



July 17, 2009

The Honorable Steve Cohen
1005 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Cohen:

On behalf of the undersigned organizations, we write to express our support for the "Equal Employment for All Act." This bill will help those struggling to find work by prohibiting the use of credit reports for employment purposes except in specific limited situations where significant business necessity exists.

The number of employers who use credit checks as a factor in hiring decisions is growing rapidly. Recent news articles report that 43% of employers use credit checks as a factor in making hiring decisions, and often for jobs that do not involve exposure to money or other sensitive information. Currently, the Fair Credit Reporting Act (FCRA), which this bill would amend, allows employers to use credit information for employment purposes as long as they comply with federal and state equal employment laws, but this has not provided enough protection.

We are particularly concerned about the disparate impact that credit checks have on minority job applicants, which potentially violates Title VII of the Civil Rights Act of 1964. Many studies have shown that racial and ethnic minorities are more likely to have low average credit scores (one study shows 48% of African-Americans and 34% of Latinos have negative credit histories vs. only 27% of Whites). In addition, the various reasons why people tend to end up with bad credit (bankruptcy filings, lending discrimination, and certain jobs) also correlate with race, which only aggravates the problem.

Not only do these credit checks have a disparate impact on minorities, but they also are generally not job-related (with the exceptions noted in the bill for national security or other sensitive positions). First, credit reports have been shown to be rife with errors and on that basis alone should not be used for hiring decisions. Second, bad credit is often the result of situations outside of a person's control such as disability, divorce, or predatory lending practices that clearly have no bearing on a person's trustworthiness or ability to perform a job. And finally, there is little evidence that credit information is ever a predictor of successful job performance.

The disproportionate effect the current economic downturn has had on people of color also exacerbates the problem with using credit checks. In May 2009, the unemployment rate for African-American men was 16.6%, almost double from the year before, and was at 12.7% for Latinos. This bill is necessary to stop a vicious cycle for those trying to improve their credit, and to prevent the loss of job opportunities for those who need them most.

In closing, this bill would advance civil rights and equal employment opportunity. For these reasons, the undersigned organizations strongly support the "Equal Employment for All Act." If you have any questions, please feel free to contact Leadership Conference on Civil Rights (LCCR) Counsel and Policy Analyst Paul Edenfield at (202) 263-2852, or Audrey Wiggins Lawyers' Committee for Civil Rights Under Law Director of the Employment Discrimination Project at (202) 662-8326.

Sincerely,

Asian American Justice Center

Communication Workers of America, AFL-CIO

Lawyers' Committee for Civil Rights Under Law

Leadership Conference on Civil Rights

International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, UAW

NAACP

NAACP Legal Defense and Educational Fund

National Community Reinvestment Coalition

National Council of La Raza

National Employment Lawyers Association

National Fair Housing Alliance

National Partnership for Women and Families

National Women's Law Center

Women Employed