

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

**Seventy-Sixth Session
February 21, 2011**

The Committee on Ways and Means was called to order by Chairwoman Debbie Smith at 8:05 a.m. on Monday, February 21, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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/76th2011/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; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst

Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith called the meeting to order and asked the Committee to consider introduction of the following bill draft request:

BDR 28-920—Revises provisions governing the implementation of capital improvement projects. (Later introduced as [Assembly Bill 193](#).)

ASSEMBLYMAN CONKLIN MOVED TO INTRODUCE BDR 28-920.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Attorney General Catherine Cortez Masto provided a summary of the proposed budget for the Office of the Attorney General (AGO). She noted that several members of her staff were available to assist with questions from the Committee. She provided the "Office of the Attorney General, Budget Presentation, 2011-2013 Biennium" ([Exhibit C](#)) for the Committee's reference.

The Office of the Attorney General was a Constitutional office charged with upholding the laws of the state.

Despite budget cutbacks, the AGO continued to provide effective, professional legal support to the state.

The AGO provided legal counsel and represented 6 constitutional officers, 97 state agencies, and 111 boards and commissions. The AGO also investigated and prosecuted state crimes. All AGO staff had multiple assignments and those assignments continued to grow. General Masto highlighted some of the other work that was accomplished in the AGO.

During the past four years, General Masto noted the AGO had worked against substance abuse through the Governor's Methamphetamine Working Group. Efforts to curtail methamphetamine abuse were addressed through legislation, law enforcement, and treatment and prevention. The results had a beneficial effect in Nevada. The Working Group had addressed prescription drug abuse as well as new designer drugs commonly sold in herbs, potpourri, and bath salts. [Assembly Bill 61](#) would create a permanent entity that would continue the important work of the Working Group.

Attorney General Masto had signed Memoranda of Understanding (MOU) with the Attorneys General of the Mexican states of Baja California, Chihuahua, and Oaxaca. Those agreements affirmed that crimes such as human trafficking, weapons trafficking, money laundering, and narcotics smuggling must be eliminated on both sides of the border

The Domestic Violence Ombudsman (DVO) in the AGO oversaw two organizations, according to General Masto. The Nevada Council for the Prevention of Domestic Violence included members from law enforcement, the judiciary, prosecutors, victims' services, the health care field, and education groups. The Committee on Domestic Violence oversaw the 28 batterers' treatment centers throughout Nevada, and committee members included state and local officials

General Masto said the DVO also worked with the Boy Scouts and Girl Scouts to develop a merit patch called "Peace Begins at Home." The curriculum taught young scouts about healthy and respectful relationships and helped break the cycle of violence. The DVO also worked with the National Cosmetology Association in a new program called "Cut It Out," which taught salon professionals to recognize warning signs of domestic violence and safely refer their clients to national and state services.

A domestic violence federal grant allowed the formation of a collaborative partnership between the district attorneys of White Pine, Lincoln, and Eureka Counties. A deputy attorney general (DAG) served as tri-county prosecutor for the Seventh Judicial District. The sole responsibility of that DAG was to prosecute domestic and sexual violence cases under the supervision of the district attorney who had jurisdictional authority. General Masto pointed out that the special prosecutor increased offender prosecution over 100 percent, escalating offender accountability and community safety. In the past six months, 60 cases were brought before the court. The AGO would soon add three more counties to the program.

General Masto said that last year the AGO held the first statewide Domestic Violence Fatality Review Summit in Las Vegas. The Summit taught the AG's staff how fatality reviews could improve domestic violence programs. Some other states had used fatality reviews successfully. The AGO introduced Senate Bill No. 66 which would create a statewide team to work on fatality reviews.

According to General Masto, last year the Nevada AGO was named Missing Children's Clearinghouse of the Year by the U.S Department of Justice and the

National Center for Missing and Exploited Children. About 8,000 children were reported missing in Nevada annually. The passage of Assembly Bill No. 59 of the 75th Session had assisted the AGO in the prevention of abduction of a child by a parent or relative

General Masto noted the Bureau of Consumer Protection in the AGO was an advocate for consumers of Nevada's regulated public utilities. In 2010, \$19,452,851 was reimbursed to customers of Nevada Power and Southwest Gas Company under an antitrust settlement. The Bureau also dealt with every type of consumer fraud: lottery scams, check-cashing scams, grant-writing scams, telephone-charges scams and charity scams. It also dealt with antitrust problems, unfair competition problems, and also provided consumer education. The Bureau joined multistate litigation that protected Nevada citizens against misleading advertising by large corporations, and had returned \$10,381,791 in the past four years or an average of \$2.6 million per year to the General Fund as a result of the settlements from those cases.

In 2008 the AGO entered into a settlement with UnitedHealth Group and Sierra Health Services, Inc. regarding United's acquisition of Sierra Health Services, Inc. General Masto said the acquisition, as originally proposed, would have created a combined company controlling 94 percent of the Medicare Advantage health insurance market in the Las Vegas area and would have violated federal and state antitrust laws. The resultant judgment required UnitedHealthcare to divest assets relating to its Medicare Advantage business and to contribute \$15 million to Nevada health care. That included contributions to the Mental Health Triage, a mobile mental health clinic for Reno and Sparks, Nevada Family Resource Centers, the Nevada Autism Program, Fetal Alcohol Clinics, and the Community Health Nursing organization. The contributions also included scholarships to the UNLV School of Nursing for graduate-level nursing students. In 2010, contributions from that fund totaled \$2,423,849.

For the past four years, according to General Masto, Nevada had been number one in home foreclosures in the nation. There were many mortgage and foreclosure frauds and scams. In 2007 the Mortgage Foreclosure Task Force was formed. The Task Force was actively pursuing litigation against more than 200 companies. The AGO had active criminal litigation files open against 16 loan-modification companies. Those companies had an average of 50 complaints each. The AGO executed 6 search warrants and presented 11 large-scale cases to the grand jury. Each case involved hundreds of victims and thousands of pages of documentary evidence. The Task Force obtained indictments against 20 mortgage fraud defendants for a combined total of

128 felonies. Prosecutions resulted in restitution orders of over \$670,000 payable to victims. There were currently 9 cases awaiting jury trial against 16 defendants and over 180 cases were pending investigation. However, the AGO was limited by lack of personnel.

The AGO oversaw public-body compliance with the open meeting laws. General Masto responded to concern about more transparency in government. She formed an Open Meeting Law Task Force to address methods, procedural and legislative, to ensure the appropriate groups were educated and informed about open meeting statutes. Assembly Bill No 59 reflected the improvements suggested by that Task Force.

General Masto said that in 2007 the AGO supported a bill that tightened laws on credit agencies that charged special fees to elderly consumers and which also reduced fees for all consumers. In addition, over the last two sessions, the AGO had supported bills that revised laws pertaining to taxes on tobacco products, the manufacture of methamphetamine, medical care facilities, sex offenders, the rights of sexual victims, real property, and concealed firearm permits.

The AGO also supported bills related to the issues of identity theft, domestic violence, sex offenders, child abduction, deceptive trade practices, protection of senior citizens, mortgage fraud, protection of victims of crimes, cyber bullying, encryption of personal data, drug abuse protection for children, and child prostitution, said General Masto.

General Masto noted that since 2007 the AGO budget had been cut and the staff had been decreased. The only increase was the workload, the complexities of fulfilling the charter, and the increased expectations of Nevada's citizens.

In the 2007-2009 biennium, the AGO cut 12.3 percent of its budget according to General Masto. In the 2009-2011 biennium, the cut was 30 percent or \$6,426,208, even though the Governor's requested budget cut was 10 percent. That cut, according to General Masto, included the elimination of 8 positions—5.28 DAGs, 2 legal researchers, and 1 administrative assistant.

General Masto said the 2011-2013 biennium proposed budget included a 29.7 percent or \$8,286,241 cut to the AG's budget with the elimination of four full-time equivalent (FTE) positions, two DAG positions, one forensic examiner position, and one legal secretary 2 position.

General Masto believed the AGO would be able to fulfill its charter within the proposed budget. There were no new fees within that budget. General Masto proposed to fulfill all of the AGO responsibilities with no new staff requests.

General Masto responded to Assemblyman Goicoechea's question that the tri-county prosecution expenses were funded by a federal grant and no funds would be recovered.

In response to Assemblyman Goicoechea, General Masto agreed that the additional three groups that would join the coalition would also be federally funded.

Assemblyman Conklin asked what effect the 8.25 positions cut from the last budget had on the agency. Additionally he asked what the major effect of the projected cut of four positions would be on the current budget.

General Masto explained that the positions that were removed were attorney positions. That meant that existing staff had to absorb the additional workload. It was particularly difficult in the consumer protection group where there were only two attorneys and three investigators to do all the consumer protection work in addition to the huge amount of mortgage fraud work. Because of a federal grant, the AGO was able to add some additional investigators and prosecutors in the Consumer Protection Division to address the additional mortgage fraud. If the Legislature created another board or commission without funding a DAG to oversee it, that would be additional workload for existing staff.

Assemblyman Conklin restated that 200 cases were worked by 2 attorneys and 3 investigators. He questioned whether that would be considered a reasonable caseload in private practice.

General Masto indicated that the cases were all being processed, but not as quickly as she would have liked. Additionally some cases of mortgage fraud turned into complex cases that involved other crimes, such as child pornography, identity theft, and prostitution because there was so much money involved. It took a lot of time for case investigation and prosecution. The federal grant funds allowed the AGO to process those cases more quickly.

General Masto clarified that the 200 cases being processed were some form of loan modification or loan foreclosure rescue scam. That was a separate problem from the predatory lending practices of the Bank of America lawsuit the AGO was engaged in for unfair and deceptive trade practices. There were so

many different factions involved with mortgage fraud that those problems took over the consumer protection section of the AGO. It took longer to complete a case because of the lack of staff.

Assemblyman Hambrick expressed concern about the underreporting in domestic violence crimes in both the law enforcement community and the judiciary. Sometimes that crime was not reported because an accusation of domestic violence could be career-ending, whether an accurate or a false claim. It was important that there was no statistical anomaly.

Assemblywoman Carlton asked which boards and commissions were not making the transfer payments to the AGO for services rendered. Also, she wondered about boards who have outside counsel and then go to the AGO for litigation assistance when problems arose that were not addressed by private counsel. She wondered what the associated costs were with that problem.

General Masto indicated that she would provide Assemblywoman Carlton a report of those entities who owed the AGO for services. Part of the AGO was funded from allocations from other agencies and nonpayment affected their budget. It was a problem when boards used private counsel until they got into litigation and then asked for help from the AGO. That situation was challenging for the AGO. It would have been better if the AGO had been involved from the beginning, were aware of the issues of the case and could properly advise the agency prior to getting to the litigation stage. The AGO did not normally receive payment for that situation and it added to the workload. Keith G. Munro, Assistant Attorney General, has been working with individual boards and commissions and was entering into an MOU with them for an agreement about cost for services.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—ADMINISTRATIVE FUND (101-1030)
BUDGET PAGE ELECTED—60

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, began her presentation with budget account (BA) 1030, the Administrative Fund.

That budget account supported the salary, benefits, travel and operating costs for 230.3 full-time equivalent (FTE) positions.

The 2009-2011 biennium budget eliminated 5.28 deputy attorney general positions, 2 legal secretary positions, and 1 administrative assistant position.

The 2011-2013 biennium budget eliminated 2 full-time DAG positions, 1 full-time computer forensic examiner position, and 1 legal secretary position.

Ms. Crowley said that budget was currently supported by General Funds, AG cost allocations, board and commission fees, tobacco funds, miscellaneous revenues, and district court assessment fees. That budget was built based on the fiscal year 2010 legislatively approved figures of 55 percent General Fund, 43 percent AG cost allocation, and 2 percent board and commission fees. The AGO had not yet received the final AG cost allocation from the Department of Administration, and those percentages could change slightly. Specific funding sources, such as tobacco funds, gifts and donations, and settlement income, were also budgeted when applicable.

Chairwoman Smith asked whether the cost allocation situation was a problem for the AGO reserves.

Ms. Crowley responded that although there was a reduction in the reserves, the reduction was factored into the proposed budget.

Ms. Crowley summarized the effects of decision units Enhancement (E) 670 to (E) 673 for fiscal years (FY) 2012 and 2013 as follows:

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$1,139,214	\$1,144,373
E671—Suspend Merit Salary Increase	72,686	171,247
E672—Suspend Longevity	51,775	60,800
E673—Reduce PEBP Subsidy for Part-Time Employees	0	28,015
Total	\$1,263,375	\$1,404,435

To meet the Governor's recommended budget reductions, decision unit E690 eliminated 2 full-time DAG positions, 1 full-time computer forensic examiner position and 1 legal secretary position. The savings were \$370,958 in FY 2012 and \$378,335 in FY 2013.

Decision unit E710 replaced computer hardware and software per the state's recommended replacement schedule with non-General Fund dollars. The increase was \$19,388 in FY 2012 and \$10,434 in FY 2013.

Ms. Crowley said that because of proposed budget decreases, the AGO did not request any new or replacement equipment in most of the General Fund accounts. Equipment requests would have resulted in approximately

\$1.2 million in additional fund requests for the 2011-2013 biennium. The AGO was proactive in seeking other funding sources to meet information technology needs.

According to Ms. Crowley, decision unit E806 requested approval to move all unclassified law enforcement investigator positions into the classified service to enhance recruitment and retention of those positions at a savings of \$26,554 in FY 2012 and \$22,646 in FY 2013. The E806 decision unit was built into budget accounts 1030, 1033, 1037, and 1038 because each budget account had law enforcement investigator positions in them. An occupational study was completed by the Department of Personnel on May 21, 2010, the Personnel Commission approved the reclassification, which now required legislative approval.

Decision unit E808 upgraded an administrative assistant 1 to a legal secretary trainee position at a cost of \$3,957 in FY 2012; and \$5,286 in FY 2013.

Chairwoman Smith had questions regarding the tobacco enforcement unit, the effect of eliminating a temporary aide position, the Master Settlement Agreement (MSA) arbitration proceedings, and the MSA funding information.

General Masto referred the MSA question to Michon A. Martin, lead tobacco counsel. The elimination of the aide position should not effect the sting operations they were involved in. The AGO would provide that information to Chairwoman Smith.

Michon Martin, Senior Deputy Attorney General, Office of the Attorney General, stated that the states entered into the MSA in 1998 and Nevada received about \$40 million annually from that fund. In the agreement, the AGO agreed to diligently enforce the qualifying statutes in *Nevada Revised Statutes* (NRS) Chapter 370 and Chapter 370A. The AGO was currently in arbitration for the year 2003 only, to see whether Nevada as well as 46 other states, had diligently enforced the qualifying statutes. At risk in that arbitration was the \$40 million payment. The AGO was in the early stages of that arbitration. It began in July of 2010. Many of the general issues were being resolved so it framed the case, then the state specific hearings would begin. Nevada would have a hearing to determine 2003 statute enforcement. Every other year's arbitration was lined up behind that one, through 2010. With General Masto's assistance the AGO had reworked the tobacco unit so it was far more efficient, according to Ms. Martin. She said General Masto submitted Senate Bill 79 that would establish a higher standard of efficiency for enforcement, thus assisting retention of the annual \$40 million payment.

Assemblyman Conklin commented that S.B. 79 basically set up a separate account for civil penalties associated with prosecution in that area. He queried whether the civil penalties money would be used to offset tobacco settlement money transferred from the Office of the State Treasurer or whether there were other plans in place for the use of those funds.

Ms. Martin replied that it was far too speculative to rely on any of those funds. The AGO's intention was to obtain better tools to track the nonparticipating manufacturers and ensure they were putting the appropriate tax in escrow as required by statute. That was part of the AGO's diligent enforcement. The purpose of the penalty assessments was to bring the nonparticipating manufacturers in line so the AGO received timely and accurate reports. Currently the AGO was seeing very late reporting, and the numbers had to be constantly reworked. It was difficult to project the possible revenue from civil penalty assessments because the program implementation was so recent. If any funds were recovered, they would be used for further diligent enforcement purposes, thus alleviating further funding requests from the Interim Finance Committee (IFC).

In response to Chairwoman Smith's question, General Masto indicated there were good reasons that the AGO held positions vacant. First, salary savings could be used for reversion in a budget crisis. Second, the practice gave the AGO much needed flexibility in moving positions to priority sections in the AGO. Over the last four years there were as many as 24 positions that were kept frozen for salary savings. The practice allowed the Attorney General to move positions where and when needed. If the positions were deleted, the ability for that flexibility would be severely limited.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—SPECIAL FUND (101-1031)
BUDGET PAGE ELECTED—68

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, proceeded with her presentation with budget account 1031, the Special Fund for Litigation.

Ms. Crowley indicated that 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. That budget also covered any costs of litigation and related outside 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.

Through funding received from the State Public Works Board (PWB) that budget account also supported the construction law counsel position.

That budget account currently supported the salary, benefits, travel and operating costs for 1 full-time equivalent (FTE) position.

The funding for the budget was approximately \$170,000 per year and was received from the Public Works Board to support that FTE. General Funds supported the litigation costs with a small portion covered by reimbursements from clients.

Decision unit Enhancement (E) 670 was the Governor recommended 5 percent salary reduction, which resulted in a savings of \$7,714 in fiscal year (FY) 2012 and \$7,754 in FY 2013.

Decision unit E710 replaced software and hardware consistent with the Department of Information Technology's approved replacement schedule at a cost of \$5,651 in FY 2012 and \$4,974 in FY 2013.

Ms. Crowley added that although the agency request included the listed item for special consideration, it was not included in the Governor's recommended budget. That request would add back \$100,000 each year to support and help fund Yucca Mountain litigation expenses. There was \$3,315 in the category that supported the costs of Yucca Mountain included in this budget account for each year of the 2011-2013 biennium.

Chairwoman Smith asked for an update on the Yucca Mountain proceedings. She explained that the Committee had heard some disturbing reports in the Agency for Nuclear Projects' budget and had concerns over fiscal preparedness in that arena.

General Masto responded that the Yucca Mountain information seemed to be constantly changing, and Marta Adams of the Attorney General's Office, who oversaw the Yucca Mountain litigation, would give an update.

Marta Adams, Attorney General's Office, indicated that while she was greatly encouraged by the Obama administration's announcement of the termination of the Yucca Mountain project, there was a movement in the U.S. House of Representatives to reverse the termination of the project. States such as South Carolina and Washington had commenced litigation to halt the termination of the project and had attempted to intervene in the licensing proceeding before the U.S. Nuclear Regulatory Commission (NRC). All those efforts resulted in litigation and other demands on the AGO. The AGO had

federal funds for use in NRC licensing, but those funds could not be used for litigation. There were court hearings, some briefings, and various pending cases. The AGO needed state funds to continue the Yucca Mountain effort and was very optimistic about the outcome. It was difficult to suggest a timeline for the end of that project.

General Masto added that under the Nuclear Waste Policy Act, any litigation had to be heard in the District of Columbia (DC) Circuit. Most of the litigation required the AGO or contract counsel to travel to DC. That was an additional cost.

Chairwoman Smith asked whether the AGO had any projection about potential funding needs in the coming biennium for the Yucca Mountain defense.

General Masto replied that the AGO had asked for \$100,000 for each year of the biennium for litigation purposes on the Yucca Mountain project.

Ms. Adams anticipated that a possible funding increase might be requested through the Interim Finance Committee, though she believed that the \$100,000 per year would be sufficient for the currently pending litigation.

Chairwoman Smith indicated she was worried about the possibility of a large request made to the Contingency Fund. Because the Contingency Fund was limited, Chairwoman Smith asked the AGO to work with the Committee staff to get a reasonable projection, to which General Masto agreed.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—MEDICAID FRAUD (101-1037)
BUDGET PAGE ELECTED—82

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, proceeded with her presentation with budget account 1037, Medicaid Fraud.

Ms. Crowley indicated that budget account paid for the payroll and operating costs of the Medicaid Fraud Control Unit (MFCU) and the Senior Medicare Patrol (SMP).

That budget account currently supported the salary, benefits, travel and operating costs for 15 Medicaid Fraud Control Unit (MFCU) full-time equivalent (FTE) positions and 2 Senior Medicare Patrol (SMP) FTE positions.

Ms. Crowley said that 75 percent of the funding for the MFCU was received from federal Title XIX (Medicaid) receipts and 25 percent from recoveries. One hundred percent of the funding for the SMP program was received from the federal Administration on Aging.

The following chart showed the Governor recommended reductions for salary, merit pay, and longevity for decision units Enhancement (E) 670, E671, and E672 for fiscal years (FY) 2012 and 2013.

	FY 2012	FY 2013
E670 - Temporary 5 percent Salary Reduction	\$79,168	\$79,546
E671 – Suspend Merit Salary Increase	6,789	16,734
E672 - Suspend Longevity	3,175	3,700
Total	\$89,132	\$99,980

Decision unit Enhancement (E) 710 reflected the requested MFCU and SMP replacement software and hardware consistent with the Department of Information Technology's approved replacement schedule. The cost was \$7,020 in fiscal year (FY) 2012 only.

Decision unit E806 requested approval to move all unclassified law enforcement investigator positions into the classified service to enhance recruitment and retention of those positions. The E806 decision unit was built into budget accounts 1030, 1033, 1037, and 1038 because each budget account had law enforcement investigator positions in them. An occupational study was completed by the Department of Personnel on May 21, 2010, the Personnel Commission approved the reclassification, which required legislative approval. The change would reduce expenditures by \$3,368 in FY 2012 and by \$5,932 in FY 2013.

Assemblywoman Mastroluca asked for clarification on Assembly Bill 56. Keith G. Munro, Assistant Attorney General, Office of the Attorney General, responded that the purpose was to recover civil penalties to help the state meet the 25 percent match requirement.

Mr. Munro responded to Chairwoman Smith's question with the belief that A.B. 56 would meet the CMS (Centers for Medicare and Medicaid Services) requirement and also gain some of the 25 percent match that was required.

Chairwoman Smith requested more information about the Medicaid Fraud Control Unit (MFCU). She stated that many discussions were happening in other committees about whether Nevada was doing enough about that problem.

Mark Kemberling, Chief Deputy Attorney General, Attorney General's Office, responded that the MFCU presently investigated and enforced two main areas of crime and some civil or noncriminal-type violations. Those areas included fraud by providers in the Medicaid system, and abuse and neglect of the elderly in certain types of long-term care centers.

General Masto asked Mr. Kemberling to explain identification of fraud cases and the AGO's interaction with other agencies in fraud-conviction cases.

Mr. Kemberling stated that upon taking action against a provider, records were provided to the federal government, which in turn placed the providers on multiple federal databases for exclusionary purposes. There was a collateral review process by federal agencies which allowed those providers to be excluded from serving recipients who received government healthcare benefits. It also precluded those providers from being employed in medical institutions that received certain types of reimbursement from a federally backed healthcare program. The results of the AGO's work were reported to state entities who were then able to enact collateral consequences on the same providers. In 2007 the AGO assisted with the enactment of a statute that allowed reporting of certain types of offenses by home healthcare providers to keep those providers out of the system who had already been convicted of healthcare fraud.

Chairwoman Smith asked about available technology in identifying potential fraud and where fraud information was obtained.

Mr. Kemberling responded that there was technology that helped identify fraud. One of the most common areas was the concept of data mining. The Medicaid Fraud Control Unit was 75 percent federally funded. The federal government also supported the payer, Nevada Medicaid, with considerable funding. As a result, the federal government had restrictions on what a Medicaid fraud control unit was allowed to do with data mining. Data mining looked at large samples of claims data and looked for anomalies or spikes reflecting that certain providers were exceptionally high in one or two billing codes. Those actions were somewhat prohibited by the AGO Medicaid Fraud Control Unit. A pilot program began that was limited to a few states in the southeast which would allow some Medicaid fraud control units to do limited data mining.

Mr. Kemberling said that AGO fraud leads came primarily from standard industry sources. Staff who worked in the industry including those who work at Nevada Medicaid advised the AGO of apparent suspicions.

Chairwoman Smith inquired whether patients ever provided information and asked whether there was a way to inform patients of their ability to do so.

Mr. Kemberling responded that patients occasionally advised the MFCU and there were outreach programs which acted to inform patients of their abilities to provide fraud information. However, Medicaid itself was not designed to facilitate patient involvement because Medicaid recipients did not receive their billing.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—WORKERS' COMP FRAUD (101-1033)
BUDGET PAGE ELECTED—72

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, proceeded with her presentation with budget account (BA) 1033, Workers' Comp Fraud.

That budget account monitored costs relating to both the Workers' Comp Fraud Unit (WCFU) and the Insurance Fraud Unit (IFU).

The account currently supported the salary, benefits, travel, and operating costs for 27 WCFU full-time equivalent (FTE) positions and 10 IFU FTE positions.

Funding was received from the Division of Industrial Relations to support WCFU. Unspent WCFU funds reverted back to the Division of Industrial Relations at the end of each fiscal year. Funding was received from the Division of Insurance for the Insurance Fraud Unit. Unspent IFU funds were carried forward from year-to-year to support IFU needs. A small portion of that budget was covered by recoveries and charges for copies when applicable.

The following chart highlighted the Governor's recommended budget reductions for salary, merit pay, and longevity in decision units Enhancement (E) 670, E671, and E672 for fiscal years (FY) 2012 and 2013:

	FY 2012	FY 2013
E670 - Temporary 5 percent Salary Reduction	\$158,437	\$158,971
E671 – Suspend Merit Salary Increase	5,413	17,075
E672 - Suspend Longevity	9,300	10,825
Total	\$173,150	\$186,871

Decision unit Enhancement (E) 710 requested WCFU and IFU replacement software and hardware consistent with the Department of Information

Technology's approved replacement schedule. The cost was \$11,268 in fiscal year (FY) 2012 and \$27,816 in FY 2013.

Ms. Crowley said that decision unit E806 requested approval to move all unclassified law enforcement investigator positions into the classified service to enhance recruitment and retention of those positions. The E806 decision unit was built into BAs 1030, 1033, 1037, and 1038 because each budget account had law enforcement investigator positions in them. An occupational study was completed by the Department of Personnel on May 21, 2010, the Personnel Commission approved the reclassification, which required legislative approval. That change would save \$6,707 in FY 2012 and \$4,894 in FY 2013.

Chairwoman Smith wanted to confirm cost allocation expenditures and whether the revised reserve levels would meet the needs of the IFU.

Ms. Crowley offered to provide that information to Chairwoman Smith. There would be a reduction in reserve, but it was factored into the agency request.

Chairwoman Smith expressed concern about the small margin of error and asked the AGO staff to work with the Committee staff to make appropriate projections of the reserves. Ms. Crowley agreed to do so.

Chairwoman Smith also requested that the AGO staff work with the Committee staff on the replacement equipment that needed a technical adjustment regarding a funding change from a transfer from insurance to a reduction to reserves.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—CONSUMER ADVOCATE (330-1038)
BUDGET PAGE ELECTED—88

Deborah Crowley, Chief Financial Officer, Office of the Attorney General proceeded with her presentation with budget account 1038, Consumer Advocate ([Exhibit D](#)).

That budget account monitored costs relating to the Bureau of Consumer Protection (BCP).

The account contained the salary, benefits, travel, and operating costs for 13 General Fund supported full-time equivalent (FTE) positions and 18.02 utility-funded FTE positions.

The fiscal year (FY) 2011 budget eliminated 1 administrative assistant 4 position and reduced reserves by \$500,000, as a result of budget cuts during the 26th Special Session (2010).

That budget account was primarily supported by General Funds and regulatory assessments (utility fees).

The following chart showed the Governor's recommended budget reductions for salary, merit pay, longevity, and PEBP subsidy in decision units Enhancement (E) 670, E671, E672, and E673 for fiscal years (FY) 2012 and 2013:

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$194,444	\$195,344
E671—Suspend Merit Salary Increase	6,008	12,156
E672—Suspend Longevity	7,300	8,600
E673—Reduce PEBP Subsidy for Part-Time Employees	0	7,004
Total	\$207,752	\$223,104

Decision unit Enhancement (E) 710 requested utility-funded replacement software and hardware consistent with the Department of Information Technology's approved replacement schedule. The cost was \$173,407 in fiscal year (FY) 2012 and \$45,403 in FY 2013.

Decision unit E805 requested the reclassification of an administrative assistant to an accounting assistant commensurate with duties of the position and switched the funding source from General Fund to regulatory assessment. That would result in General Fund savings of \$48,862 in FY 2012 and \$48,708 in FY 2013.

Ms. Crowley noted that decision unit E806 requested approval to move all unclassified law enforcement investigator positions into the classified service to enhance recruitment and retention of these positions. The E806 decision unit was built into BAs 1030, 1033, 1037, and 1038 because each budget account had law enforcement investigator positions in them. An occupational study was completed by the Department of Personnel on May 21 2010, the Personnel Commission approved the reclassification, which required legislative approval. The reclassification would save \$2,606 in FY 2012 and \$1,066 in FY 2013.

Chairwoman Smith reviewed the temporary elimination of the Consumer Affairs Division and the transfer of those duties to the Attorney General's Office during the current biennium. She wondered whether the AGO had tracked the needs

in consumer affairs related activities that the AGO had assumed. She also asked whether a bill draft had been submitted to lift the sunset which added the consumer-related activities to the A.G.'s Office in the current biennium.

General Masto stated that the Consumer Affairs Division was created by statute. It was in the Department of Business and Industry. It was separate and distinct from the AGO Bureau of Consumer Protection (BCP) though they worked very closely together. The Consumer Affairs Division assisted with the individual consumer who had a complaint against a company. The individual consumer would file a complaint, the Consumer Affairs Division would mediate between the consumer and the business to give the consumer immediate relief. The BCP looked for the pattern and practice of fraud, and investigated and prosecuted an offense. The Consumer Affairs Division was the clearinghouse for consumer complaints.

The BCP would then go through the complaints to look for a practice or pattern of fraud. When BCP identified fraud on a large scale it moved forward and prosecuted. When the Consumer Affairs Division was defunded, the positions were eliminated and most of the functions were eliminated, although some of the oversight licensing and bonding went to agencies such as the Department of Motor Vehicles. With the defunding of the Consumer Affairs Division many of the individual fraud calls went to the BCP who could not handle those cases. The BCP took the information and looked for a practice and pattern of fraud, but the individual consumer could not receive assistance. The only recourse was then for the consumer to go to small claims court. The BCP could not represent the individual consumers. Additionally the BCP did not have the clearinghouse of complaints to find the patterns and practices of fraud. The BCP had to proactively work with the Better Business Bureau, the Federal Trade Commission, and Legal Services to look at the complaints and identify whether there was a pattern or practice of fraud. General Masto believed the consumer was harmed because the one-to-one assistance no longer existed.

Chairwoman Smith agreed that it was a difficult time for consumers, especially in an environment where so much fraud occurred, and the state was unable to provide the representation consumers needed.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—CRIME PREVENTION (101-1036)
BUDGET PAGE ELECTED—78

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, continued with her presentation with budget account 1036, Crime Prevention (in regard to Missing Children).

That budget account supported the salary, benefits, travel, and operating costs for 3 full-time equivalent (FTE) positions.

The General Fund accounted for approximately 79 percent of funding and license plate fees deposited by the Department of Motor Vehicles accounted for about 21 percent of funding for the account.

The following chart showed the Governor's recommended budget reductions for salary, merit pay, and longevity in decision units Enhancement (E) 670, E671, and E672 for fiscal year (FY) 2012 and 2013.

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$13,753	\$13,877
E671—Suspend Merit Salary Increase	791	2,474
E672—Suspend Longevity	700	800
Total	\$15,244	\$17,151

Chairwoman Smith congratulated the Attorney General's Office (AGO) on the designation as the top agency in the area of missing children. That was certainly something to be proud of. The Committee appreciated the efforts of the AGO in that area. Chairwoman Smith asked about performance indicators on the child safety and crime prevention events because the budget had been reduced substantially from previous sessions.

Gregory Smith, Chief of Staff, former Chief of Investigations, Office of the Attorney General, responded to the question. Mr. Smith indicated that there was not an abundance of funds. The investigator and prosecutor who ran those types of cases had more cases than they could handle and had to decide where to allocate the resources. Currently, the funding went to the investigation and prosecution of those cases.

Chairwoman Smith responded that she was looking specifically at child safety and prevention events. She asked the AGO staff to work with Committee Fiscal staff.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—ATTORNEY GENERAL TORT CLAIM FUND (715-1348)
BUDGET PAGE ELECTED—109

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, continued her presentation with budget account 1348, the Attorney General Tort Claim Fund.

That budget account supported the salary, benefits, travel, and operating costs for 2 full-time equivalent (FTE) positions.

Funding came from the Fund for Insurance Premiums which was an internal service fund and was financed by premiums assessed to state agencies, state boards, and some counties. The size of the Fund was determined by an actuarial report generated biannually, and based on the state's claims history. Each agency was then billed a premium based on the number of positions legislatively assigned to the agency (general liability), the number of automobiles owned by the agency (auto liability), and their claims history.

The following chart highlighted the Governor's recommended budget reductions for salary, merit pay, and longevity in decision units Enhancement (E) 670, E671, and E672 for fiscal years (FY) 2012 and 2013.

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$7,530	\$7,677
E671—Suspend Merit Salary Increase	1,261	4,256
E672—Suspend Longevity	550	725
Total	\$9,341	\$12,658

Assemblyman Bobzien asked the reason behind the dramatic decrease in the auto liability rate.

Nancy Bowman, Tort Claims Manager, Office of the Attorney General, responded that the actuarial report was based on claims history, the number of employees for the state, and the number of automobiles. The claims history was based on fiscal year (FY) 2010 so it had not included any losses through FY 2011. There had been quite a few losses that year. In years past the actuarial staff had used an automatic 3 percent increase in full-time employees and in automobiles, but because of budget reductions that year, Ms. Bowman requested that they not add the typical increase. Ms. Bowman stated that the fleet decreased in size in the last year.

Assemblyman Bobzien restated that the rate was based on FTE and a fleet reduction, but he wondered whether that fluctuation would be typical.

Ms. Bowman responded that she had not seen that kind of reduction before. When the initial actuarial report arrived, it was quite a bit lower than what it was now, and Ms. Bowman worked with staff through three or four iterations to increase loss projections. Ms. Bowman did not agree with the initial projections and worked on the formulas to get the current projection numbers.

Assemblywoman Carlton asked whether Ms. Bowman took into account the claims component, the higher cost of cars, the liability the state holds, and personal injury costs. Assemblywoman Carlton indicated that one Highway Patrolman could have a serious accident and the budgeted funds could be decimated.

Ms. Bowman responded that the actuaries considered the state's claims history as a whole, not one particular incident.

Assemblywoman Carlton suggested that because there was not an incident in the last year, the claims rate was artificially lowered. In other years the state had expensive incidents and ended up paying for it over time. Ms. Bowman agreed with Assemblywoman Carlton's perspective.

Chairwoman Smith was curious about the assessment rate. In previous legislatures, when the Committee considered a four-day, ten-hour workweek with offices closed one day a week and vehicles not on the road, she asked whether the AGO had been asked to determine possible budget reductions for that scenario.

When General Masto indicated that analysis had not been requested, Chairwoman Smith asked General Masto to explore that option.

Assemblyman Conklin indicated a strong concern about that budget item. He could not justify the drop of rates by 30 percent when maximum liability would increase by 33.3 percent. Assemblyman Conklin suggested that even if the claims experience was excellent with a resultant drop of rates, the fact that liability was increasing did not make practical sense. Assemblyman Conklin requested an executive summary of the actuarial report.

General Masto indicated that the AGO did not have complete control over the numbers and the decisions in that particular budget. The AGO worked very

closely with the Department of Administration which made most of the decisions based on its actuarial reports.

Ms. Bowman agreed that the tort cap would be increased effective October 1, 2011. That was a cap that the AGO had to settle a claim. Anything higher than that cap went to the Board of Examiners (BOE). Not every case was settled at \$75,000. Ms. Bowman had looked at the number of cases the AGO settled around the \$75,000 mark. It took approximately nine months to a year from the date of loss or from the time the claim was received until payment for that claim was made. Ms. Bowman had examined the claims for FY 2011 and there were approximately six claims that had been settled at approximately \$75,000.

Assemblyman Conklin indicated that it did not really matter how many claims you had at \$75,000, because that became your experience rating. If there were six in the next biennium, there would be six at the larger amount. Two numbers drove the rates—the frequency of claims and the severity of claims. Unless you expected the frequency to change significantly, you had no reason to believe the severity would change. There was still an expectation of an appreciable increase in that account. Additionally if someone was negotiating with the AGO, the fact that the maximum had increased meant that the opponent would ask for an appropriate increase. That was a standard negotiating tactic. Assemblyman Conklin again expressed concern about that budget item.

General Masto thought there was some confusion on the Tort Claim Fund. The Fund included not only potential accidents of state vehicles, but also tort litigation in other areas. When the state was sued for any type of tort litigation, it was most often in federal court. The U.S. Government Accountability Office was mandated to go into the federal courts to enter into settlement negotiations. Many of those settlement negotiations were mediated by federal judges, and the AGO could not control the amount of damages. The AGO could control how much was offered and how much state authority they were given to negotiate with, but it could not predict a financial outcome. Last year a tort litigation from the 1980s cost the state \$2 million when it was finally settled. That same fund used that funding for all tort claims, not just auto liability.

Assemblyman Conklin stated that there was a lag time before the statutory cap would affect the budget. He inquired whether there was a large enough increase in reserves for the end of the fiscal year to cover that expense for the following year.

General Masto wanted to explain the authority settlement cap. The \$75,000 was not necessarily a cap. It was the AGO's negotiating authority. The AGO could settle a claim in court for up to \$75,000 without getting special approval from the Board of Examiners. The cap increase from \$75,000 to \$100,000 was the amount of authority given to the AGO. There was always concern whether there would be enough money in reserves, because the AGO could never anticipate the types of litigation that may be coming. The AGO looked at the past three or four years to obtain an average of reserve needed. The AGO's chief financial officer believed there was enough reserve to cover the known litigation expenses. There was always a concern whether there would be sufficient funding to cover potential litigation.

Assemblyman Conklin inquired whether there was funding available from some additional source if a claim went over the settlement cap.

General Masto replied that it all came out of the same fund. If the AGO did not have enough money, they would work with the Department of Administration to find funding. If there was not enough money in that fund, insurance was available to cover some of the amount.

Ms. Crowley explained that the AGO worked with the Risk Management Division. The AGO paid an annual insurance premium of about one-half of a million dollars. The AGO just started paying that fee over the last biennium. That was to help reduce exposure costs up to \$2.5 million. Over the last biennium, the AGO worked closely with Risk Management to foster awareness of any potentially large claim that could cost over \$2.5 million. The AGO had not had a claim in that category since the purchase of the insurance, but if a large claim arose, the AGO and Risk Management would work closely together to mitigate the expense. Since the last legislative session, the AGO reserve was reduced by \$2 million. The reserve was carried forward each year to provide a cushion if the general liability and the auto liability assessments were not sufficient. General Funds and reserves that were carried forward kept the AGO from asking the Interim Finance Committee for additional funds. The AGO no longer had that cushion. In FY 2011, Ms. Crowley projected approximately \$1.8 million in claims, and there was \$2 million in reserve. Ms. Crowley would request a work program to take the funds out of reserve for FY 2011 expenditures.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—EXTRADITION COORDINATOR (101-1002)
BUDGET PAGE ELECTED—55

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, proceeded with her presentation with budget account 1002, Extradition Coordinator.

That budget account monitored costs that related to the Uniform Criminal Extradition Act, *Nevada Revised Statutes* (NRS) 179.177 to 179.235, inclusive.

That budget account supported the salary, benefits, travel, and operating costs for 1.51 full-time equivalent (FTE) positions. That budget account was supported with approximately 88 percent General Funds and 12 percent recoveries.

The following chart identified the Governor's recommended budget reductions for salary, merit pay, longevity, and PEBP subsidy in decision units Enhancement (E) 670, E671, E672, and E673 for fiscal years (FY) 2012 and 2013:

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$5,699	\$5,709
E671—Suspend Merit Salary Increase	675	1,456
E672—Suspend Longevity	1,850	2,050
E673—Reduce PEBP Subsidy for Part-Time Employees	0	3,502
Total	\$8,224	\$12,717

Decision unit Enhancement (E) 710 requested replacement software and hardware consistent with the Department of Information Technology's approved replacement schedule. The cost was \$4,850 in fiscal year (FY) 2012 only.

Chairwoman Smith asked about the decision-making process in recommending those budget levels. Chairwoman Smith voiced concern about the degree of reduction and the possible need to use contingency funds. She inquired how the decision was reached for that particular account.

Wendy Livermore, Program Officer 3, Office of the Attorney General stated it was extremely difficult to gauge need each year because of the constant fluctuations in that account. Ms. Livermore averaged five years of expenses to project the cost.

In response to Chairwoman Smith's question, Ms. Livermore stated she did take the use of contingency funds in 2006 and 2007 into account. Any funds that were requested were averaged into the five-year figures

In response to Chairwoman Smith, Ms. Crowley stated that the full amount and the recovery portion were not as much as was legislatively approved in the base. The amount that was funded for the recoveries was less than prior years because recoveries in FY 2011 were low.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—COUNCIL FOR PROSECUTING ATTORNEYS (101-1041)
BUDGET PAGE ELECTED—100

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, proceeded with her presentation with budget account 1041, Council for Prosecuting Attorneys.

That budget account monitored costs related to the Advisory Council for Prosecuting Attorneys.

That budget account supported the salary, benefits, travel and operating costs for 1 full-time equivalent position. The Advisory Council's budget was funded primarily through administrative assessments pursuant to *Nevada Revised Statutes* (NRS) 176.059. There was \$100 of General Fund per year in the budget and through additional authority, the Advisory Council received grant funding pursuant to NRS 241A.090.

The following chart showed the Governor's recommended budget for salary and longevity in decision units Enhancement (E) 670 and E672 for fiscal years (FY) 2012 and 2013.

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$5,948	\$5,976
E672—Suspend Longevity	175	225
Total	\$6,123	\$6,201

Decision unit Enhancement (E) 710 requested replacement software and hardware consistent with the Department of Information Technology's approved replacement schedule. The cost was \$2,042 in FY 2012 only.

Chairwoman Smith requested a technical adjustment to change the funding from court assessments to a reduction in reserves in E710. She asked that AGO staff work with the Committee Fiscal staff on that project.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—VICTIMS OF DOMESTIC VIOLENCE (101-1042)
BUDGET PAGE ELECTED—105

Deborah Crowley, Chief Financial Officer, Office of the Attorney General, proceeded with her presentation with budget account 1042, Victims of Domestic Violence.

That budget account monitored costs related to the Domestic Violence Ombudsman, the Committee on Domestic Violence, and the Nevada Council for the Prevention of Domestic Violence.

That budget account supported the salary, benefits, travel, and operating costs for 1 full-time equivalent position. The Victims of Domestic Violence budget account was funded with court assessments and district court assessment fees.

Decision unit Enhancement (E) 670 identified the Governor's recommended reduction in salary providing savings of \$3,489 in fiscal years (FY) 2012 and \$3,483 in FY 2013.

ELECTED OFFICIALS—ATTORNEY GENERAL
AG—VIOLENCE AGAINST WOMEN GRANTS (101-1040)
BUDGET PAGE ELECTED-95

Deborah Crowley, Chief Financial Officer, Office of the Attorney General proceeded with her presentation with budget account 1040, Violence Against Women Grants.

That budget account supported the salary, benefits, travel, and operating costs for 3.75 full-time equivalent (FTE) positions. Over the last biennium, the AGO received two new federal grants. Currently there was funding for that budget account from the Violence Against Women formula grant known as STOP (Services-Training-Officers-Prosecutors), Grants to Encourage Arrest Policies (GEAP), Sexual Assault Services Providers (SASP) grant, the Rural grant, and one American Recovery and Reinvestment Act of 2009 (ARRA) STOP grant which would be expiring in early fiscal year (FY) 2012.

The following chart highlighted the Governor's recommended reductions for salary, merit pay, and longevity in decision units Enhancement (E) 670, E671, and E672 for fiscal years (FY) 2012 and 2013.

	FY 2012	FY 2013
E670—Temporary 5 percent Salary Reduction	\$13,751	\$14,094
E671—Suspend Merit Salary Increase	3,649	10,075
E672—Suspend Longevity	75	175
Total	\$17,475	\$24,344

General Masto explained that account administered the federal funds that assisted women victims of domestic violence and sexual assault. That program was always underfunded. The funding was from federal grants and administrative assessments, and those assessments were down. Without the assistance of state funding, those programs would be in peril. She said Assemblyman Hambrick made an excellent point when he talked about data on domestic-violence. Nevada's domestic-violence cases were underreported. The AGO's statistics were based on the programs that the AGO worked closely with. Last year there were approximately 37,000 women and families who sought assistance from Nevada domestic-violence programs. Out of those 37,000, approximately 13,000 were children seeking some sort of assistance. Those were individuals that were known. Many did not seek assistance.

Nevada had many types of assistance for domestic violence and sexual assault victims. Governmental entities, such as the district attorney's office or the judiciary, provided victim assistance with the judicial process. Programs also funded attorneys who helped victims with family law matters. When federal funds ended, many of those services would no longer be available. Nevada led the nation in the number of women who are murdered as a result of domestic violence. Domestic violence existed in every community in the state. Nevada needed funding to support those programs. Many of the people who worked in that arena were volunteers. There were also batterer treatment programs, but not enough of them, particularly in the rural communities. Though the workers in that arena worked closely together and tried hard to work for the common good without a lot of competition, the lack of dollars available forced competition for minimal federal and state funds.

Chairwoman Smith asked whether General Masto saw a decline in the availability of federal grants.

General Masto referred the question to Liz Greb, Grant Administrator for the Office of the Attorney General. General Masto opined that violence against

women grants had more money because the Vice President of the United States was instrumental in creating that act and supported that program.

Liz Greb, Grant Administrator, Office of the Attorney General, stated that the President's budget included increases in that area, but the response from Congress would likely decrease those grant amounts. Ms. Greb had recently attended a national conference of STOP grant administrators. The consensus there was that levels would be brought down to the levels of 2008 or 2009, so the best-case scenario would be that funding remained flat. The reality was that there was decreased funding because it was so competitive. While Nevada had not historically put a lot of state money into those programs, many states across the country had. What Ms. Greb heard from her peers was that most of those state budgets were being slashed resulting in much stiffer competition for federal grant dollars.

Chairwoman Smith asked whether there was an availability of funds from private foundations for that kind of work.

General Masto replied that there was some money, but many nonprofit groups now competed for that funding. Most of the funding she had seen had been federal grant dollars. General Masto replied to Chairwoman Smith that as a state we could not accept private funding even if it were available.

Chairwoman Smith asked which budget used marriage license fees for domestic violence programs to which General Masto replied it was a budget in the Division of Child and Family Services.

Assemblywoman Mastroluca asked for clarification on whether the state could not accept grants, whether the state was not eligible for grants, or whether there was a statute that precluded grant-acceptance by the state.

General Masto indicated that there was not a statute that allowed the state to accept grants. Liz Greb stated that most foundations gave money to nonprofit organizations, not to governmental entities.

In response to Chairwoman Smith, Ms. Greb said that the grant that was ending in 2012 was the ARRA grant, an expansion of the STOP formula grant. That money had been obligated for the current grant cycle that ended December 2011. Those grants had funded the equivalent of 42 or 43 positions across the state. Normally those were grant-dependent positions, and when the funding ran out, so did the positions. There was an AGO policy of continuing

those positions for a two-year period as long as federal dollars were available to support them.

General Masto commented that when there was no longer funding to support the salaries for those positions in the AGO they would be terminated. The AGO had various grants that allowed a small portion of administrative assistance. Those fees were used to accommodate existing positions that helped administer those grants so the AGO was not hiring new people.

Chairwoman Smith thanked the AGO staff for the work done on open-meeting laws. She indicated that Mr. Munro had spent a great deal of time with a working group resolving the open-meeting problems. Chairwoman Smith expressed curiosity about the budgeting and performance indicators. Chairwoman Smith asked whether the AGO had changed the way they looked at the budget in that cycle and had they taken any suggestions from the Department of Administration in the development of the budget.

General Masto called attention to the attachment in the handout that identified priorities of government and gave an example of the AGO's work with the Department of Administration in redefining performance indicators and priorities in government. That tab identified those areas in the administrative unit where changes had been made. The AGO planned to continue the process with the investigators, attorneys, and additional staff. Keith Munro had been chairing that process.

Rick Combs, Assembly Fiscal Analyst, Legislative Counsel Bureau (LCB), pointed out that when the Committee reviewed the AG Tort Claim account, the agency indicated that there was to be a work program processed for that fiscal year that would tap into the reserve level in that account. The Executive Budget indicated there would be \$2 million available in FY 2012 rolled over from FY 2011. If that \$2 million was expended in 2011, it would not be available. There could be a need to work with the agency and the Department of Administration to determine whether the rates included in The Executive Budget needed to be adjusted based on the new information about the reserve level.

Chairwoman Smith asked the Committee to consider introduction of the following bill draft request:

BDR 20-901—Revises various provisions relating to fees charged by county recorders. (Later introduced as [Assembly Bill 192](#).)

ASSEMBLYMAN ATKINSON MOVED TO INTRODUCE BDR 20-901.

ASSEMBLYMAN CONKLIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairwoman Smith adjourned the meeting at 9:52 A.M.

RESPECTFULLY SUBMITTED:

Tenna Herman
Committee Secretary

APPROVED BY:

Assemblywoman Debbie Smith, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: February 21, 2011

Time of Meeting: 8:05 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Catherine Cortez Masto	Budget Presentation 2011-2013 Biennium
	D	Catherine Cortez Masto	Expanded Narrative Budget Account – 1038 Consumer Advocate Bureau of Consumer Protection