

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-fifth Session
February 23, 2009**

The Senate Committee on Finance was called to order by Cochair Bernice Mathews at 8:05 a.m. on Monday, February 23, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 5100, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Bernice Mathews, Cochair
Senator Steven A. Horsford, Cochair
Senator Bob Coffin
Senator Joyce Woodhouse
Senator William J. Raggio
Senator Dean A. Rhoads
Senator Warren B. Hardy II

STAFF MEMBERS PRESENT:

Brian Burke, Principal Deputy Fiscal Analyst
Joi Davis, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Sandra K. Small, Committee Secretary

OTHERS PRESENT:

Catherine Cortez Masto, Attorney General, Office of the Attorney General
Teri A. Sulli, Chief Financial Officer, Office of the Attorney General
John Borrowman, Budget Analyst, Budget Division, Department of Administration
Marta Adams, Chief Deputy Attorney General, Bureau of Government Affairs, Office of the Attorney General
Andrew Clinger, Director, Department of Administration
Mark N. Kemberling, Chief Deputy Attorney General, Medicaid Fraud Control Unit, Bureau of Criminal Justice, Office of the Attorney General
Brian Kunzi, Senior Deputy Attorney General, Workers' Comp and Insurance Fraud Units, Bureau of Criminal Justice, Office of the Attorney General
Ernest D. Figueroa, Senior Deputy Attorney General, Consumer Protection Bureau, Office of the Attorney General

COCHAIR MATHEWS:

Mr. Ghiggeri will first brief us on the project status report.

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

I have distributed a copy of the project status report for the Committee on Finance ([Exhibit C](#)). We have heard 66.1 percent of our budgets and 7.9 percent of our Capital Improvement Programs.

COCHAIR MATHEWS:

We will now hear the budget for the Office of the Attorney General.

ELECTED OFFICIALS

AG - Administrative Fund – Budget Page ELECTED-47 (Volume I)
Budget Account 101-1030

CATHERINE CORTEZ MASTO (Attorney General, Office of the Attorney General):

The members of the Committee have received a copy of "Office of the Attorney General – Budget Presentation 2009-2011 Biennium" ([Exhibit D](#), original is on file in the Research Library). I will now read my opening statement on pages 3 through 5 of [Exhibit D](#). The Office of the Attorney General (AG) is working with the State Controller to develop meaningful performance measures. This year, we are revamping the employee evaluations for unclassified staff.

TERI A. SULLI (Chief Financial Officer, Office of the Attorney General):

The Attorney General Administration Account supports 242.58 full-time equivalent (FTE) positions. This budget is supported by 41 percent General Fund revenue, 51 percent AG Cost allocation and 2 percent board and commission fees. We have not yet received our cost allocation from the Department of Administration.

In the past year we have eliminated two .51 FTE student positions and increased two .51 administrative assistant positions to full time. We have added one FTE, a Senior Deputy Attorney General for the Bureau of Public Affairs to work with the department of Health and Human Services Child Support Enforcement Program.

MS. SULLI:

Decision unit E-327 was eliminated from the Governor's recommended budget. The agency is requesting those decision units be reinstated in several other budgets throughout the account. The Committee has received a copy of [Exhibit E](#), the "Summary of Assignments by Bureau/Unit/Attorney, as of February 2009." Through decision unit E-327, the AG would like to move all unclassified law enforcement officers in each budget to classified service to enhance recruitment and retention of these positions. This request was removed from the *Executive Budget*. The AG is forced to unfairly compete with other State offices for investigators who perform the same function. Investigators in other State offices, such as the Secretary of State, have a classified status making those positions attractive from a benefits standpoint. This uneven playing field often tips the balance for an applicant and places an unfair burden on the AG.

COCHAIR MATHEWS:

Does the AG have the funds to make this transition?

MRS. CORTEZ MASTO:

Funds are not available; there will be an initial charge to the General Fund. The AG will ask for special consideration if funds are available at a future time.

COCHAIR MATHEWS:

Any agency requesting special consideration must indicate the source of the funds.

COCHAIR HORSFORD:

What is the fiscal year (FY) cost of this classification change?

Ms. SULLI:

In FY 2009-2010, the cost will be \$25,000 with no impact on the General Fund. In FY 2010-2011, there will be a General Fund impact of \$25,724.

Decision unit E-500 realigns revenues from the transfer decision in unit E-900 which transfers two FTEs from the Bureau of Consumer Protection, B/A 101-1038.

E-500 Adjustments - Transfers In – Page ELECTED-50

COCHAIR MATHEWS:

What is happening with the cost allocation plan?

JOHN BORROWMAN (Budget Analyst, Budget Division, Department of Administration):

The vendor has all the required data. The final calculations should be available before the end of February. At that time, the Budget Division will submit an amendment.

COCHAIR HORSFORD:

What is the scope of MGT America, Inc.'s work, and why is there a delay?

MR. BORROWMAN:

Typically, the cost allocation occurs after presentation of the Governor's recommended budget. This delay is due to a transition with MGT's employees. MGT should deliver by the end of the month.

COCHAIR HORSFORD:

What has been the coordination in and among the Budget Division, the AG and the vendor?

MR. BORROWMAN:

There has been more interaction with the Budget Division and the vendor this year. We have been looking at the initial data and the foundation for the calculations.

COCHAIR HORSFORD:

Cost allocation is the basis for budgeting. Without that piece, it is difficult for us to ensure the budget is accurate and complete.

MR. BORROWMAN:

The cost allocation impacts the revenue side of every budget account. Generally, the swings are not significant from one biennium to another. The procedures we are following are consistent with the past procedures.

COCHAIR HORSFORD:

What assurances do we have the information will be available by the end of this week?

MR. BORROWMAN:

It is our understanding the information will be available at the end of the month.

COCHAIR HORSFORD:

I want an update if it is not available by the end of the month.

SENATOR HARDY:

Reclassification of the private investigators will not be costly, about \$110,000 over the biennium. Is there some long-term saving?

MS. SULLI:

The total cost would be about \$85,000 in the second year and \$25,000 in the first year of the biennium. The reclassification does not include a salary increase in the first year. The second year will incur a merit salary increase. There are vacant positions which will be filled at a step 1. Right now they are budgeted at the highest salary an investigator can earn.

SENATOR HARDY:

I assume the problem goes beyond recruiting. This is a recurring problem where the State trains people for local government service. Have you performed a cost analysis? We need to get the policy right if you think there will be a savings in the long term.

MR. BORROWMAN:

The Base Budget was adjusted through decision unit E-606, page 8 of [Exhibit D](#), for vacancy savings. This calculation is subject to historical trends in vacancy savings. There has been a change in the vacancy rate for this agency. The calculations for vacancy savings are performed on the General Fund only.

E-606 Staffing and Operating Reductions – Page ELECTED-50

MS. SULLI:

Decision units E-670, E-671, E-672, E-673 and E-674, relate to cuts in the Governor's recommended budget in salary, merit and longevity pay increases and deferred salary increases for elected officials.

E-670 Temporary 6% Salary Reduction – Page ELECTED-51

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-51

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-51

E-673 Implement SAGE Commission Recommendation – Page ELECTED-52

E-674 Temporarily Defer Elected Official Salary Increase – Page ELECTED-52

In decision unit E-710, while we did not budget for replacement equipment, we did request funds to cover the cost of our software maintenance agreements.

E-710 Replacement Equipment – Page ELECTED-53

In decision unit E-900, we have moved two full-time Deputy Attorney Generals from B/A 330-1038 to B/A 101-1030. As part of our reorganization, two security fraud prosecution positions from the Bureau of Consumer Protection were moved under the supervision of the Bureau of Criminal Affairs. These positions are funded by the General Fund.

E-900 Transfer from Cons. Protection to Criminal Affairs – Page ELECTED 53

AG - Consumer Advocate – Budget Page ELECTED-83 (Volume I)
Budget Account 330-1038

Decision unit E-901 in B/A 101-1030 is a request to merge B/A 101-1044 with B/A 101-1030. This will affect eight FTE positions.

Decision units E-901 through E-912 in B/A 101-1030 transfers the Base, Maintenance and Enhancement decision units from B/A 101-1044 to B/A 101-1030.

E-901 Transfers BA 1044 Adj Base to BA 1030– Page ELECTED 54

E-900 Transfer from Cons. Protection to Criminal Affairs – Page ELECTED 53

E-901 Transfers BA 1044 Adj Base to BA 1030 – Page ELECTED 54

E-903 Transfers BA 1044 M300 to BA 1030 – Page ELECTED 54

E-906 Transfers BA 1044 E606 to BA 1030 – Page ELECTED 55

E-910 Transfers BA 1044 E670 to BA 1030 – Page ELECTED 55

E-912 Transfers BA 1044 E672 to BA 1030 – Page ELECTED 56

Ms. SULLI:

Budget account 101-1044 was established to monitor the High Tech Crime Unit and technological Advisory Board. It supports eight FTE positions and receives revenue from the General Fund, AG Cost Allocation and boards and commission fees.

AG - High Tech Crime – Budget Page ELECTED-59 (Volume I)
Budget Account 101-1044

Decision unit E-606 proposes a vacancy savings. This will allow us to determine which positions will remain vacant.

E-606 Staffing and Operating Reductions – Page ELECTED-60

Decision units E-670, E-672 and E-673 are the salary and benefit cuts proposed in the Governor's budget.

E-670 Temporary 6% Salary Reduction – Page ELECTED-61

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-61

E-673 Implement SAGE Commission Recommendation – Page ELECTED-62

Decision units E-901, E-903, E-906, E-910 and E-912 transfer the Base, Maintenance and Enhancement decision units from B/A 101-1044 to B/A 101-1030.

E-901 Transfers BA 1044 Adj Base to BA1030 – Page ELECTED-62

E-903 Transfers BA 1044 M300 to BA 1030 – Page ELECTED-63

E-906 Transfers BA 1044 E606 to BA 1030 – Page ELECTED-63

E-910 Transfers BA 1044 E670 to BA 1030 – Page ELECTED-63

E-912 Transfers BA 1044 E672 to BA 1030 – Page ELECTED-64

Ms. SULLI:

Budget account 101-1031 is a special litigation fund for future legal actions. The fund is also used to pay expenditures relating to the State's opposition to the U.S. Department of Energy's development of the Yucca Mountain high-level nuclear waste repository.

AG - Special Fund – Budget Page ELECTED-66 (Volume I)
Budget Account 101-1031

The Committee has received a copy of "Contracted (GL 7060) Fees Paid, BA-1031," [Exhibit F](#), which identifies the General Fund amounts paid to date for the Yucca Mountain high-level nuclear waste repository litigation.

COCHAIR HORSFORD:

What do you anticipate regarding the United States Nuclear Regulatory Commission (NRC) licensing proceedings? The new administration is not going to stop the licensing process. Will the funding allocation be adequate to represent the State?

MRS. CORTEZ MASTO:

The Committee has received a copy of a memorandum from me to the Legislative Counsel Bureau (LCB) fiscal analysts dated February 5, 2009, ([Exhibit G](#), original is on file in the Research Library). The AG's outside legal counsel put together the various venues for not only litigation before the court, but litigation before the NRC. [Exhibit G](#) sets forth the costs associated with that litigation. Until someone stops the process, the AG must move forward. Over 200 contentions have been submitted to the NRC. In March, the NRC will determine the number of legitimate contentions to be heard. The more heard, the more effort, experts and attorneys will be needed to handle the administrative process. If there are fewer contentions, the cost will be lower. Information regarding the manpower required is dependent upon the number of contentions admitted and is shown on page 7 of [Exhibit G](#). The cost ranges from \$13.3 million to \$20 million for the two-year period. In April, we hope to have an opinion from the NRC.

COCHAIR MATHEWS:

Describe Nevada's opposition reply to the United States Department of Energy (DOE) which is due February 24, 2009.

MRS. CORTEZ MASTO:

Our attorneys are working on Nevada's written response to the DOE and the NRC's licensing process.

MARTA ADAMS (Chief Deputy Attorney General, Bureau of Government Affairs, Office of the Attorney General):

By April, we hope to know the number of contentions to be heard which will give us an indication of the required number of outside counsel and expert witnesses.

COCHAIR HORSFORD:

How is the \$5 million in federal funds allocated between the AG and the Agency for Nuclear Projects (ANP)? Will the funding be adequate based upon the outline in [Exhibit G](#)?

MRS. CORTEZ MASTO:

The high and low figures appearing on page 15 of [Exhibit G](#) represent a combination of General Funds and federal funding. The AG is requesting a certain amount to handle ongoing litigation. In the Yucca Mountain process, the General Fund pays for all of the litigation in the courts. The 3 active federal court litigation cases are shown on page 2 of [Exhibit G](#). There is another case requiring outside counsel. It is likely additional funds will be needed from the General Fund depending upon the number of contentions.

MS. ADAMS:

Generally, federal funds cannot be used for any litigation in court. Proceedings before the NRC are administrative litigation for which federal funds are available. General Funds are used to supplement litigation costs. Pending now, in the District of Columbia Circuit Court of Appeals, is a challenge to the Environmental Protection Agency (EPA) radiation standard. Page 7 of [Exhibit G](#) indicates a cost of \$300,000 for this challenge.

The NRC has finalized its licensing rule. That litigation, which will be initiated in the next couple of months, will also require General Fund support. When the original figures were submitted, we anticipated both the ANP and the AG would have funds to supplement that effort. We have estimated between \$11.5 million and \$20 million will be required for attorneys and experts before the NRC. The \$2.5 million needed in each year of the biennium, as shown on page 13 of [Exhibit G](#), needs to be available for litigation in court and to supplement the licensing proceeding.

MRS. CORTEZ MASTO:

The AG is working with Legislative staff to see if we can streamline the amount needed for litigation.

COCHAIR MATHEWS:

Will there be a revised budget to increase the staff for the ANP?

ANDREW CLINGER (Director, Department of Administration):

We are waiting for the completion of the audit. The budget modification for the ANP should be in before March 1, 2009, which will be before the audit is presented to the Executive Branch Audit Committee. It is too early to state what the modifications might be.

COCHAIR MATHEWS:

Many reports are submitted to the ANP; they need to have sufficient staff.

SENATOR RAGGIO:

The upper estimate for the biennium, shown on page 14 of [Exhibit G](#), indicates a cost of \$16 million for attorneys and \$4 million for experts if all of the contentions need to be defended. Are federal funds available for this litigation? There is no way the State has the funds to defend this litigation.

MRS. CORTEZ MASTO:

These figures have been presented to the Budget Division. Part of the \$20 million will be covered by federal funds. Federal funds cannot be used for litigation in court but can be used to support the NRC administrative process.

Ms. ADAMS:

Half of the \$20 million will be federally funded.

SENATOR RAGGIO:

What is the recommendation for funding the remaining \$10 million?

MRS. CORTEZ MASTO:

We will be better able to answer that question when we know the number of contentions.

SENATOR RAGGIO:

Assume all of the contentions are approved. How do we get the \$10 million? Senator Reid says this project is dead. The Office of the President says it is dead. Yet, we are going through this process which may cost \$20 million.

MRS. CORTEZ MASTO:

We are still going through the process. No one has stopped the NRC administrative process or the litigation before the federal district court. The AG has an obligation to be prepared for those contingencies. With respect to the cost, I can only bring to you the amount anticipated and promise to keep the cost as low as possible. I rely on the Budget Division, the LCB and the Legislature to tell us where the funds will come from.

SENATOR RAGGIO:

The attorneys working on this issue for over a decade have had a blank check. What monitoring of expenditures occurs?

MRS. CORTEZ MASTO:

Since 1999, the AG has paid \$2.7 million in General Funds to contract counsel. A process is in place to monitor the contracts. Ms. Adams, who does the litigation in court and is familiar with Yucca Mountain, monitors the contract invoices and holds the attorneys accountable for services provided on behalf of the AG. I have no control over the ANP and how their funds are spent with respect to contract counsel.

SENATOR RAGGIO:

Both offices should have strict oversight over expenditures for litigation.

MR. CLINGER:

The Administrative Services Division of the Department of Administration has taken over all accounting functions for the ANP.

Ms. SULLI:

Budget Account 101-1037 pays for the payroll and operating costs for 15 Medicaid Fraud Control Unit (MFCU) FTEs and two senior Medicare patrol (SMP) FTEs. Funding for the MFCU is received from Title XIX receipts and recoveries. The SMP is funded entirely from the Federal Administration on Aging grant.

AG - Medicaid Fraud – Budget Page ELECTED-70 (Volume I)
Budget Account 101-1037

Decision units E-670 through E-673 are the salary and benefit cuts proposed in the Governor's budget and the Spending and Government Efficiency (SAGE) Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-72

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-72

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-73

E-673 Implement SAGE Commission Recommendation – Page ELECTED-73

COCHAIR MATHEWS:

How is the SAGE Commission paid? Do they serve pro bono? I would like to know who is being paid and who is providing the funding.

MR. CLINGER:

The SAGE Commission is paid through private donations. I believe they have some paid personnel. No State funds are used for this Commission. I will get the information to staff.

MS. SULLI:

Decision unit E-710 is for replacement of computer hardware and software

E-710 Replacement Equipment – Page ELECTED-74

Decision unit E-720 requests approval for a security cage for the MFCU evidence room.

E-720 New Equipment – Page ELECTED-74

Decision unit E-721 requests approval for a surveillance system for MFCU investigators.

E-721 New Equipment – Page ELECTED-75

COCHAIR MATHEWS:

Has the MFCU workload increased because of the economic downturn?

MS. SULLI:

Their workload has been increasing.

COCHAIR HORSFORD:

Would you discuss the Reserve Fund in B/A 101-1037 and details for any plans to spend down the reserve?

MARK N. KEMBERLING (Chief Deputy Attorney General, Medicaid Fraud Control Unit, Bureau of Criminal Justice, Office of the Attorney General):

The reserve fund is an accumulation of program income. The Medicaid Fraud Control Unit is authorized to collect, in addition to restitution, the cost of many of its actions. The accumulated program income is used to offset the State's

match. The State has not contributed its 25 percent for years due to the use of the Reserve Fund. Grant procedures have restrictions on how we are allowed to maintain and use the accumulation of program income.

MRS. CORTEZ MASTO:

The AG is in contact with the federal government to determine if any of the Reserve Funds can be utilized by the State.

Ms. SULLI:

Budget Account 101-1033 supports 27 FTE positions in the Workers Compensation Fraud Unit (WCFU) and 10 FTE positions in the Insurance Fraud Unit. We have eliminated a Deputy Attorney General and an investigator position due to lack of funding and a WCFU auditor position due to changes in the WCFU work requirements.

AG - Workers' Comp Fraud – Budget Page ELECTED-77 (Volume I)
Budget Account 101-1033

COCHAIR HORSFORD:

Who is recommending the reduction of two staff?

MRS. CORTEZ MASTO:

The AG no longer has the resources to pay for those positions. During the past two Legislative Sessions, with the support of the industry, we attempted to increase the industry fees. The AG has been using internal reserves to fund these positions. There is more than enough work. If we could have more investigators and attorneys, we would be doing a better job in handling our caseload.

COCHAIR HORSFORD:

What is the backlog in this Fraud Unit? The insurance industry is proposing a fee to fund the Division of Insurance. Have they been approached about funding the needs of this Fraud Unit?

BRIAN KUNZI (Senior Deputy Attorney General, Workers' Comp and Insurance Fraud Units, Bureau of Criminal Justice, Office of the Attorney General):

The insurance industry has been supportive of increasing the assessment for the Fraud Unit; however, the current proposal does not deal with funding the Insurance Fraud Unit. The funds do go through the insurance commissioner's office; 75 percent of the special assessment receipts fund the AG's Insurance Fraud Unit.

COCHAIR HORSFORD:

Since the *Executive Budget* includes a self-funded plan for the Division of Insurance, was any consideration given to also funding the Workers' Comp Fraud Unit?

MR. CLINGER:

I was not involved in the conversations with the Division of Insurance and the industry. The Director of Business and Industry worked with the industry representatives. I will get the information.

COCHAIR HORSFORD:

To the extent possible, this should be included in any proposal. What is the backlog of cases? What will be the impact on the backlog if these positions are eliminated?

MR. KUNZI:

It is difficult to talk in terms of a backlog. We prosecute as many cases as possible. When we had the additional two positions, there was a 25-percent increase in the number of cases prosecuted.

MRS. CORTEZ MASTO:

It is not a matter of backlog; it is a matter of priority. We have to prioritize the cases we investigate and prosecute.

COCHAIR HORSFORD:

We need to ensure there is a strong regulatory infrastructure in place and funded. We need to fund government so it can work properly to protect the people. It should be a priority to have the industry fund this unit.

MRS. CORTEZ MASTO:

The AG will reach out to the industry to see if we can increase the fees.

SENATOR COFFIN:

During the 1990s, we deregulated and affected the existing workers' compensation program, including the fraud aspect. There are people who have been unfairly denied benefits. We need to protect the workers, the insurance companies and the employers.

MS. SULLI:

Decision units E-670, E-671, E-672, and E-673, are the salary and benefit cuts proposed in the Governor's budget and SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-79

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-79

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-80

E-673 Implement SAGE Commission Recommendation – Page ELECTED-80

Decision unit E-710 is a request for replacement computer hardware and software.

E-710 Replacement Equipment – Page ELECTED-80

Decision unit E-720 requests two scanners for the Workers' Compensation Fraud Unit.

E-720 New Equipment – Page ELECTED-81

Budget Account 330-1038 monitors costs related to the Bureau of Consumer Protection. This account supports 14 FTEs through the General Fund and 18.02 FTEs funded by regulatory assessments.

AG - Consumer Advocate – Budget Page ELECTED-83 (Volume I)
Budget Account 330-1038

Decision unit E-900 recommends moving two Deputy Attorney General positions from B/A 303-1038 to B/A 101-1030.

E-900 Transfer from Cons. Protection to Criminal Affairs – Page ELECTED-87

Decision unit E-606 is a staffing reduction based on our vacancy savings

E-606 Staffing and Operating Reductions – Page ELECTED-85

Decision units E-670, E-671, E-672, and E-673 are the salary and benefit cuts proposed in the Governor's Budget and SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-85

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-86

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-86

E-673 Implement SAGE Commission Recommendation – Page ELECTED-87

Decision unit E-710 is a request for replacement computer hardware and software.

E-710 Replacement Equipment – Page ELECTED-87

COCHAIR MATHEWS:

Why are projections for the unfair/deceptive trade practice settlement funds declining?

MRS. CORTEZ MASTO:

Sometimes, in the multistate jurisdiction, we have cases generating restitution to the State.

ERNEST D. FIGUEROA (Senior Deputy Attorney General, Consumer Protection Bureau, Office of the Attorney General):

This is a conservative projection based upon litigation expectations.

COCHAIR HORSFORD:

The Governor has recommended eliminating the Consumer Affairs Division (CAD) in the Department of Business and Industry. Are there any similarities between the services provided by the CAD and the AG's Bureau of Consumer Protection? What impact will the elimination of the CAD have on the AG?

MRS. CORTEZ MASTO:

The CAD provides an important service for the AG. They take the initial complaint. The AG works with CAD looking at consumer complaints to find patterns and practices of fraud. We investigate and prosecute fraud. The CAD provides an important resource because they are usually the first contact with the consumer, and can help the individual and provide mediation. The elimination of the CAD would place the AG in the position of being the consumer contact. The AG is not tasked with that jurisdiction, nor do we have the resources to help individual consumers. The AG does not handle individual consumer complaints. We are seeing a lot of fraudulent activity due to the

downturn in the economy. The AG needs to regulate industries to the extent we have the authority to do so.

COCHAIR HORSFORD:

The economies of scale must also be considered. What level of expertise would the AG dedicate to consumers if the CAD is eliminated?

MRS. CORTEZ MASTO:

I would use the current constituency unit to answer phones and direct people to the appropriate resource. The AG would have to develop a system to bring in complaints, track them and tell the consumer the AG will look at the practice and activity.

SENATOR HARDY:

The AG's function, in terms of protecting the public, is critical. It is the patterns we want to address. Have there been discussions with the Better Business Bureaus or other agencies not funded by the government that may be able to help identify the fraud patterns?

MRS. CORTEZ MASTO:

The CAD is important in the sense the consumer knows where to go for help. The CAD keeps a database of information. The CAD helps consumers to the extent it has the authority. The AG uses the information from CAD to look for a pattern of practice. It is helpful that all complaints are in one location. We do not have to sporadically talk to various businesses or groups.

SENATOR HARDY:

If we lose that essential element, we should communicate with other entities to develop a clearinghouse for this type of information. It is critical that the AG continue with the least interruption.

SENATOR COFFIN:

The Better Business Bureaus and the Chambers of Commerce do not police their members. These organizations are concerned with their membershipS. Many businesses do not belong to these organizations.

Ms. SULLI:

Budget Account 101-1036 monitors costs related to the Missing Children's Clearinghouse Unit. It supports three FTEs. This account is funded through the General Fund support and revenue from the Department of Motor Vehicles license plate fees.

AG - Crime Prevention – Budget Page ELECTED-90 (Volume I)

Budget Account 101-1036

Decision units E-670, E-671 and E-673 are the salary and benefit reductions proposed in the Governor's budget SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-91

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-92

E-673 Implement SAGE Commission Recommendation – Page ELECTED-92

Ms. SULLI:

Budget Account 715-1348, the AG Tort Claim Fund supports 2 FTEs. The Fund for Insurance Premiums is an internal service fund. Each State agency is billed a premium based on the number of FTE positions legislatively assigned to the agency as well as the number of vehicles owned by the agency.

AG - Attorney General Tort Claim Fund – Budget Page ELECTED-95 (Volume I)
Budget Account 715-1348

Decision units E-670 through E-673 are the salary and benefit reductions proposed in the Governor's Budget SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-97

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-97

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-97

E-673 Implement SAGE Commission Recommendation – Page ELECTED-98

Decision unit E-710 is a request for replacement computer hardware and software.

E-710 Replacement Equipment – Page ELECTED-98

COCHAIR MATHEWS:

Are there any outstanding tort cases?

MRS. CORTEZ MASTO:

Yes. The AG is currently going through a settlement process in federal court with a potential liability of \$4 million. The fund currently has \$4.4 million for the remainder of this fiscal year. If the case is settled, we would attempt to pay a portion, possibly half, in FY 2008-2009 and the balance in FY 2009-2010. There are a couple of smaller cases, totaling approximately \$300,000.

Ms. SULLI:

Budget Account 101-1002 monitors costs related to the Uniform Criminal Extradition Act. It supports 2.51 FTEs and is almost entirely funded by the General Fund. The AG is submitting a budget amendment to eliminate one position from this budget saving \$70,000 in FY 2009-2010 and \$72,000 in FY 2010-2011.

AG - Extradition Coordinator – Budget Page ELECTED-100 (Volume I)
Budget Account 101-1002

Decision units E-670 through E-673 are the salary and benefit reductions proposed in the Governor's budget SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-102

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-102

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-102

E-673 Implement SAGE Commission Recommendation – Page ELECTED-103

COCHAIR MATHEWS:

Is the AG aware of any best practices incorporated by other states with respect to the collection of extradition costs?

Ms. SULLI:

The extradition coordinator is in close contact with other states to discuss best practices.

COCHAIR MATHEWS:

Would you provide that information to staff when it is available?

Ms. SULLI:

Yes, I will.

Budget Account 101-1041 monitors costs relating to the Advisory Council for Prosecuting Attorneys. It supports 1 FTE and is funded primarily through administrative assessments.

AG - Council for Prosecuting Attorneys – Budget Page ELECTED-105 (Volume I)
Budget Account 101-1041

Decision units E-670, E-673 and E-673 are the salary and benefit reductions proposed in the Governor's Budget SAGE Commission recommendations. .

E-670 Temporary 6% Salary Reduction – Page ELECTED-107

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-107

E-673 Implement SAGE Commission Recommendation – Page ELECTED-107

Decision unit E-710 is a request for replacement computer hardware and software.

E-710 Replacement Equipment – Page ELECTED-108

COCHAIR MATHEWS:

Do fees pay for this council?

Ms. SULLI:

Yes, they do.

Budget Account 101-1042 monitors costs related to the Domestic Violence Ombudsman, the Committee on Domestic Violence and the Domestic Violence Council. It supports one FTE position.

AG - Victims of Domestic Violence – Budget Page ELECTED-110 (Volume I)
Budget Account 101-1042

Decision unit E-606 recommended the elimination of one FTE administrative assistant IV position due to decreased funding.

E-606 Staffing and Operating Reductions – Page ELECTED-112

The Agency requested decision unit E-680 recommends the Ombudsman position be funded entirely with General Fund revenue due to limited grant funds and decreased availability of District Court Assessment fees. However, the Governor's budget recommends using District Court Assessment fees and the Department of Administration has submitted a Bill Draft Request adding this budget account to the *Nevada Revised Statutes*.

E-680 New Revenues or Expenditure Offsets – Page ELECTED-113

Decision units E-670, E-671 and E-673 are the salary and benefit reductions proposed in the Governor's budget SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-112

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-113

E-673 Implement SAGE Commission Recommendation – Page ELECTED-113

COCHAIR MATHEWS:

Who will assist the ombudsman? Can stimulus package funds be used to pay for an administrative assistant?

Ms. SULLI:

We use existing staff.

COCHAIR MATHEWS:

MRS. CORTEZ MASTO:

We are monitoring the stimulus package funding. We will apply for any available grant funds.

Ms. SULLI:

Budget Account 101-1040 monitors costs related to the Violence Against Women Grants. It supports 3.75 FTEs and is supported by the Violence Against Women Formula Grant.

AG - Violence Against Women Grants – Budget Page ELECTED-115 (Volume I)
Budget Account 101-1040

Decision units E-670 through E-673 are the salary and benefit reductions proposed in the Governor's budget SAGE Commission recommendations.

E-670 Temporary 6% Salary Reduction – Page ELECTED-117

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page ELECTED-117

E-672 Suspend Longevity for FY10 & FY11 – Page ELECTED-117

E-673 Implement SAGE Commission Recommendation – Page ELECTED-118

Decision unit E-710 is a request for replacement computer hardware and software.

E-710 Replacement Equipment – Page ELECTED-118

COCHAIR MATHEWS:

That completes the budgets for the Office of the Attorney General.

COCHAIR HORSFORD:

I would like an update regarding Committee requests to agencies and their responses. Who tracks the requests?

MR. GHIGGERI:

The Fiscal Analysis Division prepares a written request to the agency for information requested by Committee members. As the information is received, it is forwarded to Committee members with a cover letter. We monitor the requests and the responses. If the information received does not answer the questions asked, Fiscal follows up on the request.

COCHAIR MATHEWS:

There being no further business to come before the Committee at this time, the meeting is adjourned at 9:37 a.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Cochair

DATE: _____