

<pitch=12>

TYPE OF FISCAL IMPACT		FUNDS AFFECTED:		() Other:		
		(x) General	() Highway	() Local		
		County/				
	State Gov't	Local Gov't	State Fiscal Impact	FY 89-90	FY 90-91	FY 91-92
No Fiscal Impact	()	()	State Total Req'ments	77,015	172,419	212,419
			Receipts/Revenues	0	80,000	120,000
Increase Expenditure	(x)	()	Net State Expend./Rev.	77,015	92,419	92,419
			No. of Positions	2	4	5
Decrease Expenditure	()	()				
			Local Fiscal Impact	FY	FY	FY
Increase Revenue	(x)	()				
			Local Total Req'ments			
Decrease Revenue	()	()	Receipts/Revenues			
			Net Local Expend./Rev.			
No Estimate Avail.	()	()	No. of Positions			

Description of Legislation

1. Summary of Legislation

The act prohibits employment discrimination based on race, color, religion, age, sex, and national origin. The Human Relations council will enforce the Act.

2. Effective Date: October 1, 1989

3. Fund or Tax Affected: General Fund

4. Principal Department/Program Affected: Department of Administration,
Human Relations Council

Cost or Revenue Impact on State

	FY 89-90	FY 90-91	FY 91-92
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues	77,015	92,419	92,419
3. Fiscal/Revenue Assumptions			
Cost/Revenue Impact on County or Local Government			
	FY 88-89	FY 89-90	FY
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues			
3. Fiscal/Revenue Assumptions			

Sources of Data for Fiscal Note: Equal Employment Opportunity Commission, Office of State Personnel, Human Relations, Council, and the Civil Rights Division of the Office of Administrative Hearings.

Technical Considerations/Comments

The cost of HB 587 is determined by the number of cases investigated by the Human Relations Council. According to Council staff, the Fiscal Year 89-90 caseload will be approximately 112 at an additional cost of \$77,015 to the General Fund. This initial staff effort covers only 3.7% of the 3000+ cases filed each year. If the Council were to investigate 50% of the employment complaints now filed each year with the EEOC, the General Fund cost would rise to \$932,317 per year (based on current year dollars).

Deferral Agency

HB 587 permits persons injured by unlawful employment practices to file their complaints with the Human Relations Council in the Department of Administration. Currently these complaints are filed with the U.S. Equal Employment Opportunity Commission (EEOC). In federal fiscal year 1988 there were 3,251 such cases filed with the EEOC. Upon the passage of HB 587, the Human Relations Council would apply to the EEOC to become a certified 706 deferral agency. If the EEOC approves the Council

as a deferral agency, then a portion of the 3000+ caseload would be given the state based on its commitment of funds.

Once the General Assembly has shown its willingness to fund the Council for its initial caseload, the EEOC will agree to pay \$400 per case closed for a contracted number of cases. These funds will be available during the second year of operation and cannot be used to replace state funds. The \$400 payment per case is not intended to reimburse the state for the true cost of investigations.

Fiscal Year 89-90

The Council would like to begin the program with 150 cases based on the federal fiscal year or 112 in the state fiscal year. With its existing staff of 2 Human Relation Specialists and 1.5 clerical positions, the Human Relations Council could do only 70 to 80 cases each year. (This estimate assumes that each

investigator can handle 35 to 40 cases per year.) To do 150 cases, the Council would need to add two investigators and one clerical position in fiscal year 89-90. If the positions were hired in September, the expansion budget request would equal \$77,015 as calculated below.

Human Relations Specialist I (Gr 70, step 2D)	\$25,884
Human Relations Specialist I (Gr 70, step 2D)	25,884
Clerk Stenographer IV (Gr 59, step 1)	<u>15,624</u>
salaries	<u>\$67,392</u>
fringe benefits	16,027
travel, office space, supplies	<u>9,000</u>
	\$92,419
Assume 10 months operation in the first year	<u>x 8.33</u>
	\$77,015

Fiscal Year 90-91

In the second year of operation, the Council would contract with EEOC to do 200 cases and would seek \$80,000 in federal funds (200 x \$400 per case). The \$80,000 would be used to fund two additional Human Relations Specialist I positions. The General Fund cost would increase slightly to \$92,419 to

annualize the three positions added the previous year. The second year budget is as follows:

Annualized Year One - G.F.	\$92,419
Two Receipt positions	80,000
Total	\$172,419

Future Costs

North Carolinians filed 3,531 complaints with the EEOC in federal fiscal year 1987. Last federal fiscal year there were 3,251 complaints filed with EEOC from North Carolina. If the Human Relations Council were to handle 50% of the annual cases filed at some future time, the additional General Fund cost would be as follows:

ASSUMPTIONS

3,251 annual cases x .5 = 1,625 cases
40 cases per investigator per year
1,625 / 40 = 41 investigators
41 - 2 (current staff) = 39 investigators needed

1 additional clerk for every 500 cases
1,625 / 500 = 3.25 clerks
3.25 - 1.5 (current staff) = 1.75 clerks needed

1 supervisor per every 8 investigators (EEOC has ratio of 1:7)
41 / 8 = 5 supervisors needed

1,625 cases x \$400 per case = \$650,000 EEOC payment to N.C.

39 Human Relations Specialist I's	X	\$34,868 =	\$1,359,852
1.75 Clerk Stenographer IV's	X	19,683 =	34,445
5 Human Relations Specialist II's	X	37,604 =	188,020
45.75 additional positions			<u>\$1,582,317</u>

EEOC funds for 1,625 cases	(650,000)
General Fund appropriation	<u>932,317</u>



**Official
Fiscal Research Division
Publication**

Signed Copy Located in the NCGA Principal Clerk's Offices