

NYC COALITION TO
STOP
CREDIT
CHECKS
IN EMPLOYMENT

Employment Credit Checks Harm New Yorkers

Nearly half of U.S. employers now check the credit histories of job applicants and sometimes employees, and use the information in making hiring, firing, and other employment decisions. This practice blocks qualified workers — including people whose credit was damaged as a result of medical debt, divorce, layoffs, or discriminatory lending — from desperately-needed jobs.

New York City should enact the Stop Credit Discrimination in Employment Act. This bill would prohibit the use of credit history in hiring and other employment-related decisions. Here's why:

A person's credit history does not predict job performance.

A representative of TransUnion, one of the "Big 3" credit bureaus, admitted under oath that "we don't have any research to show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud." In spite of this, credit reporting agencies are aggressively marketing the use of credit reports and lobbying *against* bills that would restrict employment credit checks.

Employment credit checks have a discriminatory impact.

People and communities of color have been disproportionately affected by predatory lending and the economic downturn, which contribute to damaged credit history. The Equal Employment Opportunity Commission has said that rejecting job applicants based on credit history "has an unlawful discriminatory impact because of race and is neither job-related nor justified by business necessity."

Credit reports are notoriously inaccurate.

One in four credit reports contains serious errors, and 79% of credit reports contain mistakes of some kind, according to a national study.

Credit checks violate workers' privacy.

Credit reports can reveal deeply personal information, including about someone's medical history, divorce, or whether someone has experienced foreclosure or other financial hardship.

Credit checks create a Catch-22 for struggling New Yorkers.

As the economic crisis continues, a growing number of New Yorkers find themselves in a Catch-22: unable to secure a job because of damaged credit, and unable to escape debt and improve their credit because they can't find work.



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