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**DEPARTMENT OF EMPLOYMENT, TRAINING & REHABILITATION**  
**S.B. 22 TESTIMONY**

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Prepared

Mr. Chairman and Members of the Commerce and Labor Committee, I am Lynda Parven, Administrator for the Nevada Equal Rights Commission (NERC) of the Department of Employment, Training, and Rehabilitation. Although the Fiscal Note on S.B. 22 indicates there is no effect on the state, we believe there will be a fiscal impact to the NERC. As you know, the NERC, pursuant to NRS 613.310.2, presently applies the same employment discrimination eligibility criteria as federal law. The federal and Nevada equal employment opportunity criteria requires that the employer have "...15 or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year..." Additionally, the person must file an employment discrimination complaint, based on race; color; religion; national origin; sex; age (40+), and/or disability as defined by the American with Disabilities Act of 1990. In 1999, the Nevada Legislature added sexual orientation as a discriminatory criterion, which is not part of the federal laws.

The following represent, what I believe, are some of the significant effects that S.B. 22 will have in Nevada:

- We would expect that the number of new **state-funded only** employment discrimination cases that the NERC would have to handle would increase annually by 16-19% or 336 new cases, based on the average annual caseload of approximately

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1,860 cases, rising to 2,196 during the FFY that the law would take effect. According to the Department of Employment, Training, and Rehabilitation's Division of Information Development and Processing, Research and Analysis, there are approximately 15,000 employers in the 5-14 employee category representing approximately 160,212 persons.

- These new **State of Nevada only** cases would not receive federal funding through the Equal Employment Opportunity Commission (EEOC) as that office only covers employers who have 15+ employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year. The work sharing agreement between the EEOC and NERC would only cover cases that met the federal EEOC criteria.
- Based on the current work performance standard of ten to twelve (10 - 12) case closures, per month, per Compliance Investigator, there would be a need to allocate two and one half (2 1/2) Compliance Investigator II, Grade 32, at an annual cost of approximately \$177,054 to handle the additional cases. This includes salary and related costs.
- Conservatively, we would estimate \$1000 in printing and public education costs to inform employers with 5-14 employees of the new law (included in the \$177,054 above).
- The total fiscal impact of S.B. 22 on the small business environment, for those employers with 5-14 employees, is unknown. When the criteria of 15 or more employees was initially decided upon by the U.S. Congress, the rationale was that an

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employer would have a large enough business to have, or show a "community responsibility" and to provide an example to everyone in commerce of how to conduct proper, non-discriminatory business. When the Civil Rights Act of 1964 was enacted, the argument was made to keep the number of employees at 15 or more so as not to create laws or restrict commerce of fledgling businesses by opening the doors of the "mom and pop" businesses to regulation of the federal government. It was argued that consequences for including employers with less than 15 employees would have an adverse impact on the small business environment. It appears that when federal law was created, it was done with the intention of preventing unfunded mandates on the smaller employer.

In my research, I located three (3) states, Idaho, Oregon, and California, which have laws whereby employers with 5-14 employees are subject to enforcement of discrimination complaints. While the specific impact on costs and staffing could not be identified, California indicated these cases comprise 8% of their caseload, and Idaho stated these cases represent 19% of their total caseload. Oregon did not respond to requests for information.

In summary, enactment of S.B. 22 would result in an annual fiscal impact of \$177,054 on the State General Fund based on two and one half (2 1/2) new Compliance Investigator II, which includes salary and related costs. The fiscal and economic impact on small businesses and commerce in general, is unknown.

I would be pleased to answer any questions the Committee members might have at this time.