



January 15, 2015

Dear Mayor de Blasio and Members of the City Council:

As leaders in New York City who are concerned about economic and racial injustice, we call on you to enact Intro. 261, The Stop Credit Discrimination in Employment Act, and to ensure that this legislation does not include unjustified exemptions. The common practice of using credit checks to screen job applicants creates illegitimate barriers to employment, exacerbates racial discrimination, and may lead to invasions of privacy.

Nearly half of employers in the United States conduct employment credit checks when hiring for some or all positions. In New York City, credit checks are required for jobs as diverse as dog walkers, insurance salespeople, maintenance workers, and cashiers at major retail chains, in addition to many other positions. Yet despite the widespread use of employment credit checks, there is no empirical evidence that reviewing personal credit history when hiring produces a more reliable, honest, or trustworthy workforce.

At the same time, using credit history in hiring can disproportionately screen out people of color from job opportunities. This occurs because, on average, African Americans and Latinos are more likely to struggle with weak credit than white consumers. There are many reasons for this disparity: in New York and throughout the country, predatory lending has targeted communities of color for deceptive mortgages that ruin household credit. The nation's growing racial wealth gap also leaves people of color with fewer resources to draw on in times of need, even as the impact of racial discrimination persists in employment, education, and in housing. All of this makes people of color more likely to face financial difficulties and have poor credit as a result. Employment credit checks fuel this racial injustice, shutting people out of jobs even as they struggle with debt.

While people of color are harmed the most, New Yorkers from every community in the city are vulnerable to credit discrimination, whether they are dealing with medical bills, student loans, a layoff, divorce, identity theft, or simply the very common problem of having an error in their credit report. Research from the public policy organization Dēmos finds that poor credit is commonly associated with a lack of health coverage and medical debt as well as with household unemployment. The unemployed are especially susceptible to a vicious cycle: job-seekers can't get work because of their damaged credit and then they can't repay their debts and improve their credit because they can't get a job. It's a trap no New Yorker should have to contend with.

The reality is that credit reports are a financial product, initially developed to help lenders evaluate the risks of making a loan to a particular consumer. In recent years, for-profit credit reporting companies have sought new markets for credit reports, aggressively promoting them to employers as a method to assess a job applicant's character or propensity to commit fraud or theft. It makes sense that employers would seek such a predictive tool: yet the promise of credit checks is false. There is no proven link between personal credit reports and criminal conduct or job performance.

In an effort to combat credit discrimination, ten states (CA, CO, CT, HI, IL, MD, NV, OR, VT, and WA) have taken action to restrict the use of personal credit history in hiring. Yet all of these laws fall short, including carve-outs and exemptions that allow discrimination to persist for some positions – effectively setting a ceiling on opportunity or shutting workers out of the very industries they may have trained for. In some cases, exemptions are so vague and far-reaching that credit checks are allowed to persist for every position. Legislation passed by the New York State Assembly (A.7056) and introduced by U.S. Senator Elizabeth Warren (the Equal Employment for All Act S.1837) provides a model for the type of strong bill that would ban credit discrimination without unjustified exemptions, but neither bill has been signed into law. This leaves New York City with an opportunity to be a national leader in banning discrimination. New York City is ready: Mayor de Blasio has called the practice of denying jobs because of credit history “unacceptable” and 41 members of the City Council have already signed on to Intro. 261 in its current, strong form.

We call on New York to enact the strongest protection in the nation against credit discrimination by passing Intro. 261 without exemptions.

Sincerely,*

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*Organization affiliation is for identification purposes only.