

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-sixth Session  
February 16, 2011**

The Senate Committee on Finance was called to order by Chair Steven A. Horsford at 8:07 a.m. on Wednesday, February 16, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 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 Steven A. Horsford, Chair  
Senator Sheila Leslie, Vice Chair  
Senator David R. Parks  
Senator Moises (Mo) Denis  
Senator Dean A. Rhoads  
Senator Barbara K. Cegavske  
Senator Ben Kieckhefer

**STAFF MEMBERS PRESENT:**

Rex Goodman, Principal Deputy Fiscal Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Teri Sulli, Program Analyst  
Jackie Cheney, Committee Secretary

**OTHERS PRESENT:**

Catherine Cortez Masto, Attorney General, Office of the Attorney General  
Debra Crowley, Chief Financial Officer, Office of the Attorney General  
Marta Adams, Chief Deputy Attorney General, Government and Natural Resources Division, Bureau of Government Affairs, Office of the Attorney General  
Keith Munro, First Assistant Attorney General and Legislative Liaison, Office of the Attorney General  
Mark Kemberling, Chief Deputy Attorney General, Medicaid Fraud Control Unit, Bureau of Criminal Justice, Office of the Attorney General

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Ernest Figueroa, Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General  
Wendy Livermore, Extradition Officer, Office of the Attorney General  
Elizabeth Greb, Grants and Projects Analyst, Office of the Attorney General

CHAIR HORSFORD:  
We will begin with the Office of the Attorney General.

CATHERINE CORTEZ MASTO (Attorney General, Office of the Attorney General):  
I will begin with a brief overview of the Office of the Attorney General (AG). I will also be providing a summary of the proposed budget for the AG. Please refer to the document entitled Office of the Attorney General Budget Presentation 2011-2013 Biennium ([Exhibit C](#)).

The AG is a constitutional office charged with upholding the laws of the State.

My office provides legal counsel and represents 6 constitutional officers, 97 State agencies and 111 boards and commissions. We also investigate and prosecute State crimes. All of my deputies, investigators and support staff have multiple assignments.

Today, I will be discussing the various budget accounts for the AG where you will hear about some of the work we do. So you may understand the depth and breadth of all that we do, I will highlight some of the other responsibilities of this office.

My office has been steering the battle against substance abuse in this State through the efforts of the Governor's Working Group on Methamphetamine Use. The Group has expanded its scope to address prescription drug abuse and the new designer drugs commonly sold in herbs, potpourri and bath salts. Assembly Bill (AB) 61, currently pending before this Legislature, creates a permanent entity that will continue the important work of this Group.

**ASSEMBLY BILL 61**: Creates a permanent entity to study issues relating to substance abuse in this State. (BDR 18-290)

The domestic violence ombudsman in my office oversees two organizations: the Nevada Council for the Prevention of Domestic Violence and the Nevada Committee on Domestic Violence. The ombudsman has also been working with

the Girl Scouts and the Boy Scouts to develop a merit patch called "Peace Begins at Home" and a curriculum aimed at breaking the cycle of violence by teaching young people the qualities of healthy and respectful relationships. Further, we have been working with the National Cosmetology Association to introduce a new program called "Cut it Out" designed to teach salon professions to recognize warning signs of domestic violence and safely refer their clients to National and State services.

Utilizing a federal grant, we have formed a partnership between the District Attorneys of White Pine, Lincoln and Eureka Counties to prosecute domestic and sexual violence cases. As a result, the prosecution of these offenders has increased 100% improving offender accountability and community safety. During the last 6 months, 60 offenders have been brought before the court. We plan to add three more counties to this program in the near future.

The first statewide Domestic Violence Fatality Review Summit was held last year in Las Vegas. It provided an opportunity to discuss ways to improve our systems and programs dealing with domestic violence. As a result, my office has introduced Senate Bill (S.B.) 66 to the current Legislature to create a statewide team to work on fatality review.

**SENATE BILL 66**: Revises provisions relating to multidisciplinary teams to review the deaths of victims of crimes that constitute domestic violence. (BDR 18-268)

The Bureau of Consumer Protection in the Office acts as an advocate for the interests of consumers of Nevada's regulated public utilities. It investigates consumer fraud in areas such as lottery scams, check cashing scams, grant writing scams, telephone charges scams and charity scams. The Bureau also deals with antitrust issues and unfair competition and provides consumer education.

As a result of rising home foreclosures, there is an increase in mortgage foreclosure frauds and scams. The Mortgage Foreclosure Task Force in the Office has received complaints against more than 200 companies. We have active criminal litigation files open against 16 loan modification companies. We executed 16 search warrants and presented 11 large scale cases to the grand jury, each involving hundreds of victims and thousands of pages of documentary evidence. We have obtained indictments against 20 mortgage

fraud defendants for a combined total of 128 felonies. Prosecutions have resulted in restitution orders of over \$670,000 payable to victims.

The AG is responsible for overseeing the public body compliance with the Open Meeting Law (OML). The OML Task Force addresses methods (procedural and legislative) for ensuring people are educated regarding the OML statutes. Assembly Bill 59, currently pending before this Legislature, reflects the improvements suggested by this task force.

[ASSEMBLY BILL 59](#): Makes various changes to the Open Meeting Law.  
(BDR 19-288)

The Office is actively involved in introducing and supporting bills to enable law enforcement and our investigators and prosecutors to combat criminal activity and to improve laws protecting the clients we serve.

The budget request for the 2011-2012 biennium is a lean budget including no new staff or new fees. There is a reduction of 29.7 percent, or \$8,286,241, to our existing budget with the elimination of 4 full-time equivalent (FTE) positions including 2 deputy attorneys general (DAG), 1 forensic examiner and 1 legal secretary II. Our staff is committed to getting the job done. We have become adept at doing more with less.

DEBRA CROWLEY (Chief Financial Officer, Office of the Attorney General):

I will begin with budget account (B/A) 101-1030, on page 5 of [Exhibit C](#). This is the administrative account for the AG. This budget is supported by the General Fund, Attorney General Cost Allocation, boards and commission fees, tobacco funds, miscellaneous revenues and district court assessment fees. This B/A supports the salary, benefits, travel and operating costs for 230 FTEs.

## ELECTED OFFICIALS

AG – Administrative Fund — Budget Page ELECTED-60 (Volume I)  
Budget Account 101-1030

Decision units E-670 through E-673 are the Governor's budget reductions, totaling \$1,263,375 for fiscal year (FY) 2011-2012 and \$1,404,435 for FY 2012-2013.

E-670 5% Salary Reduction — Page ELECTED-62

E-671 Implement a Salary Freeze — Page ELECTED-63

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-63

E-673 Reduce PEBP Subsidy for Part-Time Employees — Page ELECTED-64

Decision unit E-690 eliminates two full-time DAGs, one full-time computer forensic examiner and one legal secretary position resulting in a \$370,958 reduction in FY 2011-2012 and \$378,335 in FY 2012-2013.

E-690 Budget Reductions – Page ELECTED-64

Decision unit E-710 replaces computer hardware and software in accordance with the Department of Information and Technology (DoIT) replacement schedule for accounts that are not using General Fund monies. There is an increase of \$19,388 for FY 2011-2012 and an increase of \$10,434 for FY 2012-2013. Due to the proposed cuts, no new or replacement equipment was requested in most of the accounts financed by the General Fund.

E-710 Equipment Replacement — Page ELECTED-64

Decision unit E-806 moves all unclassified law enforcement investigator positions into classified service to enhance recruitment and retention of these positions. An occupational study was completed by the Department of Personnel and the reclassification was approved by the Personnel Commission. Legislative authority is required to implement the reclassification. This change results in a reduction of \$26,554 in FY 2011-2012 and \$22,646 in FY 2012-2013.

E-806 Unclassified Position Salary Increases — Page ELECTED-65

You will see this reclassification in all the budget accounts containing law enforcement investigators, including B/As 101-1033, 101-1037 and 330-1038.

AG – Workers' Comp Fraud — Budget Page ELECTED-72 (Volume I)  
Budget Account 101-1033

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AG – Medicaid Fraud — Budget Page ELECTED-82 (Volume I)  
Budget Account 101-1037

AG – Consumer Advocate — Budget Page ELECTED-88 (Volume I)  
Budget Account 330-1038

Decision unit E-808 of B/A 101-1030 is a position upgrade for an administrative assistant to a legal secretary trainee to compensate her for the level of work she is doing. This results in an increase of \$3,957 for FY 2011-2012 and \$5,286 for FY 2012-2013.

E-808 Position Upgrades — Page ELECTED-65

SENATOR CEGAVSKE:  
Where do the extradition funds come from?

MS. CROWLEY:  
The defendant has responsibility for some of the extradition costs. I will provide more detail when we get to that budget account.

SENATOR CEGAVSKE:  
Can you provide a side-by-side table showing the current costs for the law enforcement investigator positions being reclassified versus the projected reclassification costs? Are these persons eligible for other benefits that will add costs to the State? If so, please include those costs.

Please explain the use of the tobacco funds in this budget.

Regarding decision unit E-690, when you came before the Interim Finance Committee (IFC), you asked for two new DAG positions. Why did you ask for two new positions instead of using the two vacant positions you are now eliminating?

MS. CORTEZ MASTO:  
I will provide the information requested for the reclassification positions.

The tobacco funds in this account come from the Tobacco Master Settlement Agreement. The 2011-2013 biennium budget contains approximately \$32,000

for the tobacco spending, not including salaries. The salaries amount to approximately \$500,000.

We could have used the vacant DAG positions but we were trying to eliminate the General Fund from having to pay for those positions. The plan is to pay for the new DAGs with fees from the Department of Conservation and Natural Resources where funding is available.

MS. CROWLEY:

The next B/A is 101-1031 on page 8 of [Exhibit C](#). This account pays for litigation and expenses associated with lawsuits that are not anticipated at the time the budgets are approved by the Legislature. The account is also used to pay the costs of litigation and administrative proceedings related to the proposed nuclear waste repository at Yucca Mountain. Through funding received from the State Public Works Board (SPWB), this B/A also supports the construction law counsel position.

AG – Special Fund — Budget Page ELECTED-68 (Volume I)  
Budget Account 101-1031

Although the Agency budget request included \$100,000 each year to help fund the Yucca Mountain litigation expenses, it was not included in the Governor's budget. The 2011-2013 biennium budget only includes \$3,315 for each fiscal year which is basically intended to cover travel expenses.

The SPWB provides approximately \$170,000 per year to support one FTE position. The General Fund covers the litigation costs with a small portion covered by reimbursements from clients.

Decision unit E-670 is the Governor's 5 percent salary reduction: \$7,714 for FY 2011-2012 and \$7,754 for FY 2012-2013.

E-670 5% Salary Reduction — Page ELECTED-70

Decision unit E-710 replaces software and hardware consistent with DoIT's replacement schedule. There is an increase of \$5,561 for FY 2012 and \$4,974 for FY 2013.

E-710 Equipment Replacement — Page ELECTED-70

SENATOR LESLIE:

What do you think will happen regarding the Yucca Mountain project? What are the ramifications of the State's litigation efforts against a high-level nuclear waste site at Yucca Mountain if there are no funds in this budget account?

MS. CORTEZ MASTO:

There is no money in President Obama's budget for this project. However, there are several states pursuing action before the licensing board as well as litigation in the United States Court of Appeals for the District of Columbia opposing termination of the Yucca Mountain project. Nevada is responsible for any litigation costs to defend our position. It is not over until the judge signs a final order and dismisses the case. Because there are no contingency funds in the 2011-2013 biennium budget, if the project starts back up, Nevada will have to come back to the IFC to request additional money. This can cause a delay in moving forward.

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

Nevada is in a holding pattern. Although the Administration has announced termination of the Yucca Mountain project, Nevada continues to have licensing responsibilities as well as the looming litigation issues referred to by the Attorney General. There is a court hearing coming up in March 2011 that may result in considerable expenses. Our legal team continues to work and we are trying to keep our technical team together in case the advocates in the House of Representatives and the industry prevail in some of the litigation.

MS. CROWLEY:

Budget account 101-1037 on page 10 of [Exhibit C](#) covers the payroll and operating costs for the Medicaid Fraud Control Unit (MFCU) and Senior Medicare Patrol (SMP). The MFCU is a federally mandated program responsible for investigating and prosecuting Medicaid provider fraud, cases of patient abuse or neglect, and misappropriations of patient trust funds. The SMP is a federally funded program for increasing seniors' awareness and understanding of health care programs to help protect them from Medicare and Medicaid fraud, error and abuse.



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This B/A supports the salary, benefits, travel and operating costs for 15 MFCU FTEs and 2 SMP FTEs.

The MFCU is funded with 75 percent federal funds and 25 percent recoveries. Funding for the SMP Program is 100 percent federal dollars received from the federal Administration on Aging SMP grant.

Decision units E-670 through E-672 are the Governor's budget reductions totaling \$89,132 for FY 2011-2012 and \$99,980 for FY 2012-2013.

E-670 5% Salary Reduction — Page ELECTED-84

E-671 Implement a Salary Freeze — Page ELECTED-84

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-85

Decision unit E-710 includes \$7,020 in FY 2011-2012 for replacement software and hardware consistent with DoIT's replacement schedule.

E-710 Equipment Replacement — Page ELECTED-85

Decision unit E-806 reclassifies all unclassified law enforcement investigator positions into classified service to enhance recruitment and retention of these positions.

E-806 Unclassified Position Salary Increases — Page ELECTED-85

CHAIR HORSFORD:

How would the implementation of A.B. 56 pertain to the recovery revenue?

ASSEMBLY BILL 56: Grants subpoena power to the Attorney General, acting through the Medicaid Fraud Control Unit, to obtain certain documents, records or materials. (BDR 18-119)

KEITH MUNRO (First Assistant Attorney General and Legislative Liaison, Office of the Attorney General):

There would be no budget implications resulting from the passage of A.B. 56.

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CHAIR HORSFORD:

How much recovery revenue does the Agency anticipate retaining in the upcoming biennium if A.B. 56 is approved?

MS. CORTEZ MASTO:

Mark Kemberling is the person who drafted A.B. 56 and can best respond to this question.

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

The federal match for the MFCU is 75 percent federal funds and 25 percent State funds. The estimate for future recoveries is based on the success of future suits or investigations which is not a hard and fast number. However, since 1991, the State has been able to fund the State's 25 percent obligation through its recoveries.

MS. CORTEZ MASTO:

If it is helpful, I can provide the recovery amounts for the past three to five years.

CHAIR HORSFORD:

Please provide that information to our Fiscal Division staff.

SENATOR DENIS:

Is there a fiscal impact if A.B. 56 is not passed?

MR. KEMBERLING:

No. It allows the MFCU to retain a reasonable amount of its costs for enforcement and allows them to apply it towards the State's obligatory match.

CHAIR HORSFORD:

Does the MFCU investigate both participant and provider fraud?

MR. KEMBERLING:

We primarily look at provider fraud perpetrated by those who provide services and submit claims for payment to Medicaid. Recipient fraud is covered by another entity within the Department of Health and Human Services (DHHS). We may look at both if some conspiracy issues exist where the provider and recipient or group of recipients were working together.

CHAIR HORSFORD:

What is done once a provider has been prosecuted for fraud to ensure they do not provide services in other capacities? An example came up in another hearing in which a provider was dismissed in one regard but then began working as a home health care provider. Is there anything in place to prevent this?

MR. KEMBERLING:

After conviction, or any successful case resolution, the offender is reported to the Office of Inspector General at the federal level. They are then put on an exclusion list which prohibits them from being providers or from working in any facilities receiving federally backed health care dollars. Additionally, they are reported to our State Medicaid agency.

In 2009, the Nevada MFCU worked with other states to strengthen some of the licensing and permit regulations and statutes regarding home health care employees without their own individual physician license or nursing certificate who had the ability to change their employment from one agency to another. Legislation was enacted in 2009 to put an end to, or at least greatly curtail, these activities. The new legislation increased the criminal convictions reporting requirements into the repository and increased some of the obligations of the employers regarding what to look for in their background checks on those individuals.

CHAIR HORSFORD:

Could you provide a copy of the legislation passed in 2009 and a written overview of what you just explained?

Medicaid fraud and abuse comes up often on the expenditure side in DHHS. We want to do whatever we can to reduce fraud, waste and abuse by both Medicaid providers and recipients. Medicaid is a large area of expenditure of State resources. We are interested in any recommendations to improve the integrity of the Medicaid program.

MS. CROWLEY:

We will move on to B/A 101-1033 on page 12 of [Exhibit C](#).

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This budget supports the salary, benefits, travel and operating costs for 27 FTEs working in the Workers Compensation Fraud Unit and 10 FTEs working in the Insurance Fraud Unit.

Decision units E-670 through E-672 are the Governor's budget reductions in the amount of \$173,150 in FY 2011-2012 and \$186,871 in FY 2012-2013.

E-670 5% Salary Reduction — Page ELECTED-74

E-671 Implement a Salary Freeze — Page ELECTED-74

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-75

Decision unit E-710 includes \$11,268 in FY 2011-2012 and \$27,816 in FY 2012-2013 for replacement software and hardware consistent with DoIT's replacement schedule.

E-710 Equipment Replacement — Page ELECTED-70

Decision unit E-806 reclassifies unclassified law enforcement investigator positions into classified service to enhance recruitment and retention of these positions.

E-806 Unclassified Position Salary Increases — Page ELECTED-75

SENATOR LESLIE:

I understand there were mistakes in the cost allocation plan in the administrative account that may affect the reserves in this account. Have the corrections been made?

MS. CROWLEY:

There will be an adjustment to some of our internal budget accounts of approximately \$1 million overall. The amount for this account is around \$300,000. I will get back to the Committee with the exact amount.

SENATOR LESLIE:

Do you think the revised reserves will be sufficient?

MS. CROWLEY  
Yes.

SENATOR CEGAVSKE:

Regarding replacement equipment, has anyone assessed each area individually to determine if any equipment replacement could be postponed rather than just using DoIT's replacement schedule across the board?

MS. CORTEZ MASTO:

My agency has been fiscally prudent in this area. I am a constitutional officer which enables some flexibility in managing funds. The last couple of budgets brought before you did not include a request for replacement equipment. Now, it is time to do so.

SENATOR DENIS:

There used to be a three-year replacement cycle on personal computers. It was changed to four years and now it is five years. The equipment is better than in the past. Sometimes, equipment may have to be changed out due to changes in software.

MS. CROWLEY:

Please refer to pages 14 and 36 through 38 in [Exhibit C](#) for detailed information on B/A 330-1038.

AG – Consumer Advocate — Budget Page ELECTED-88 (Volume I)  
Budget Account 330-1038

This budget monitors costs related to the Bureau of Consumer Protection. It is supported by State General Fund and Regulatory Utility Assessment funds.

Decision units E-670 through E-673 are the Governor's budget cuts resulting in a reduction of \$207,752 in FY 2011-2012 and \$223,104 in FY 2012-2013.

E-670 5% Salary Reduction — Page ELECTED-90

E-671 Implement a Salary Freeze — Page ELECTED-90

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-91

E-673 Reduce PEBP Subsidy for Part-Time Employees — Page ELECTED-91

Decision unit E-710 provides \$173,535 for FY 2011-2012 and \$45,403 in FY 2012-2013 for utility funded replacement software and hardware using DoIT's replacement schedule.

E-710 Equipment Replacement — Page ELECTED-92

Decision unit E-805 reclassifies an administrative assistant to an accounting assistant and changes the funding source from the General Fund to regulatory assessment funds resulting in a reduction of \$48,862 in FY 2011-2012 and \$48,708 in FY 2012-2013.

E-805 Classified Position Reclassifications — Page ELECTED-92

Decision unit E-806 reclassifies the law enforcement investigator positions into classified service resulting in an increase of \$2,606 in FY 2011-2012 and \$1,066 in FY 2012-2013.

E-806 Unclassified Position Salary Increases — Page ELECTED-92

CHAIR HORSFORD:

Has the Agency maintained any statistics about the impact of the added workload resulting from the transfer of the Department of Business and Industry (B&I) Consumer Affairs Division (CAD) duties to the AG that occurred during the 2009-2011 biennium?

MS. CORTEZ MASTO:

Before CAD was defunded, it processed all the consumer complaints providing individual assistance. The AG worked with CAD in looking for patterns of fraud and, when patterns were found, pursued investigations and prosecutions. Now the consumer is uncertain who to call for help. They may call the AG, the Better Business Bureau (BBB), or some other entity. The AG must be vigilant in working with our partners in gathering those complaints to figure out if there is a pattern of practice requiring prosecution for fraud. This has been our greatest challenge.

There is also a loss to the individual consumer. Previously, CAD helped each consumer with mediation or arbitration. Now, when there is only a single

individual complaint, the person must handle the problem on their own and their only option may be the Nevada Small Claims Court.

I can provide information on the number of consumer complaint calls received in our office after CAD was defunded.

CHAIR HORSFORD:

Given that CAD is recommended for permanent elimination in the *Executive Budget*, has the AG had any discussion with B&I regarding how the duties of the CAD will be assumed?

MR. MUNRO:

Terry Johnson, the Director of B&I, says he is trying to find a position for answering the consumer calls. This position, to the extent possible, would also be working with the AG to identify fraud patterns and practices.

CHAIR HORSFORD:

Assembly Bill No. 561 of the 75th Session did not eliminate CAD, but rather temporarily eliminated it with a sunset provision of June 30, 2011. If the 2011-2013 *Executive Budget* is approved permanently eliminating this division, we need a bill draft request to allow this action.

SENATOR DENIS:

I am concerned about the consumer. During this economic downturn, it is possible there will be increased consumer fraud and abuse over what we have seen in the past. It appears we are proposing to do less rather than more to protect the consumer.

MS. CORTEZ MASTO:

The AG does not work with the individual consumer. We look for patterns of practice of fraud and then we go after the business based upon the number of complaints received. In the past, CAD worked with the individual consumer to try to address their individual complaint. The CAD provided a form of mediation by bringing the business and consumer in to try to resolve the concern. Because CAD is no longer there, the consumer has no other vehicle for retribution other than possibly going to a small claims court.

SENATOR DENIS:

Are you working with the BBB during this transition to ensure consumers continue to be served?

ERNEST FIGUEROA (Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General):

We work with the BBB to identify patterns in practice from their perspective. Previously, CAD was the primary focal point for complaints. Since its elimination, we work with the BBB, the Federal Trade Commission and the U.S. Postal Service. We utilize consumer databases on the Internet. We also work with our sister agencies in other states to make sure we capture all the fraud taking place in Nevada.

SENATOR DENIS:

Will anything change with the permanent elimination of CAD?

MS. CORTEZ MASTO:

Our role does not change. The downside to all of this is the loss to the consumer.

SENATOR DENIS:

I am also concerned about a loss to the minority communities regarding some of the fraud that is occurring. We must do everything possible to ensure the consumer is protected as we move through this process.

SENATOR HORSFORD:

This will be further addressed in the Subcommittee on General Government under B&I. Could you please follow up and make sure these details are addressed by the B&I Director?

SENATOR CEGAVSKE:

Do you have staff assigned to the mortgage fraud area? Are any of those positions being eliminated?

MS. CORTEZ MASTO:

The Department of Justice awarded a grant in 2010 to fund investigators and prosecutors to support our mortgage fraud task force for a two-year period. As a result, we are hiring 4 investigators and 2 prosecutors who will work on over 200 cases involving foreclosure rescue scams, loan modification scams and



other forms of mortgage fraud. These positions are eliminated after the two-year grant period unless the funding is extended.

SENATOR CEGAVSKE:

Where do I refer people with mortgage fraud issues?

MS. CORTEZ MASTO:

They may file a complaint directly with my office.

MS. CROWLEY:

Budget account 101-1036 on page 16 and pages 39 to 42 of [Exhibit C](#), monitors costs relating to the Missing Children's Clearinghouse Unit. This account supports the salary, benefits, travel and operating costs for three FTEs.

AG – Crime Prevention — Budget Page ELECTED-78 (Volume I)  
Budget Account 101-1036

The funding is 79 percent from the General Fund and 21 percent deposited by the Department of Motor Vehicles license plate fees.

Decision units E-670 through E-672 are the Governor's budget reductions totaling \$15,244 for FY 2011-2012 and \$17,151 for FY 2012-2013.

E-670 5% Salary Reduction — Page ELECTED-79

E-671 Implement a Salary Freeze — Page ELECTED-80

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-80

Budget account 715-1348 on pages 17, 43 and 44 of [Exhibit C](#) monitors the costs relating to the Nevada Tort Claims. This account supports the salary, benefits, travel and operating costs for two FTEs.

AG – Attorney General Tort Claim Fund — Budget Page ELECTED-109  
(Volume I)  
Budget Account 715-1348

The funding for this budget comes from insurance premiums which are an internal service fund financed by premiums assessed to State agencies, boards and some counties.

Decision units E-670 through E-672 are the Governor's budget reductions totaling \$9,341 for FY 2011-2012 and \$12,658 for FY 2012-1013.

E-670 5% Salary Reduction — Page ELECTED-111

E-671 Implement a Salary Freeze — Page ELECTED-111

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-111

CHAIR HORSFORD:

Are there any potential large claims pending that would require using reserves in the account over the 2011-2013 biennium?

MS. CROWLEY:

Yes. For FY 2010-2011, there is \$2 million in reserve with \$2 million pending in claims. There will be sufficient funds unless there are additional claims.

As a side note, during the 26th Special Session, \$2 million was removed from our reserve account and applied toward budget reduction.

CHAIR HORSFORD:

Has the *Executive Budget* taken into consideration the statutory increase in the tort recovery limit effective October 1, 2011?

MS. CORTEZ MASTO:

The statutory limit of \$75,000 to \$100,000 simply gives the AG the ability to settle these claims under those limits without having to go to the Board of Examiners for approval. There may be an impact on the overall need for reserves.

CHAIR HORSFORD:

What is the justification for the 28.4 percent decrease in the fleet liability rate? Was the reduction a result of negotiations, or was it based solely on a declining liability risk?

MS. CROWLEY:

It is based on actuarial reports. An outside contractor establishes those rates based on historical information, current tort claims and by applying their own set of formulas.

We will now move to B/A 101-1002. This budget account monitors costs related to the Uniform Criminal Extradition Act, *Nevada Revised Statutes* (NRS) 179.177 through 179.235. Please refer to [Exhibit C](#) pages 18, 23 and 24 for additional information.

AG – Extradition Coordinator — Budget Page ELECTED-55 (Volume I)  
Budget Account 101-1002

One FTE was removed from this budget account last biennium. For the upcoming FY 2011-2013 biennium, the account includes the salary, benefits, travel and operating costs for 1.5 FTE positions.

This budget is supported by approximately 88 percent General Fund appropriation and 12 percent recoveries.

Decision units E-670 through E-673 are the Governor's budget reductions totaling \$20,941 for the 2011-2013 biennium.

E-670 5% Salary Reduction — Page ELECTED-56

E-671 Implement a Salary Freeze — Page ELECTED-57

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-57

Decision unit E-710 contains \$4,850 for replacement of software and hardware consistent with DoIT's replacement schedule.

E-710 Equipment Replacement — Page ELECTED-58

MS. CORTEZ MASTO:

In response to an earlier question from Senator Cegavske regarding restitution costs in this budget account, please refer to page 46 of [Exhibit C](#). The last paragraph under Section 4 - Workload Statistics, explains how the money comes into the restitution. It is not controlled by the AG. It is dependent upon

what is ordered by a sentencing judge in reimbursement to Nevada for costs incurred in returning the inmate to this State and upon the collection of the restitution from the individual by the Department of Parole and Probation.

SENATOR RHOADS:

Please explain how the reimbursement of extradition funds to the counties works and whether there are any new demands being placed on local governments.

WENDY LIVERMORE (Extradition Officer, Office of the Attorney General):

The restitution fund reimburses counties for any law enforcement activities, including State agencies such as the Nevada Division of Investigation and Nevada Highway Patrol, for out-of-state felony extraditions where the offenders are returned to Nevada for criminal prosecution. General Fund monies are used for these reimbursements and we then try to get the court to set the restitution amount for the offender to repay the State as part of the sentencing.

MS. CROWLEY:

We will now move to B/A 101-1041 on page 19 of [Exhibit C](#). This budget monitors costs relating to the Advisory Council for Prosecuting Attorneys.

AG – Council for Prosecuting Attorneys — Budget Page ELECTED-100  
(Volume I)  
Budget Account 101-1041

This account supports the salary, benefits, travel and operation costs for one FTE.

The funding comes primarily from administrative assessments pursuant to NRS 176.059. There is approximately \$100 in General Fund money and some grant funding pursuant to Nevada Revised Statutes 241A.090.

Decision units E-670 and E-672 are the Governor's budget reductions totaling \$12,324 for the 2011-2013 biennium.

E-670 5% Salary Reduction — Page ELECTED-102

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-102

Decision unit E-710 includes \$2,042 for replacement software and hardware consistent with DoIT's replacement schedule.

E-710 Equipment Replacement — Page ELECTED-102

Budget account 101-1042, pages 20 and 49 through 51 of [Exhibit C](#), monitors costs related to the domestic violence ombudsman, the Committee on Domestic Violence and the Domestic Violence Council.

AG – Victims of Domestic Violence — Budget Page ELECTED-105 (Volume I)  
Budget Account 101-1042

This account supports the salary, benefits, travel and operating costs for one FTE.

Funding for this account comes from court assessments and district court assessment fees.

Decision unit E-670 is the Governor's budget reduction totaling \$6,972 for the 2011-2013 biennium.

E-670 5% Salary Reduction — Page ELECTED-107

Next is B/A 101-1040 on page 21 of [Exhibit C](#) which monitors costs related to the Violence Against Women Grants.

AG – Violence Against Women Grants — Budget Page ELECTED-95 (Volume I)  
Budget Account 101-1040

This account supports the salary, benefits, travel and operating costs for 3.75 FTEs. The account is supported by the Violence Against Women Formula grant, Grants to Encourage Arrest Policies Program, Sex Assault Services Program grant and Rural Grant and American Recovery and Reinvestment Act of 2009 (ARRA), and Services, Training, Officers, and Prosecutors (STOP) grant which will be expiring in early FY 2011-2012.

Decision units E-670 through E-672 are the Governor's budget reductions totaling \$41,819.

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E-670 5% Salary Reduction — Page ELECTED-97

E-671 Implement a Salary Freeze — Page ELECTED-97

E-672 Suspend Longevity for FY12 & FY13 — Page ELECTED-98

SENATOR LESLIE:

What will happen to the staff positions when the ARRA funds are gone?

MS. CORTEZ MASTO:

Unless we have the ability to absorb them within our existing budget accounts, they will be eliminated.

SENATOR LESLIE:

Will this occur during the 2011-2012 biennium?

MS. CROWLEY:

The ARRA funding will be expiring early in FY 2011-2012.

SENATOR LESLIE:

Do you have a description of the duties of these positions?

MS. CORTEZ MASTO:

Page 52 of the expanded narrative of [Exhibit C](#) describes the various grant programs and the responsibilities of the supporting staff.

SENATOR LESLIE:

I am particularly concerned about the rural areas. Do you get any statistical or activity reports from those areas?

ELIZABETH GREB (Grants and Projects Analyst, Office of the Attorney General):

The recovery monies come from ARRA and STOP funds which will be expiring in early 2012. All the recovery monies are obligated and will be spent by December 11, 2011.

SENATOR LESLIE:

Does this mean positions funded with this grant will end in December 2011?

MS. GREB:

Yes. There are subgrantees with approximately 43 FTEs funded with these funds. We have already notified those subgrantees, based on the information received from the Office on Violence Against Women, that they can expect a 20 percent to 30 percent cut in next year's allocation.

SENATOR LESLIE:

Will they be able to continue their services at that reduced level?

MS. GREB:

It is debatable. We are encouraging everyone to pursue all possible sources of grant and foundation money.

SENATOR LESLIE:

Could you describe what they have been doing in rural Nevada?

MS. GREB:

There are many cases in rural Nevada involving domestic violence, child sexual abuse and sexual assaults in general. There is little ability in the county prosecutors' offices to specialize in these crimes as they are difficult and time consuming.

Currently, there are two grants. One pays for a specialized prosecutor, a DAG in our office, cross-deputized with the District Attorneys' Offices in White Pine, Eureka, and Lincoln Counties. This grant expires September 30, 2011, at which time we will submit an application requesting funding for another two years. We have another rural grant we are using to set up a similar project in Nye, Mineral and Esmeralda Counties. That grant will not expire until September 2012 at which time we would reapply for continued funding. The grants will fund prosecutors and training for the specialized prosecutors.

SENATOR LESLIE:

There have been discussions about reducing Temporary Assistance for Needy Families that will affect the women's shelters in rural Nevada. The funding is already so thin I am worried the whole system may fall apart.

MS. GREB:

There are discretionary grants available for community-based service providers. More money can be offered through discretionary grants as opposed to the

formula grants. The formula cap for the rural areas is usually around \$25,000 to \$30,000, whereas the discretionary grants can allow as much as \$300,000 into these communities or regions for two years.

SENATOR LESLIE:

Can you please provide the most recent information you have on this?

SENATOR CEGAVSKE:

Regarding the performance indicators, it would be helpful to have statistics by numbers rather than percentages and then have the various items broken down by the type of grant program.

MS. CORTEZ MASTO:

We can only report numbers provided by the service providers we work with. There is no statewide database. Additionally, there are many unreported incidents.

SENATOR CEGAVSKE:

I understand, but more detailed data is helpful when evaluating programs and funding.

Regarding the reclassifications of the investigator positions, my rough calculations show there would be an increased cost of over \$500,000 for the salary and benefits if this change takes place.

MS. CORTEZ MASTO:

I will provide a chart showing the complete costs, salary and benefits of all the investigator positions slated to be reclassified.



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CHAIR HORSFORD:

There being no further business before this Committee, this hearing is adjourned at 9:44 a.m.

RESPECTFULLY SUBMITTED:

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Jackie Cheney,  
Committee Secretary

APPROVED BY:

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Senator Steven A. Horsford, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Finance

**Date:** February 16, 2011

**Time of Meeting:** 8:00 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance
	C	Catherine Cortez Masto, Attorney General, Office of the Attorney General	Office of the Attorney General, Budget Presentation, 2011-2013 Biennium