

# Credit check law has fans, foes

By [Darrell Smith](#)  
[dvsmith@sacbee.com](mailto:dvsmith@sacbee.com)

Published: Wednesday, Oct. 12, 2011 - 12:00 am | Page 6B

---

A new state law barring most employers from using pre-employment credit checks in hiring could remove another hurdle to work for jobless Californians.

Assembly Bill 22, authored by Assemblyman Tony Mendoza, D-Artesia, would put the brakes on most employee credit checks. California becomes the seventh state in the nation to enact such a law.

The law "lifts the barriers that prospective employees will have to go through to get a job," Mendoza said on Tuesday. "Now they will be able to find jobs without the pressure of credit checks."

Jobs including those in the state's Department of Justice and law enforcement, managerial positions and those which control \$10,000 or more during their workday are excepted. And, employers can still conduct background checks of prospective hires.

But, with high unemployment in California, pre-hire credit checks and the companies that provide credit reports to employers have become a hot-button issue.

Connecticut, Hawaii, Illinois, Maryland, Oregon and Washington already have imposed pre-employment credit-check bans and similar legislation has been proposed or is pending in 28 states, according to the National Conference of State Legislatures.

"It is a big deal for employers. They use credit checks and background checks all the time," said Amelya Stevenson, president of the Sacramento Area Human Resource Association. "Employers like to know and check out new employees, particularly in (money-holding) roles. This is really going to impact them."

An August 2010 Society of Human Resource Management survey shows that 47 percent of employers conduct credit background checks on select candidates, while 13 percent conduct such checks on all of its candidates.

Atop the reasons: preventing employee theft and embezzlement and reducing liability for negligent hiring, the survey read. Employee theft accounted for 40 percent of retailers' losses nationwide, or some \$15.9 billion, according to the National Retail Security Survey.

Numerous business groups oppose the new law including the California Association of Realtors, California Grocers Association and the California Chamber of Commerce, which named AB 22 to its 2011 list of "job killer" bills.

CalChamber says the new law ties the hands of business owners by exposing them to risks of theft or other potential problems.

But credit-check opponents say the reports unfairly weed out candidates whose scores were damaged by layoffs, foreclosures, mounting college debt or other financial hardships.

"The practice points to a troubling question," said Ann Marie Strassel, spokeswoman for hospitality workers union Unite Here. Strasse, who moderated a conference call of labor and civil rights leaders in Los Angeles on Tuesday calling for a ban on sales of credit reports to employers. "Will job seekers be judged on their skills or whether they've fallen on hard times?"

Such sales to employers are still allowed under AB 22, prompting one of the call's panelists to say the credit-check bill doesn't do enough to protect job seekers.

"I don't believe it goes far enough. The opportunity to request a report is still there," said Rev. Eric Lee, president and chief executive of the California Christian Leadership Conference.

But local human resources professional Jeff Dunn, a past president of the Sacramento Area Human Resource Association, said the new law will come as a relief to hiring officers who say credit checks for all employees is costly and unnecessarily slows hiring decisions.

"Employers are thrilled that there are fewer things they have to process," Dunn said. "It speeds up the hiring process. It's one less hurdle toward hiring a candidate."

*[© Copyright The Sacramento Bee. All rights reserved.](#)*

Read more: <http://www.sacbee.com/2011/10/12/3975456/credit-check-law-has-fans-foes.html#ixzz1cgOMcEQ9>