained that the funding for BA 1030 was from several sources, such as General Fund, cost allocations, board and commission fees, district court assessments, contract services, tobacco funds, and other combinations. Dr. Hardy requested the Committee be provided a detail sheet indicating the sources of the additional \$7.0 million.

Chairman Arberry inquired about the projected caseload for the Special Prosecutions Unit to justify the request for one additional DAG and one legal secretary 2 in Decision Unit E327. Attorney General Masto directed Chairman Arberry to the overview ([Exhibit C](#)) page 3, footnote 5, which provided the information on caseload for the Unit.

Chairman Arberry closed the hearing on BA 1030 and opened the hearing on BA 1044.

**ELECTED OFFICIALS – ATTORNEY GENERAL  
HIGH TECH CRIME (101-1044) – ELECTED-50**

Catherine Cortez Masto, Attorney General, pointed out that the content of BA 1044 had been covered in the BA 1030 presentation. The Office of the Attorney General (OAG) had requested to take the existing positions (3 in the High Tech Crime Force), the two new positions that would be gained, and put them all into BA 1044. Chairman Arberry requested additional information regarding the number of positions requested, the duties for the positions, and justifications.

Attorney General Masto testified the five new positions requested for the High Tech Crime Task Force were:

- One unclassified program specialist.
- Three unclassified computer forensic examiners.
- One unclassified investigator.

The proposed structure was a recommendation from the Advisory Board for Nevada Task Force for Technological Crime.

Chairman Arberry asked Attorney General Masto to elaborate on the need for computer forensic examiners and the anticipated reduction in federal assistance. Attorney General Masto requested Mr. James D. Earl, Executive Director, Advisory Board for the Nevada Task Force for Technological Crime, provide the requested information for the Committee. Mr. Earl advised the Committee that the composition and duties for the Board were provided in *Nevada Revised Statutes* (NRS) 205A.040. The Board was considered a joint executive/legislative agency because the Attorney General and Department of Information Technology (DoIT) Director, as well as the Speaker of the Assembly and a senator chosen by the Senate Majority Leader, were members of the Board. Mr. Earl outlined two of the six statutory duties of the Advisory Board. The Board was established to:



1. Facilitate cooperation among state, local and federal officers in the pursuit and prosecution of technological crime.
2. Establish and support two multi-agency task forces to investigate technological crime, one task force located in Reno and one task force located in Las Vegas.

Mr. Earl cited a statutory definition of technology crime which covered any crime involving directly or indirectly any device or network that can be programmed or can store or convey any information in any form. Mr. Earl gave the examples of technological crime as:

- All internet crimes against children.
- All computer-based fraud associated with identity theft.
- Any methamphetamine distribution operation that uses cellular phones, the Internet, or computers in support of that criminal activity.
- Any murder where subjects such as drug interactions or body disposal were researched on the Internet.

According to Mr. Earl, each of the above mentioned crimes generated digital evidence which must be forensically analyzed before it could be used in the investigation and prosecution of that crime.

The task force membership was predominately composed of federal officers. The computer forensics performed on both computers and cellular phones in Nevada were primarily completed by the staff of the Federal Bureau of Investigation (FBI), U.S. Secret Service, and U.S. Immigrations and Customs Enforcement Agency (ICE). Nevada had one state employee partially trained but not certified who participated in the forensic technology investigations as a part of the Las Vegas task force. Mr. Earl further explained that the Board members included the senior supervising agents of the FBI and ICE operations in Nevada. The head of the U.S. Secret Service operations in Nevada indicated to the Board that federal manpower would be increasingly unavailable to support state and local investigations and prosecutions involving technological crimes. The U.S. Secret Service had been instructed to focus on federal homeland security aspects of forensic investigation.

Continuing, Mr. Earl advised that the Board had undertaken a mission review in 2006. As part of the review, questionnaires were distributed to all state and local law enforcement agencies requesting information on the projected needs in the area of technological crimes. The Board utilized the responses to prepare the budget recommendations for staffing needs.

Chairman Arberry explained that the Committee needed further justification for the positions requested. The need must be based on caseload or other measurable information. Mr. Earl responded to Chairman Arberry's request by explaining that the White Collar Crime Association (WCCA) provided monthly reports to the Board and law enforcement offices throughout Nevada on such crime as fraud related to identity theft. The WCCA reported there were 250 to 400 complaints received per month from Nevada. Nevada ranked number one in computer-related Internet fraud and number two in computer-related identify theft.

Noting that a cyber incidence response team would be able to respond to other state and local government agencies' requests for assistance when a security breach occurred, Chairman Arberry asked for clarification regarding how the agency's functions differed from those provided by the Department of Public Safety (DPS) or DoIT. It was Mr. Earl's impression that neither DPS nor DoIT

had trained computer forensic investigators. It was anticipated that the qualifications for the three requested positions would include Police Officers' Standards and Training (POST) certification, computer forensic training, and availability to conduct investigations across the State that involved the seizure of technological evidence.

Chairman Arberry was unclear how the Board determined the number of positions requested in the budget and requested the agency meet with staff to confirm the numbers reflected the needs accurately.

Chairman Arberry moved on to the requests for Out-of-State Travel. Mr. Earl pointed out the travel was relevant to training for the additional forensic investigators requested. The training was primarily for specialized software used by the investigators.

Assemblywoman Leslie opined the training costs appeared to be high and suggested a more economical method to obtain the training might be to bring the trainer to Nevada. Mr. Earl acknowledged the training was expensive but because of the type of specialized training it was more cost effective to send the individuals to the training location rather than to bring the trainer to Nevada. Ms. Leslie requested that Mr. Earl review alternatives and provide the Committee with additional justification.

In response to a question from Chairman Arberry, Mr. Earl explained when he accepted the position of Executive Director the salary was \$47,000 per year; however, when the Board initially recommended the salary, they were unaware of the multitude of financial and organizational pressures associated with the position. Decision Unit E926 reclassified the Executive Director to a mid-level DAG equivalent salary.

Assemblyman Denis asked the replacement schedule for computer hardware and could the proposed forensic software be purchased in multiples for a reduced rate. Mr. Earl noted the rate was built into the budget. As an example, the cost for one of the common forensic computer software licenses was approximately \$4,000 to \$5,000. The computer hardware replacement schedule was standard for all government computers at about three years. The computer system used could sometimes be dependent upon the type of investigation. For example, a recent ICE investigation required analyzing a terabyte of data, described by Mr. Earl as approximately 1.5 million books, to support a murder investigation. The specialized computers included in the requested budget would accommodate such an investigation. The required capacity needed in years to come was unknown.

Assemblywoman Weber pointed out there were no performance indicators developed to demonstrate the agency was achieving its mission. Attorney General Masto agreed and assured Ms. Weber the performance indicators would be provided.

Chairman Arberry closed the hearing on BA 1044 and opened the hearing on BA 1031, Special Fund.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**SPECIAL FUND (101-1031) – ELECTED-54**

Attorney General Masto provided the following overview for the Special Fund budget:

This budget account was established for payment of expenses directly related to investigation, preparation, prosecution, and defense of suits unknown at the time of budget preparation. This budget also covers any costs of litigation and related outside legal services necessary to Nevada's opposition efforts against the United States Department of Energy's proposed development of the Yucca Mountain High-Level Nuclear Waste Repository.

There are currently no positions in this budget account.

This budget account is supported by General Funds revenue and some reimbursements from other state or county agencies when applicable.

We are requesting the addition of a new decision unit, E250:

- E250—1 new FTE, increased funding of approximately \$200,000 per year, transferred from the State Public Works Board.

Attorney General Masto explained the Office of the Attorney General (OAG) was aware of the concerns the Committee had with the hiring of outside counsel and expressed agreement with those concerns. The requested position in E250 was to bring into the OAG an attorney with expertise in construction law. The attorney would work with the Public Works Board. The Board, which understood a need for the expertise, approached the OAG. The Board put \$200,000 into their budget for an attorney. The Board advised the OAG the money was available to fund an attorney with the necessary expertise.

Assemblywoman Buckley advised Attorney General Masto the Committee would require additional information on the issue but was receptive to the establishment of the position within the OAG.

Responding to Assemblyman Grady's question, Attorney General Masto advised the new attorney requested in E250 would receive administrative support from existing support staff.

Because of historical events, Assemblywoman Gansert expressed concerns in working with the Public Works Board and suggested the possibility of hiring an attorney with the needed expertise directly in the OAG. Attorney General Masto noted the OAG had looked into that option, but the salary range precluded the option. According to Attorney General Masto, it was anticipated the attorney would help the Public Works Board avoid litigation on future projects.

There being no further comments, Chairman Arberry closed the hearing on BA 1031.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**MEDICAID FRAUD (101-1037) – ELECTED-57**

Chairman Arberry opened discussion on BA 1037, Medicaid Fraud. Attorney General Masto offered the following overview:

This budget account manages costs relating to the Medicaid Fraud Control Unit (MFCU) and the Senior Nevada Advocates on Guard (SNAG) program.

Full-time equivalent positions in this account are 15 for the MFCU and 2 for the SNAG unit.

The MFCU is a federally mandated program and subsidized with 75 percent federal funding. The 25 percent match is met through recoveries from the collection of penalties.

The SNAG program is funded through the Aging Services Division, Department of Health and Human Services.

No new positions are being requested.

Enhancements are for replacement and new equipment.

- E710—Replacement Equipment  
Software and hardware consistent with DoIT's approved replacement schedule as set forth in all relevant budget accounts.
- E720—New Equipment  
Need for two digital cameras and 2 GPS tracking systems for investigative purposes.

Chairman Arberry commented there were no major issues with BA 1037, but there was a concern under the recoveries revenue for Medicaid fraud. The budget recommended recoveries revenue of \$420,336 in fiscal year (FY) 2008 and \$358,576 in FY 2009. Year-to-date in FY 2007, \$427,403 had been collected, or \$30,965 more than the legislatively-approved amount of \$396,438. Chairman Arberry asked whether the OAG planned to increase the amounts for the FY 2007 biennium. Ms. Teri Sulli, Chief Financial Officer, Office of the Attorney General, responded that the numbers were accurate based on the way FY 2007 was built. If recoveries came in higher, a work program would be prepared and the reserve would be increased and carried forward to FY 2008.

Mr. Mark Stevens, LCB Fiscal Analyst, asked why the recovery revenue was anticipated to decrease in the second year of the biennium. Ms. Sulli replied she was not aware of the reasons for the decrease but believed the reserve had dropped because the FY 2008 salaries increased dramatically and, consequently, the FY 2009 reserve was reduced. Mr. Stevens noted the salaries had no effect on the recoveries but requested the OAG provide additional justification to staff for the reductions.

Chairman Arberry closed the hearing on BA 1037. The Committee was recessed for ten minutes.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**WORKERS' COMPENSATION FRAUD (101-1033) – ELECTED-63**

Chairman Arberry opened the hearing on BA 1033, Workers' Compensation Fraud. Attorney General Masto provided the following overview:

[The] Workers' Compensation Fraud Unit (WCFU) and Insurance Fraud Unit (IFU) are in BA 1033. This budget account monitors costs relating to both WCFU and IFU.

The budget account supports the salary, benefits, travel and operating costs for 30 WCFU full-time equivalent (FTE) and 12 IFU FTE.

WCFU is funded through the transfer of funds received by the Division of Industrial Relations. These funds represent assessments paid by employers. WCFU is also funded through some recoveries received from the collection of civil penalties.

IFU is funded through the transfer of funds received by the Insurance Division. These funds represent a percentage of the fraud assessments received by the Insurance Division. This funding has decreased over the last biennium and we are told may continue to decrease through the next biennium; however, through forced vacancy savings we believe the balance forwards from year-to-year will continue to keep the IFU functioning at its current level through the end of FY 2009. IFU is also funded through some recoveries received from the collection of civil penalties.

There are no new positions being requested in these units.

Chairman Arberry pointed out a major concern was under Senate Bill 24 (S.B. 24) in Senate Commerce and Labor. He asked for the OAG to comment on the proposed legislation. Mr. Randal R. Munn, Assistant Attorney General, explained the OAG had formally requested that S.B. 24 for fee increases be withdrawn. Adjustments in the staffing for the Unit had been made which had created salary savings to balance the budget for the biennium.

Chairman Arberry closed the hearing on BA 1033 and opened the hearing on BA 1038, Consumer Advocate.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**CONSUMER ADVOCATE (330-1038) – ELECTED-69**

Attorney General Masto provided the following testimony in support of BA 1038, Consumer Advocate [Bureau of Consumer Protection (BCP)]:

This budget account supports the salary, benefits, travel and operating costs for 16 general-funded full-time equivalents (FTE) and 19.02 utility-funded FTE.

This budget account is primarily supported by General Funds and utility assessments.

Recently it had been brought to our attention that the Base Budget has been inappropriately funded, therefore creating a General Fund shortage within this budget account. We are working with both

our budget office analyst and LCB fiscal analyst to correct this error. The impact of this error is a shortage of approximately \$145,598 in FY 2008 and \$207,461 in FY 2009 of General Funding.

One new utility-funded position is being requested and two utility-funded positions are being eliminated.

Assemblywoman Leslie inquired whether the Budget Division had reviewed all of the requested budget amendments. Ms. Elizabeth L. Barber, Deputy Director, Department of Administration, Budget and Planning Division, discussed the updates with Ms. Leslie, stating some of the requests had been reviewed and would be delivered to the Committee in the upcoming week.

Assemblywoman Weber commented the benefits BCP had provided to the State were much appreciated.

Chairman Arberry closed the hearing on BA 1038 and moved to BA 1036, Crime Prevention.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**CRIME PREVENTION (101-1036) – ELECTED-76**

Attorney General Masto provided the following overview for budget account (BA) 1036, Crime Prevention:

This budget account monitors costs relating to the Missing Children's Clearinghouse Unit.

This budget account supports the salary, benefits, travel and operating costs for 3 full-time equivalent (FTE) [positions].

This budget account is supported through General Funds and revenue generated from the sale of special vehicle license plates.

No new positions are being requested.

The enhancement is for replacement equipment.

Chairman Arberry closed the hearing on BA 1036 and opened the hearing on BA 1348, Tort Claim Fund.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**ATTORNEY GENERAL TORT CLAIM FUND (715-1348) – ELECTED-80**

Attorney General Masto provided the following overview for BA 1348, Tort Claim Fund:

This budget account monitors costs relating to the state of Nevada Tort Claim Fund.

This budget account supports the salary, benefits, travel and operating costs for 2 full-time equivalent (FTE) [positions].

The Fund for Insurance Premiums is an internal service fund and is financed by premiums assessed to state agencies, boards and some counties. The size of the fund is determined by an actuarial

report that is generated biannually based on the state's claims history. Each agency is then billed a premium based on the number of full-time equivalent positions legislatively assigned to the agency, the number of automobiles owned by the agency and their claims history.

No new positions are being requested.

The enhancement in this budget is for replacement equipment.

Chairman Arberry advised Attorney General Masto the Committee needed additional information on the one-time appropriation and S.B. 66 which increased the amount of damages to be awarded in tort actions. With regard to S.B. 66, Attorney General Masto explained that a concern was the increase of the liability amount, which, in turn, would require an increase in the fund to accommodate that increase. Mr. Randal R. Munn, Assistant Attorney General, further explained that a fiscal note was filed to identify the amount of historical costs. Ms. Teri Sulli, Chief Financial Officer, Office of the Attorney General, noted the fiscal note showed a \$950,000 per year increase or approximately 30 percent.

Assemblywoman Leslie commented that there appeared to be an error in the budget because the \$9.0 million one-time appropriation appeared in the base budget. Ms. Sulli agreed there was an error and would meet with the Budget Division to correct the error.

Chairman Arberry closed the hearing on BA 1348 and moved to BA 1002, Extradition Coordinator.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**EXTRADITION COORDINATOR (101-1002) – ELECTED-84**

Attorney General Masto provided the following overview for BA 1002, Extradition Coordinator:

This budget account monitors costs that relate to the Uniform Criminal Extradition Act.

This budget account supports the salary, benefits, travel and operating costs for 2.51 full-time equivalent (FTE) positions.

This budget account is supported by approximately 88 percent General Funds and 12 percent recoveries.

There are no new positions being requested in this budget account.

The enhancement is for replacement equipment.

Chairman Arberry closed the hearing on BA 1002 and opened the hearing on BA 1041, Council for Prosecuting Attorneys.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**COUNCIL FOR PROSECUTING ATTORNEYS (101-1041) – ELECTED-88**

Attorney General Masto provided the following overview for BA 1041, Council for Prosecuting Attorneys:



This budget account monitors costs relating to the Advisory Council for Prosecuting Attorneys.

This budget account supports the salary, benefits, travel and operating costs for one full-time equivalent position.

The Advisory Council's budget is funded primarily through administrative assessments pursuant to NRS 176.059(8)(b)(5) [*Nevada Revised Statutes*], there is a minimal amount of general funding (\$100 per year) and through additional authority the Advisory Council receives grant funding pursuant to *NRS 241A.090*.

No new positions are being requested.

The enhancement is for replacement equipment.

- E813—Unclassified Step Adjustment  
This is a Budget Office adjustment. This is an equity adjustment for unclassified employees due to the addition of one step to the classified service salary schedule by the 2005 Legislature. This also should bring the AG counsel for prosecuting attorneys' position to a level equivalent to a SDAG [Senior Deputy Attorney General].

Chairman Arberry closed the hearing on BA 1041 and opened the hearing on BA 1042, Victims of Domestic Violence.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**VICTIMS OF DOMESTIC VIOLENCE (101-1042) – ELECTED-93**

Attorney General Masto provided the following overview for BA 1042, Victims of Domestic Violence:

This budget account monitors costs related to the Domestic Violence Ombudsman, the Committee on Domestic Violence and the Domestic Violence Council.

This budget account supports the salary, benefits, travel and operating costs for 2 full-time equivalent positions.

Grant funding received from BA 1041, Violence Against Women Grants and District Court Assessments fund this budget account.

There are no new positions being requested in this budget account.

The enhancement is for replacement equipment.

Assemblywoman Leslie noted there was a supplemental appropriation request of \$58,062 to keep the Ombudsman position that was subsequently withdrawn. She questioned whether the position was going to be maintained through June 30, 2007. Attorney General Masto stated the budget had been reviewed, and the position was secure through that time period.

Chairman Arberry closed the hearing on BA 1042 and moved to BA 1042, Violence Against Women Grant.

**ELECTED OFFICIALS – ATTORNEY GENERAL**  
**VIOLENCE AGAINST WOMEN GRANTS (101-1040) – ELECTED-98**

Attorney General Masto provided the following testimony for BA 1040, Violence Against Women Grant:

This budget account was created last biennium (out of BA 1042) to allow for the simplification of accounting for the domestic violence grants.

Currently there are no positions in this budget account.

This budget account is currently supported by the Violence Against Women Formula Grant and the Grants to Encourage Arrest Policies Program.

We are requesting in Decision Unit E902 that the 2.75 full-time equivalent (FTE) positions, which are currently located in BA 1030 Administration Account, be transferred into this BA 1040 to provide more efficient tracking of the grant expenditures.

Assemblywoman Leslie agreed the transfer was necessary, but it appeared that 2.75 FTEs to administer \$2.0 million in federal funds was excessive. Attorney General Masto explained the administration requirements were under review to determine how many positions were necessary. The information would be provided to the Committee immediately.

Assemblywoman McClain asked how much of the grant money was funneled to BA 1041, Council for Prosecuting Attorneys. Ms. Dorene Whitworth, Grants and Projects Analyst Supervisor, Nevada Department of Justice (NDOJ), explained the prosecuting advisory council had applied for training grants to support domestic violence training for prosecutors. In the past, grants had been received to support that training and funds were carried forward each year.

Ms. McClain questioned whether money was available from the domestic violence against the elderly grants. Ms. Whitworth advised the Committee that NDOJ had obtained a grant in FY 2004 to conduct a training program for criminal justice professionals on elder abuse issues. A 2007 competitive grant application had recently been submitted, but the results would not be available for several months.

Chairman Arberry closed the hearing on BA 1040.

Chairman Arberry asked the Committee to consider introduction of the following bill draft request:

- BDR R-1448—Approves the change in scope and the transfer of funds for certain capital improvement projects.

ASSEMBLYMAN MARVEL MOVED FOR COMMITTEE INTRODUCTION OF BDR R-1448.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

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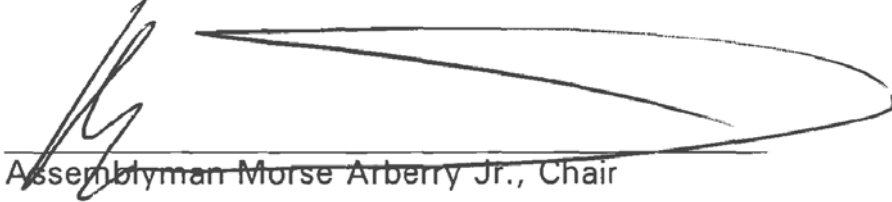
There being no further business, Chairman Arberry adjourned the meeting at 9:40 a.m.

RESPECTFULLY SUBMITTED:

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Linda Blevins  
Committee Secretary

APPROVED BY:



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Assemblyman Morse Arberry Jr., Chair

DATE: \_\_\_\_\_

<u>EXHIBITS</u>			
<b>Committee Name:</b> <u>Committee on Ways and Means</u>			
<b>Date:</b> <u>March 12, 2007</u>		<b>Time of Meeting:</b> <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A	Agenda	
	B	Sign-In Sheet	
	C	Catherine Cortez Masto, Nevada Attorney General	Budget Presentation
	D	Mark Stevens, Fiscal Analyst	AG's Office requested budget adjustments