FACT SHEET: Equal Employment for All Act

Overview: The Equal Employment for All Act would prohibit employers from requiring prospective employees to disclose their credit history. Extensive research has shown that a family's poor credit is more often the result of medical bills or unemployment than a mark of someone's character or ability to perform in the workplace. Following the financial crisis five years ago, millions of people confronted job loss, shrinking home prices, and depreciated savings. For too many people, the fallout from the crisis also damaged their credit. Today, credit reports are not always accurate, and poor credit disproportionately targets women, minorities, and those already struggling financially. Including credit checks as part of the hiring process bars qualified workers from entering the workforce. The Equal Employment for All Act would make sure that hiring decisions are made based on an individual's skill and experience rather than credit reports.

> *"A bad credit rating is far more often the result of unexpected medical costs, unemployment, economic downturns, or other bad breaks than it is a reflection on an individual's character or abilities. Families have not fully recovered from the 2008 financial crisis, and too many Americans are still searching for jobs. This is about basic fairness—let people compete on the merits, not on whether they already have enough money to pay all their bills."– Senator Elizabeth Warren*

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 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

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 250 points for seven years; the spike in foreclosures during the recession has 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