

Equal Employment for All Act

A poor credit score is more often the result of medical bills or unemployment than a mark of someone's character or ability to perform in the workplace – but employers are still using credit reports to evaluate job applicants.

Following the 2008 financial crisis, millions of Americans confronted job loss, shrinking home prices, and depreciated savings. For too many, the fallout from the crisis also damaged their credit. And credit reports are not always accurate: investigations have revealed flaws in more than a third of Americans' credit reports. Moreover, poor credit disproportionately targets women, minorities, and those already struggling financially. Including credit checks as part of the hiring process thus bars qualified workers from good jobs based on potentially inaccurate information about their credit history that has no bearing on their job performance.

The *Equal Employment for All Act* would ensure that hiring and other employment decisions are made based on an individual's merits and not their credit reports.

What the bill does:

- Amends the *Fair Credit Reporting Act* to stop employers from requiring or suggesting that applicants disclose their credit history and from procuring a consumer or investigative report.
- Prohibits credit reporting agencies from providing credit reports to employers for use in employment decisions.
- Prohibits employers from disqualifying employees based on a poor credit rating, or information on a consumer's creditworthiness, standing, or capacity.
- Includes exemptions for positions that require national security clearance or as otherwise required by law.

Who it will impact:

- Minorities: credit reports in the hiring process are disproportionately used to disqualify people of color from open positions.
- Women: the fallout from a divorce often hits women's finances particularly hard, and women are more likely to receive subprime loans than men.
- Foreclosures: a foreclosure can push down a credit score by as much as 250 points for seven years; the spike in foreclosures during the recession left many more individuals and families denied employment when credit reports are required.

Why we need it:

- There is no evidence to suggest that credit is an indicator of one's work ability.
- Errors in credit reports are common and, in many cases, difficult to correct.
- Bad credit keeps struggling families out of the workforce, worsening their financial circumstances.