

PA 11-223

SB0361

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**103**

**H – 1120**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2011**

**VOL.54  
PART 29  
9635 – 9973**

pt/tj/lxe/gbr  
HOUSE OF REPRESENTATIVES

538  
June 8, 2011

On page 33, Calendar 628, substitute for Senate  
Bill Number 361, AN ACT PREVENTING THE USE OF CREDIT  
SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS.

Favorable report of the Committee on Appropriations.

DEPUTY SPEAKER ALTOBELLO:

Representative Zalaski, you have the floor.

REP. ZALASKI (81st):

Thank you, Mr. Speaker. I move for acceptance of  
the Joint Committee's Favorable Report and passage of  
the bill in concurrence with the Senate.

DEPUTY SPEAKER ALTOBELLO:

Question before the Chamber is acceptance and  
passage. Please proceed.

REP. ZALASKI (81st):

Mr. Speaker, the Clerk has an amendment, LCO  
8020. I would ask the Clerk to please call the  
amendment --

DEPUTY SPEAKER ALTOBELLO:

Clerk, please call LCO 8020.

THE CLERK:

LCO Number 8020, Senate "A", offered by Senator  
Looney and Senator Prague.

DEPUTY SPEAKER ALTOBELLO:

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Representative Zalaski.

REP. ZALASKI (81st):

Thank you, Mr. Speaker. This amendment allows complaints to be filed with the Department of Labor if an employer uses credit scores in certain hiring decisions and I move adoption.

DEPUTY SPEAKER ALTOBELLO:

Question before the Chamber is adoption of Senate "A". Adoption of Senate "A"? If not, I'll try your minds, all those in favor please signify by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

Opposed? The Ayes have it. Senate "A" is adopted.

Further on the bill as amended? Representative Zalaski.

REP. ZALASKI (81st):

Thank you, Mr. Speaker. I ask that this move to the Consent Calendar.

DEPUTY SPEAKER ALTOBELLO:

Question before --

REPRESENTATIVES:

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No.

DEPUTY SPEAKER ALTOBELLO:

He was only asking, gang. He wasn't threatening or anything, and waving or gesticulating.

Evidently this is not ready for the Consent Calendar. Further on the bill as amended? If not, staff and guests please retire to the Well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting by roll call. Members to the Chamber, please.

(Representative Aresimowicz of the 30th District in the Chair.)

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Please check the board to ensure your vote has been properly cast. If all the members have voted -- if all the members have voted, the machine will be locked, the Clerk will take a tally. The Clerk will announce the tally.

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THE CLERK:

Senate Bill 361 as amended by Senate "A" in  
concurrence with the Senate.

Total Number voting	146
Necessary for passage	74
Those voting Yea	135
Those voting Nay	12
Those absent and not voting	4

DEPUTY SPEAKER ARESIMOWICZ:

The bill is adopted as amended -- adopted.

Will the Clerk please call Calendar Number 524.

THE CLERK:

On page 45, Calendar 524, substitute for Senate  
Bill Number 1153, AN ACT ESTABLISHING A TASK FORCE TO  
STUDY LIFE INSURANCE POLICY AND ANNUITY CONVERSIONS  
AND THE PROVISION OF CERTAIN NOTIFICATIONS BY LIFE  
INSURANCE COMPANIES. Favorable report of the  
Committee on Government Administration and Elections.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Megna, you have the floor, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker. I move the Committee's  
Joint Favorable Report, passage of the bill in

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**JUDICIARY  
PART 19  
5940 – 6247**

**2011**

140  
rgd/mb/gbr JUDICIARY COMMITTEE

April 4, 2011  
10:00 A.M.

REP. HETHERINGTON: Okay. I don't mean to bog down on you. That's fine.

WESLEY HORTON: No. I --

REP. HETHERINGTON: I just thought that you might know. Okay. Okay.

WESLEY HORTON: Well, I've got a list of all the states here. (Inaudible). And Maine.

I do not have that information. I'm sorry.

REP. HETHERINGTON: Okay. Thank you very much.

SENATOR COLEMAN: Are there other questions? Another question.

WESLEY HORTON: Thank you, sir.

SENATOR COLEMAN: I've got one question.

WESLEY HORTON: Oh, I'm sorry.

SENATOR COLEMAN: Have you heard anything from (inaudible)?

WESLEY HORTON: He At this moment is in Houston cheering -- he's about to cheer on the UConn men's basketball team.

SENATOR COLEMAN: I hope his efforts prove successful. Good to see you.

WESLEY HORTON: Yeah. Good. I will mention that to him.

SENATOR COLEMAN: Thank you, sir.

Representative Matt Lesser.

REP. LESSER: Good afternoon, Senator Coleman,

HB 6641  
SB 361

Senator Kissel, Representative Hetherington and Vice Chairman Holder-Winfield and honorable members of the committee. I wish to testify in support of raised bill 6641, AN ACT CONCERNING THE USE OF CREDIT REPORTS IN EMPLOYMENT DECISIONS. This bill along with Senator Looney's S.B. 361, which originated in the Labor Committee, would go a long way to protecting employers, employees and job seekers in Connecticut.

In this economy we all know it is tough to get a job. As many as half of employers in Connecticut, however, require employees to provide a consumer credit report to their employer. This is a significant invasion of an employee's privacy and it is a significant barrier for employment for some of our constituents, yet there is no evidence of any link between an employee's credit rating and their job performance.

We do know who has bad credit, the unemployed, victims of identity theft and people who have endured major medical events. We do know that there is a strong correlation between race and credit scores, which is why the U.S. Equal Employment Opportunity Commission is suing to block this as a discriminatory practice on the federal level.

This was a new issue when this committee reported favorably on similar proposed legislation in 2009, but since then a number of states including Hawaii, Illinois, Oregon and Washington have all stepped forward to ban the practice and legislation is pending in Congress and in many other states. They have found that it is precisely the people who were most in need of jobs who are most likely to have bad credit and that this practice provides no benefit at all to the vast

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**LABOR AND  
PUBLIC EMPLOYEES  
PART 2  
377 – 705**

**2011**

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pat/gbr LABOR AND PUBLIC EMPLOYEES  
COMMITTEE

February 15, 2011  
2:00 P.M.

The requester, however, refused to drop the issue, and I would like to directly quote the response of the human resources manager from Dominion Nuclear Connecticut at Millstone Nuclear Power Station.

She went on to say, "We are not aware of any such laws that HR is not in compliance with but we need to understand the purpose of the request. What purpose are you trying to accomplish by asking for them? You are welcome to come by HR and meet with me to discuss these matters."

This is the type of those laws don't apply to us mentality and both the requester and the Connecticut Department of Labor have to deal with it. This can go on for weeks, and as the case of the, at Millstone Nuclear Power Station has gone on for five months now and still is unresolved.

That's the end of my testimony. Do you have any questions for me?

SENATOR PRAGUE: Any questions from Committee members? No? Thank you very much, Mr. Lute. Thank you for coming in.

PAUL LUTE: Thank you for your time, ma'am.

REP. RITTER: Thank you for your time and consideration.

SENATOR PRAGUE: The second legislator is Matthew Lesser.

REP. LESSER: Good afternoon, Senator Prague, Vice-Chairman Gomes and honorable members of this Committee. I'm here to testify in support of Senate Bill 361 AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS.

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pat/gbr LABOR AND PUBLIC EMPLOYEES  
COMMITTEE

February 15, 2011  
2:00 P.M.

I want to first thank the Committee for raising this bill and for Senator Looney for introducing this important legislation.

In the year 2011 it is difficult enough to find a job, but unfortunately many employers are now looking at a prospective employee's credit history before choosing to offer them a job.

This means that for those people who most need jobs, people who have been out of work for a while, who have maxed out their credit cards and exhausted their savings have an additional barrier to employment.

But most significantly in the years this bill has been before the General Assembly, we have still yet to hear any evidence that there's any correlation between an employee's credit score and their job performance.

Simply put, people have bad credit for many reasons, anything from a poor financial decision as a college student to major medical events, to having been the victim of identity theft.

Connecticut has been at the lead in addressing this issue. Then State Representative Gary LeBeau who has since left us for the other Chamber, introduced a bill to tackle the issue back in 1994.

When I introduced a similar bill in 2009, Connecticut was at the lead in identifying this problem. However, in the two intervening years, the recession has made clear that tackling this issue is urgently needed and a no-cost way to help job seekers.

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pat/gbr LABOR AND PUBLIC EMPLOYEES  
COMMITTEE

February 15, 2011  
2:00 P.M.

Recently Hawaii, Illinois, Oregon and Washington have all passed legislation limiting the practice and legislation has been introduced in Congress and in more than half the states.

Additionally, the federal Equal Employment Opportunity Commission has recently filed lawsuits alleging that using a credit check for employment decisions has a discriminatory impact on the basis of race.

In the past, the General Assembly has heard concerns from some parties and employers have specific, special concerns over the background of employees with access to large amounts of money, and with that in mind, Senate Bill 361 specifically exempts financial institutions.

I believe this bill should have no fiscal note, but it will have a significant impact on the lives of many of our unemployed constituents.

I thank the Committee again for raising this bill and I respectfully urge favorable action. Thank you very much.

SENATOR PRAGUE: Thank you, Representative Lesser for that testimony. Any questions from Committee members? No? Seeing none, thank you very much.

Representative Flexer, Mae Flexer.

REP. FLEXER: Good afternoon, Senator Prague and members of the Labor and Public Employees Committee. Thank you for the opportunity to testify in support of House Bill 5461 AN ACT CONCERNING PROTECTION FOR EMPLOYEES WHO BREASTFEED OR EXPRESS BREAST MILK IN THE WORKPLACE.

ALFRED FELICE, JR.: Thank you.

SENATOR PRAGUE: And I'm sorry that we didn't have a chance to discuss it with the rest of the Committee members because it was just before we opened up the Committee, so that's where we're at. Thank you.

ALFRED FELICE, JR.: Thank you.

SENATOR PRAGUE: First of all, Robert, you want to tell the Committee members where you're from?

ROBERT HILTONSMITH: -- the members of the Committee for allowing me to testify today. I'm Robbie Hiltonsmith. I am from DEMOS in New York City, which is a national policy and advocacy organization. We work on issues across a wide swath of various topics, but they broadly are connected together by reinforcing the middle class.

And I'm happy to be here today to testify in support of Senate Bill 361, which was introduced by Representative Looney, and which, excuse me, Senator Looney, and which Representative Lesser already testified in support of and hit some of the points I was going to hit as well already.

So I wanted to expand a little bit on what he said and especially mention some of our work on debt and how debt impacts, especially low-income people.

So throughout our research we've become increasingly concerned with how families are being financially penalized for being in debt, making it difficult and not possible for them to ever get out of deb. And this proliferation of the use of credit reports and scores in

particular, has resulted in families being forced to pay more for utilities such as water and gas, being denied a rental apartment, being charged more for auto and homeowners insurance, and of course, we're talking about today, potentially being denied the opportunity to get a job.

And I just wanted to expand especially on what Representative Lesser said, and mention that this affects not only people who are out of work but low and middle-income families as well.

Our research has shown that these families increasingly are going into debt to pay for basic necessities. They're using their credit cards to pay for food, for rent, for utilities.

In fact, our most recent report said that 37 percent of low and middle-income indebted families use their credit card to pay for basic expenses, and 52 percent use them to pay for medical care in the past year.

So, these families that are just struggling to make ends meet are being, that are working families, are being impacted by this practice as well.

And also, I just wanted to echo what again, what Representative Lesser said there being really, again in our research no correlation between these credit scores and an employee's job performance.

In fact, one piece of evidence I wanted to bring up was that even the credit reporting industries themselves, the reporting companies themselves acknowledge this. In fact, Eric Rosenberg, who is TransUnion's Director of State Governmental Relations last year acknowledged himself that we don't have any research to show any physical

correlation between what's in somebody's credit report, and this is a quote, "...and their job performance or their likelihood to commit fraud."

And in addition the EEOC, Equal Employment Opportunity Commission has warranted that this practice in fact results in discriminatory hiring and firing decisions that violate Title VII. So, a number of different reasons to support this bill, a number of different sources.

Finally, again, Representative Lesser mentioned following the precedence of the four states that have already passed the bill, or have passed similar legislation, excuse me, I'd like to recommend that this current bill be amended to simply prohibit employers from checking the credit of current or potential employees, rather than prohibiting employers from requiring employees be submitted to credit checks.

This would just, the latter language, the language that's currently in the bill could leave the window open for employers to discriminate against potential applicants who refuse to submit to such a check.

And finally, I'd like to in fact recommend, or DEMOS would like to recommend that the Committee remove the exemption for the financial services industry. Though Representative Lesser did mention there being some potential concern about specifically the use of credit reports for, there being some correlation between financial service, people employed in financial service industry and their job performance.

Our research again, has show that there really isn't any correlation, no matter what industry the person's involved in, the credit reports or credit scores really have no bearing on

employees' job performance, or potential to commit fraud, I should say, as well, so.

Thank you very much for giving me the opportunity to testify today.

SENATOR PRAGUE: Thank you very much. There's a question from Representative Rigby.

REP. RIGBY: Thank you, Madam Chair. Thank you very much for coming and testifying today.

ROBERT HILTONSMITH: Thank you.

REP. RIGBY: My question, my question concerns the credit data. If a potential employee has his credit run by an employer that's interested in hiring him --

ROBERT HILTONSMITH: Right.

REP. RIGBY: -- what does the employer do what that data? Do they simply look at it and hold it up for face value, or do they do a little more investigation into it?

ROBERT HILTONSMITH: This is a very good question and one that we struggle to find the answer in our own research because obviously the practice varies by employer. You know, there's no regulation over what they can do with that data or how they have to use it in the employment decision.

And actually, I've had a couple of conversations with employers myself, and they've all given me different answers as well. Some of them just said, oh, it's just a piece of information we like to have.

Some of them have said, oh, we really do, if there's a big, if there's a really low score, it kind of raises a red flag for us. So everyone uses it a little bit differently.

But you know, the fact of the practice, the fact is that even that data is available to the employers and you know, might raise a red flag when in reality there shouldn't necessarily be one. It's just, we view it as problematic to begin with.

REP. RIGBY: Thank you. Having worked in the financial services industry, I've seen credit scores vary to bureau to bureau. TransUnion may have a score of 600 --

ROBERT HILTONSMITH: Right.

REP. RIGBY: -- where Experian might have a score of 700. I'm wondering if employers pull all three credit bureaus or if they pull one or if it varies from employer to employer?

ROBERT HILTONSMITH: It does vary, and that's also problematic. Because as you said, they really can vary incredibly widely from between the three bureaus.

And it really just depends on the method through which the employer gets their credit scores. A lot of times they come bundled with background checks, for example, and that's part of the reason for the proliferation. It's just because they just come bundled and a lot of employers are like sure, why not?

So it depends on just, you know, whatever that bundling is and who they get it. I would suspect that in general it's only one credit score that they get because that would seem to make sense as

far as the bundling that I know of, but I don't have any specific evidence to support that.

REP. RIGBY: Thank you very much for your answers.

ROBERT HILTONSMITH: Thank you very much for your questions.

SENATOR PRAGUE: Senator Gomes would like to ask you a question.

ROBERT HILTONSMITH: Okay. Thank you.

SENATOR GOMES: At the end of your testimony just now, you kept using the word bundling. What is, how are they bundling? What is effective bundling? I didn't understand that.

ROBERT HILTONSMITH: Sure, thank you for your question, sir. What we've found is that when an employer requests a criminal background check, that that service has become increasingly bundled with then the credit score, the credit report as well. It depends on the particular provider of the criminal background check.

So when an employer goes to represent, to request that check, a lot of times the company that provides a criminal background check says hey, do you want their credit information as well? Basically we can give that to you for an additional whatever, and then that company in turn has an agreement with one of the bureaus and one of the reporting agencies in some way to them pull that credit information and give it to the employer along with the criminal background information when they request it.

So it just kind of --

SENATOR GOMES: So you're telling me the company that is doing criminal background check also has access to the credit information, too?

ROBERT HILTONSMITH: I do not know if they have access directly. I don't believe so. I think they probably have an agreement, or some sort of agreement with one of the companies who does have access to that credit information.

But I know that again, from our research and from our conversations with employers, this is on employers, they're saying that they're getting them, that they're coming literally bundled with the background, bundled with the background checks. I'm not sure about the mechanics of it, but I know that it just comes in one request, one file, one whatever.

SENATOR GOMES: Thank you.

ROBERT HILTONSMITH: Thank you.

SENATOR PRAGUE: Any other questions? (Inaudible.)

ROBERT HILTONSMITH: Well, it's important legislation and I appreciate the opportunity to testify. Thank you, Senator Prague.

SENATOR PRAGUE: George Murphy followed by Mr. Barrett. (Inaudible.)

GEORGE MUCPHY: Good afternoon, Senator Prague.

SENATOR PRAGUE: (Inaudible.)

DR. GEORGE MURPHY: And members of your Committee. I'm here to testify about Senate Bill 934, the reasonable assurances aspect of the unemployment law.

in the law as it is presently constructed, as it was directed by the federal government because all the states put this aspect of the law back in 28 years ago. Nobody defined it. So they've had rulings.

But lately, the rulings have been defined by the members of the Labor Department.

SENATOR PRAGUE: Thank you very much for your testimony. Maybe your court case will set a precedent.

DR. GEORGE MURPHY: Never give up.

SENATOR PRAGUE: That's right. Never give up.

DR. GEORGE MURPHY: Never give up. Head down, charge.

SENATOR PRAGUE: Yeah. I like that.

DR. GOERGE MURPHY: Thank you.

SENATOR PRAGUE: Thank you. Our next speaker is Frank Sykes, followed by Matthew Barrett.

FRANK SYKES: Good afternoon, Senator Prague, Representative Zalaski and members of the Labor Committee. My name is Frank Sykes. I'm the Legislative Analyst with the African American Commission. We are a nonpartisan state agency.

The Commission is an advocate for the African-American community and accomplishes its mission through research, policy analysis and advocacy.

I come before you today to speak in support of Senate Bill 361 AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS. I speak as a representative of the Commission but I also am coming to you as a concerned citizen.

First, I'd like to applaud Senator Looney for introducing the bill. It is a good bill. It has merit. Our Commission's interest in this issue is based primarily on the high unemployment rate in the state, particularly within the African-American community.

It's safe to say that the state's mission in the next couple of years is to build a stronger economy. Therefore, barriers such as credit worthiness and ex-offender status not remain a stumbling block for job applicants should be erased.

The average unemployment rate in our state in 2010 was 9.2 percent and for African-Americans, it was almost twice that at 17.2 percent.

While the financial crisis that hit a couple of years ago hurt everyone, the impact of the economy was felt hardest in communities with the high rates of sub-prime lending mainly minority populations.

Foreclosures continue to devastate these communities. There were 64,726 past-due mortgages in the first quarter of 2010. The projected foreclosures in our state for the period between 2009 and 2012 is estimated to be 80,031.

Obviously, with foreclosures come credit problems and in some cases bankruptcies for many families. The sad truth is that some families affected by the economic downturn may never own a home again. But the least the state can do is give them an opportunity to earn a living.

In conclusion, whatever barriers exist, real or artificial that may present obstacles to hiring

otherwise qualified applicants into jobs must be eliminated.

This bill seeks to reverse this negative trend, hence it has the full support of this Commission and we urge you to support it. And I thank you for the opportunity to testify.

SENATOR PRAGUE: Thank you for your testimony.  
Senator Gomes has a question.

SENATOR GOMES: I don't have a question as much as a statement. I'm very happy to see you here testifying about this issue. As Co-Chair to Housing, I have told some people that over the years it's been almost four years we've been dealing with foreclosures, and each year people have had the idea that we have got a handle on it and it's decreasing.

FRANK SYKES: Right.

SENATOR GOMES: And some people didn't believe me when I told them that it had increased each year and that it will increase into next year, and you have the statistics here to day it. I appreciate you coming out here and giving this information. Thank you.

FRANK SYKES: I just wanted to add more thing. I mean, the gentleman that spoke before me, I have actually also heard a similar complaint from a gentleman about his, I think he was a substitute teacher and he also had a similar problem whereby he couldn't, you know, receive unemployment.

I hope that, you know, it's none of my business, but maybe it's my business. (Inaudible.)

SENATOR PRAGUE: It is your business if you represent people.

FRANK SYKES: Okay.

SENATOR PRAGUE: Thank you again.

FRANK SYKES: Thank you for your time.

SENATOR PRAGUE: You're welcome. Matt Barrett. Matt is followed by Jane Hikel.

MATTHEW BARRETT: Good afternoon, Senator Prague, and members of the Labor and Public Employees Committee. For the record, my name is Matthew Barrett. I'm the Executive Vice-President of the Connecticut Association of Healthcare Facilities, which is our state's 115 member trade association of proprietary and not for profit nursing homes.

I'm here to testify in opposition to House Bill Number 5632 AN ACT CONCERNING THE OPERATION OF A NURSING HOME INVOLVED IN A LABOR DISPUTE.

Committee Bill 5632 if adopted, would mandate the Superior Court take control of a privately owned or nonprofit nursing home whenever there is a labor dispute lasting more than four months between the nursing home and its collective bargaining employees.

Our association is opposed to the bill for several reasons. First, the bill would implement an unwarranted taking of property in violation of protected rights.

Second, it is in conflict with and thus preempted by federal labor law.

And third, it would initiate financial instability at the facility, which may jeopardize the health and safety of nursing home residents.

LORI PELLETIER: Thank you, Senator Prague and members of the Labor and Public Employees Committee. I'm Lori Pelletier and I serve as the Secretary-Treasurer of the Connecticut AFL-CIO, and I'm here to testify on a few bills today.

SB936

Senate Bill 359 AN ACT CONCERNING EMPLOYER NOTICE TO EMPLOYEES REGARDING MANDATORY OVERTIME, we support this legislation. You know, workers have families, too, so the idea that an employer can come up and mandate overtime. We've seen this predominantly in the healthcare industry where nurses were forced to stay on the job past their shift because there was no one to fill in for them.

We just think that there needs to be some rules and regulations around that.

Senate Bill 361 AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS. When this bill first came up a couple of years ago, it was a new concept that employers would even do this. Now we're seeing that it's done in most occasions where an employer is going to hire someone, and with this economic downturn that we've been experiencing since 2008, most people's credit scores if they get laid off take a certain hit.

So the idea that this is now going to be used against them when they're trying to find a job, and I'll remind the Committee that for every job available there are five people looking for it.

So if there have been people that are out for long term trying to find a job, and their credit history is being impacted, they should, there should not be a deterrent to them being hired.

LORI PELLETIER: No, it wasn't --

SENATOR PRAGUE: Representative Miner. Are you two hiding over there?

REP. MINER: It's the bad guy. I just, if I could, just, yeah, it's the one with the pie. If I could go back to Committee Bill 361. That's the one that has to do with credit scores and hiring.

LORI PELLETIER: Yes, sir.

REP. MINER: As I understand the bill, there are, financial institutions would be permitted to do this.

LORI PELLETIER: Right.

REP. MINER: But in the area of people that may handle sensitive information, money, associated with other businesses, do you think it would be acceptable for them to have their credit history considered as part of a hiring practice?

LORI PELLETIER: I think that if there's someone that's in a higher position or management position that, you know, they want to maybe look at the credit score, that's a different conversation.

But you know, when we look back, Bernie Madoff had a great credit score, all right? So doing a credit check on Bernie Madoff wouldn't have clued on anybody to what was going on.

So it's just, to me this is just a way of discriminating against people who have been unemployed. It's a way of getting around the fact that the people of color and women who are more affected by this recession than anybody, that this is a way of getting around it and not

calling it against people of color or women, just saying it's a credit score. It's a discrimination issue.

REP. MINER: I kind of wish you hadn't gone there because I don't think this is about color and I don't think it's about women and I know many people who have been unemployed but still have managed to maintain their financial obligations in such a way that they have a pretty good credit score.

I do, having had a business, do think that there are some places for all sorts of ideas, I guess, in trying to help an employer determine suitability of an employee.

I'm not saying that it should be used for discrimination. So if I don't support the bill, I hope you don't take it as meaning that I support discrimination.

Some people use a failure to spell or put the right date on an application as an immediate rejection of that for consideration. I'm not so sure that that's the best hiring policy either.

But given the fact that people in business may use those tools, I'm not sure a credit score, at least in some cases is the worst tool.

So there probably is some common ground that we could reach. Is that what I'm hearing from you? That there might be some places where they should be up for consideration setting aside the discrimination issue?

Or are you saying that they really don't have a place given your Bernie Madoff?

LORI PELLETIER: Well, I just, I mean I just don't think that this is an accurate tool because there are, again, I know they're sort of extreme, but the Bernie Madoff example is that he had a really great credit score, but he was stealing from his company.

But yet, and when we see employers run a credit score on someone that's a librarian, not even a librarian, but putting away books in a library and not like in a rare book section, you know, putting away the Harry Potter novels in the kids' section, that somehow that that is a legitimate reason or litmus test for them to get that employment.

I just, I think that it just is not, it doesn't serve the purpose that people are trying to get at.

REP. MINER: But in the, if I could, Madam Chair, but in the arena where there are, you know, I think the headlines are full of situations that had some people known perhaps a little more about their employee, prospective employee, they may not have put them in a position where either the risk would have been greater than they needed to be dealing with, or there was some history.

And you know, I'll throw out an example of, you know, a church and a bookkeeper. I mean, it seems to me that the collection plate is a risk, and if you don't make the right decision on the bookkeeper there's always that problem that you're not going to have the right outcome.

Is that the kind of case where you think a credit score might not be a tip off as to whether or not someone could use some assistance?

LORI PELLETIER: But at the same time, we don't do a credit check on the people that are going around with the baskets, either? I mean, you know --

REP. MINER: But I think you know the difference between someone putting a basket out publicly and someone on Monday morning counting the money, and I don't want to cast any aspersions on people that work in the church.

But I think there are examples, whether they are for nonprofits, whether they're churches, whether they're business people, there is a consistent pattern here that some employers might say is worthy of them looking at a lot more information before they make that decision.

And again, I think you and I are absolutely on the same page when it comes to discriminating against people of color or age or whether they're women or not.

That's not what I'm talking about. I'm talking about all things being equal. If my credit score was good and your credit score was lousy and we were both applying for the same job and it involved counting up money on a Monday morning, that isn't really about sex, you know. It's about who might be the better employee in terms of managing those decisions on dollars. No?

LORI PELLETIER: But in that example, you're saying that everything else is equal and I think that the problem is that they won't be equal.

REP. MINER: So you're saying up front. I apologize, Madam Chair. You're saying, that your opposition is that it might be an up front request --

LORI PELLETIER: It will be the first check. It will be the first check.

REP. MINER: And I would agree with you because I think the credit check in and of itself may affect your credit score.

LORI PELLETIER: Right.

REP. MINER: But if we ended up with three or four people, someone trying to make a final decision, you wouldn't be opposed to it there if they had reached a certain threshold of consideration.

LORI PELLETIER: Depending on the job that may be something to look at.

REP. MINER: Okay. That helps me. Thank you. Thank you, Madam Chair.

SENATOR PRAGUE: (Inaudible.)

REP. RIGBY: Thank you, Madam Chair. Thank you very much for your testimony.

LORI PELLETIER: You bet.

REP. RIGBY: I didn't realize until we started this process on this particular bill, Senate Bill 361 that credit scores, credit reports were so widely used when making a hiring decision.

If an employer was to pull a credit report on a prospective employee, what would they do with that data? Do they look for a minimum score? Do they look for certain anomalies in the information? Is there any criteria by which it gets reviewed?

LORI PELLETIER: I mean, I don't know. I'm mean, I'm not, as an employer, we've not used it, you know, when we hire at the State AFL-CIO.

Again, the problem is that so many things, so many things you don't know about impact. You're late on your light bill, or you know, a few days late on a car payment. That all impacts it.

And then as Representative Miner said, the fact that if you running the credit check as an employer, or a prospective employer, that impacts the credit score.

So that's, you know, that's the problem as it's put out there. There's three different, you know, three major credit reporting agencies. When we see commercials all the time, make sure they're all the same, because they could not be because of, you know, the crazy information they're bringing in.

And I believe that this will be the first test that an employer will go through and run people's credit scores and then, boom, if you've got a good credit score then we'll see if you're qualified for the job.

REP. RIGBY: So if somebody, if a person had, was a victim of identity theft and there was something on the credit report that wasn't theirs, would they be notified by the employer that look, we pulled your credit, we found this collection account and we're not going to hire you because of it.

Do they get notification? Do they have a chance to refute the data within the report?

LORI PELLETIER: From my experience in hearing people that have been harmed by being able to use a credit check, no. It's just used as, you know, a mark against you.

REP. RIGBY: So they'd say, we're not going to hire you because of information contained within your credit report.

LORI PELLETIER: They don't even necessarily get a credit report. Just, you know, we're not going to hire you. And then the person who didn't get the job runs through their credit score and they see that they had a credit report run against them.

REP. RIGBY: Which could lower the score accordingly.

LORI PELLETIER: Right.

REP. RIGBY: Thank you very much for your answers.

LORI PELLETIER: Thank you.

SENATOR PRAGUE: (Inaudible.)

SENATOR GOMES: I don't much have a question as some remarks. I don't say disputes, but they run in contravention to some other remarks I've heard here.

When they say running credit checks on people does not become discriminatory toward race or women, that's not true because it's based on really, any group of people that a correlation to how much money they make as opposed to how much money some other people make that aren't in that class of women or racial groups.

And what it amounts to is that people who are having a hard time and a lack of money, the first thing they do if they got a credit card, they'll reach for that credit card to supplement their daily living, you know, so to speak.

So they have a danger of correlating with the fact that either they're out of work or they're working minimum wage jobs or next to a minimum wage job that does not suffice for them to be compared to other people.

And the other thing about, when we started talking about the people counting the money and so on and so forth, and your credit isn't up to snuff and anything, sort of makes it synonymous that if you're poor you ain't got no money, you're going to be a thief. You're going to take that money or you're not going to count the money right or you're going to have your fingers where it doesn't belong.

And these are the sorts of things that people look at when they talk about these credit checks. Who is being affected by these credit checks?

I don't believe that if I go to apply for a job, my credit should prevent me from getting a job. All things being equal and I have a good record otherwise, that I should be prevented because my credit is not up to snuff.

Because there's a hell of a lot of people who, right now, because of this 9 percent unemployment in the State of Connecticut, their credit is down. And when they were working, their credit was up.

So these sorts of things, this bill does affect people who are low paid, whether they be minorities, women, or people just out of work. So I just wanted to make that noted.

LORI PELLETIER: Thank you again to the Committee. Appreciate it.

PAUL FILSON: Good afternoon, Senator Prague and members of the Labor Committee. Thank you for the opportunity to testify today. My name is Paul Filson. I'm the Director of the Service Employees International Union and we represent over 55,000 active members in Connecticut,

I've handed in some written testimony, but I'd like to make a few comments about Bills 361 and 5632.

SEIU supports 361. There was just some discussion about that. I'd just like to add that according to the National Association of State Public Interest Research Group, 79 percent of the credit reports surveyed were inaccurate, so you have this inaccuracy problem with the credit reports.

And there are no federal discrimination laws that specifically prohibit employment discrimination on the basis of a bad credit report.

But I'd also like to say that the bill before you is similar to a bill that was here last year, and this one has a blanket exemption for people who work for financial institutions, which doesn't make any sense.

If you're a janitor who works in a financial institution, you know, they shouldn't be exempt from this law. I agree with Representative Miner that there likely are some sensitive jobs that, where a credit report should come into some account. Maybe not the first account, but an exemption on financial institutions doesn't make sense.

We also support Committee Bill 5632 AN ACT CONCERNING THE OPERATION OF A NURSING HOME INVOLVED IN A LABOR DISPUTE. There was some

SENATOR PRAGUE: So, Lee, if you would call DSS.  
Thank you. I think we need to know that.

SENATOR GOMES: (Inaudible.)

SENATOR PRAGUE: What? I didn't hear that question.

SENATOR GOMES: You're just trying to get me in  
trouble.

SENATOR PRAGUE: Not Senator Gomes. Next speaker is  
Cheri Bragg. What's your last name, Cheri?

CHERI BRAGG: Bragg.

SENATOR PRAGUE: B-r-a-g-g?

CHERI BRAGG: Yes.

SENATOR PRAGUE: Okay. Thank you.

CHERI BRAGG: Good afternoon, Senator Prague and  
members of the Labor and Public Employees  
Committee. My name is Cheri Bragg. I'm  
coordinator of the statewide Keep the Promise  
Coalition, which is dedicated to seeing that a  
comprehensive community mental health system is  
created and sustained in Connecticut.

The Coalition is here today to testify in favor  
of Senate Bill 361 AN ACT PREVENTING THE USE OF  
CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING  
DECISIONS.

This bill would increase job opportunities for  
individuals with some credit issues who are  
applying for jobs with employers who are not  
financial institutions.

People with mental illness and other chronic  
health conditions often face many barriers when

trying to obtain employment such as gaps in work history, et cetera. By having your credit judged as a basis for employment adds an additional barrier.

For example, you might have a person with bipolar disorder, who might overspend in the manic phase of their illness and be unable to pay their bills when they're feeling better. While still accountable for those bills, it doesn't mean that they can't work and in fact employment is a key to addressing credit problems.

Other examples might be someone who's working, becomes ill, becomes hospitalized. It might snowball if it's lengthy into losing their job, or insurance, or their home, even. A person who's severely depressed might not be in a place to even open their mail or their bills.

As you heard earlier on this economy, even the smallest family emergency can really result in bad credit, even for those who work hard.

We could cite limitless examples of barriers that are exacerbated by mental illness, but the important thing to point out here is that mental illness is a health disorder, not a failing of character.

Treatment success rates are high, but that doesn't eliminate damage to your credit history, and it doesn't mean someone could not be productive and successfully employed.

We urge this Committee to eliminate this barrier for people with mental illness and others who have success as working members of the community.

Many people living with mental illness can and do want to work. Eliminating credit reports as a

basis for employment decisions would facilitate the pursuit of employment, adding to the labor force and healthy communities.

And I just wanted to mention along the lines of what Senator Gomes had mentioned. I have worked in the past with people that were extremely low income and had mental illnesses, and I can recall maybe one incident in six and a half years where there was any, you know, theft involved.

It was a clubhouse, like a social environment. You know, people there were extremely honest, even though they were extremely poor. I just wanted to mention that as my personal experience.

So I agree that just because you have bad credit doesn't mean that you would necessarily steal. Thank you for your time and I'm happy to answer any questions you might have.

SENATOR PRAGUE: Thank you for your testimony. And Senator Gomes has a question.

SENATOR GOMES: I just wanted to thank you for coming in and testifying because you added, you added another level to what I hadn't even thought of when you talked about the mentally ill and people who have medical problems that would put them in this phase of, you know, having bad credit. Thank you very much.

CHERI BRAGG: You're welcome.

SENATOR PRAGUE: You know I have a question. And maybe you don't know the answer to this but we ought to find out. When these companies that do your credit history, do they go back six months? Do they take an average of your credit history? They must take an average over a period of time. They can't just go back one month.

CHERI BRAGG: I'm not sure. I took a credit class. I think it's a couple of years, but I don't know for sure. I'm not sure.

SENATOR PRAGUE: You think it's a couple years?

CHERI BRAGG: I think it might be an average over the past year or couple of years, but I'm not sure.

SENATOR PRAGUE: Well, I think we ought to find out to know how long that credit history covers. Anyhow, thank you.

CHERI BRAGG: You're welcome.

SENATOR PRAGUE: With a promise of only using three minutes, we'll call Kia. Thank you very much.

KIA MORRELL: I waited a long time for my three minutes, so I'm going to use it.

SENATOR PRAGUE: Make the most of it.

SENATOR GOMES: (Inaudible.)

KIA MURRELL: No, I don't. I can't get to the sign up. I can't sleep out in the hallways the way some of the other advocates. I'm falling down on the job.

SB 361  
SB 936  
HB 5461  
HB 6176

Kia Murrell on behalf of CBIA. Thanks everyone for having me. I want to just kind of very briefly, I'm going to mention five bills on your agenda, so I'll just mention them in the number in which they appear, the first of which is number one on your agenda, which is Senate Bill 359. This is AN ACT CONCERNING EMPLOYER NOTICE TO EMPLOYEES REGARDING MANDATORY OVERTIME.

As a courtesy to the bill's sponsor, I want to offer our qualified, it's really a half support, half opposing to the legislation. We really don't like the idea of any new employer mandate, any new restriction on employers' flexibility when it comes to managing their workforce.

We understand what he was trying to do here and I assume there's some constituent related matter that required this bill to be introduced.

The bill basically says that if you require someone to work overtime and it's mandatory, you've got to give them notice. I understand why. The real concern for us, though is that in many times you need someone to work overtime you may not have the ability to give them notice.

In the instance of someone calling out suddenly and you need their co-worker to fill in, you obviously don't have 24 hours' notice for most of those circumstances.

So we'd ask that if this bill is going forward and the Committee is inclined to adopt the legislation, that you amend it so that the employer has that kind of an escape hatch, so to speak, if notice is reasonable under the circumstances. If it is possible, if it is practical, then require the notice. If any of those circumstances don't exist, hopefully you will not tie an employer's hands when they need to get the work done.

Senate Bill 361 is number two on your agenda. This is the one that everyone apparently today has concerns about, as do we.

Very briefly, I've testified before you on this bill or some iteration of this bill several years running. The basic concept is not using credit

scores against prospective employees or current employees. We understand that.

Our concern, really, again is about the restricting of flexibility that employers who have to rely on credit and other aspects of a background check have. We don't know, and if I'm wrong, tell me if you've ever seen some statistics or numbers or data about the number of employees in the state that use credit, because I haven't.

What I do know is that for many of the employers that have to rely upon credit as one of many factors they consider when they hire, that most do it not because they're necessarily going to make a judgment about it or a decision about it but because they need to know who they're working with and who they're assessing when that person applies for a job.

Many of these industries, unfortunately, don't meet the criteria that this bill enumerates. The idea that you are a financial institution or authorized by law or have some reason to know that the person applying for the job has done something wrong.

Most people that are pulling credit reports aren't going to necessarily fit into any one of those categories. For those that do, obviously, they're exempted, but we're worried about everybody else and their ability, basically we don't want people being hauled into the Department of Labor and defending against a claim just because they don't meet the criteria here.

Because the criteria is so narrow, we want to keep the door open, allow people to fully assess those coming before them regardless of what they choose to do about it.

We understand the concern about the lack of causation between your credit report and your fitness for the job. We just don't want people to have no flexibility in assessing their prospective applicant.

936, ver6 briefly, adjust the temporary look back period for unemployment. That's a great idea. It gives a little bit of relief to employers in this state, who as you all know are the sole source of funding for the unemployment comp system.

Because the look back period would then be, as far as extended benefits, been paid for by the federal government. Anything that will alleviate the pressure on employers right now is a good thing. We urge you to support that.

Yeah, I know. There's always just one. Just one, and I squeeze it in the middle so you don't notice it that much.

The breastfeeding bill, number 7 on your agenda, House Bill 5461. The law already allows for breastfeeding. As far as we know, most employers already accommodate that.

The law is very clear, that you have to accommodate it. You can't do it in the course of a toilet stall or toilet room. You have to be more comfortable than that. But it already allows and says that an employer should not discriminate against, discipline, or take any adverse employment action against someone who is expressing breast milk or breastfeeding.

So we don't really know why you need to codify that any further. The bill that's before you doesn't do anything that the law doesn't already

provide for, so we think it's unnecessary and we oppose it.

The last bill, 6176, the last item on your agenda, personnel files act violations. This bill or something like it has been before you before.

Unless there is a rash of people violating the personnel files act by preventing employers, employees, sorry, from looking at their personnel records, we don't know why you need to increase penalties.

Right now, people can't afford to pay any more than they already do for things like this. So again, unless there's some epidemic, we think that this is very simply put, unnecessary in today's tough economy, when so many employers are struggling to survive.

Sorry. Not the cleanest of testimonials, but I hope you get where I'm coming from.

SENATOR PRAGUE: Good job. Any questions? Thank you for your testimony.

KIA MURRELL: Thank you.

SENATOR PRAGUE: Senator Gomes has a question.

SENATOR GOMES: You're pretty swift and fast today.

KIA MURRELL: I try to be. I'm trying to get better because I know I talk too darned long.

SENATOR GOMES: I just have a couple of questions on our Bill 361. When you talked about employer assessing a new employee.

I do agree that a new employee has to be assessed so that you will get an employee that would be a good employee. But most of that is done during a probationary period.

Now, when you're talking about wrapping up, wrapping into assessing an employee by trying to find out what his credit rating is, I really don't understand how that rates to assessing that employee? Can you explain that to me?

KIA MURRELL: Yeah. There is a difference between assessing their fitness and their performance of the job during their probationary period versus assessing their, and I hate to use this word, because I don't know how to describe it other than say their trustworthiness.

In the case of many of the industries that use credit, you know. It could be a nanny service. It could be a home alarm company. It could be, as I think AFL-CIO pointed out earlier, an entity that is the custodian of real works of art and artifacts.

Those are industries that don't meet the criteria of this bill, but that may routinely pull credit reports, and their pulling of those credit reports benefit their clients in many instances.

So that's a type of narrow language that we don't want to see become law because every one of those industry employers may ultimately have to defend against a claim.

SENATOR GOMES: What I just heard you explain is that you were assessing his honesty, and that's just about it.

KIA MURRELL: It's not honesty, though. It's trustworthiness.

SENATOR GOMES: Isn't trustworthiness --

KIA MURRELL: I may trust you and you may be dishonest.

SENATOR GOMES: -- and honesty, I seem to think those are the same things. You know, what we're talking about is, this employee is going to be around temptation where he would fall by the wayside and do something wrong, take something that doesn't belong to him or use something that doesn't belong to him. This is trustworthy.

Trustworthy means if I leave you somewhere I trust you. I trust you not to do things that are detrimental to my business or anything that would be detrimental to my customers or something else. And I don't know how you talk about his credit rating being the term to assess that.

I can see, a little while ago you said you assess people by their physical fitness and so on and so forth to do a job. Well, that's the same thing that you have to assess at the time, too, because you've got to have an employee no matter where he works, he has to be a trustworthy employee.

Whether you make him a widget or whether you're counting the money. Am I going to steal this widget or I'm going to do something, so he's got to be a trustworthy employee. And this is done during the probationary period. And the probationary period makes the employee an at will employee, and he can be let go at any reason except for one reason. You cannot discriminate against him.

Therefore, the employer has all he needs to assess an employee during his probationary period, and I don't see where any, where you

assess an employee's trustworthiness by what kind of credit rating he has.

KIA MURRELL: I'd say your point is very well taken. I don't disagree with you. I think the probationary period, it's a great tool to be able to assess it.

But I think that what we should not forget here is, that that also requires, before you get to the probationary period you've got to be hired. You've got to be trained. I've got to lay out time, effort and resources and take a change on you.

I am not saying that if your credit report, if you are a prospective applicant or employee, if your credit report reveals something less than stellar that you're less honest or you're less trustworthy. That's not the point I'm making.

What I'm saying is, the employer should have a right, when that industry and that job dictates it, to fully assess who they're working with, who they're talking to, who's coming in the door. This is one of many factors that employers use.

And to the point of the union rep that spoke earlier, I don't know again, where's the data, where's the statistics about the number of employers in the state that are actually using it?

Financial services people are already governed by the Fair Credit Reporting Act and other federal mandates. If you're a security related company, you know, like you make, I don't know, you're in defense contracting or you have some kind of contract with the federal government, they dictate that their contractors have to do

extensive background checks for a lot of those industries.

But for everybody else, I don't know who's using it, and I checked for the last three years this bill's been running, human resources groups and the like, and it's all over the board. A lot of people you think are using it, don't. And a lot of people you have no idea are using it, too.

And because of that, what I'm saying is, you cannot have such a narrowly prescribed law have any impact other than forcing everyone who doesn't meet that criteria of having to defend something that may be commonplace in their industry.

SENATOR GOMES: (Inaudible.)

KIA MURRELL: You're right.

SENATOR GOMES: (Inaudible.)

KIA MURRELL: Look, I agree with you. I'm not even going to try to argue that point. I'll just say again, if the intent is to tie employers' hands and prevent them from using it, I think you do employers a disservice.

I think that for the people that are using it, maybe what you do is before you put the bill in, actually take a survey of all the industries that use it, so maybe that criteria that now only has three reasons, financial institutions, authorized by law, or some reason to think that the employee's done something, I guess dishonest, for lack of a better word.

Maybe that list needs to grow so that you can at least in good conscience cover everyone that uses

this and then give them the benefit of explaining how and why they use it.

I don't think that's been done. I've talked to the bill's sponsor about this bill every year and to my knowledge, that hasn't been done.

SENATOR GOMES: (Inaudible.)

KIA MURRELL: I'm just saying leave it open so that employers can determine what works best for them. You do the same, Senator.

SENATOR PRAGUE: Representative Rigby.

REP. RIGBY: Thank you, Madam Chair. Kia, thank you for your testimony on these various bills. With respect to the credit score bill, Senate Bill 361, can you tell us what member companies, CBIA member companies, might do with a credit report, how they might evaluate it, how they could use that report in making a hiring decision.

KIA MURRELL: Again, from what I've been told, and it varies a lot, because again, some of the people I didn't know were even using it. In some cases, it is part of a background check package that they are sold by the vendor companies that do it where they don't even need or want credit, but it comes included, so it's like the burger with the fries. I don't need it, but I'm paying for it anyway.

In other industries, in the case of those that deal with rare works of art, rare books, things like that, they use it just because everyone who works in the facility or the entity technically is a custodian of that.

I'm trying to think of other examples. Again, in the home alarm security business, you don't get

money when you go in to secure someone's home but you have access to the key pad and the pin and in many cases other details of how that home is set up such that if you were dishonest you could come in and do some real damage.

The issue for all the employers is the same. It's not that I make a judgment based on what I find, it's that I recognize the minute something goes wrong, I'll be blamed for not checking. That's what this is about. It's insurance.

You know, you don't go out and get in a car accident every day, but if you do and you don't have insurance, we all know what happens.

That's the same concept here. This is insurance. I don't want to do anything today that would lead you to believe that I think that making a judgment is right or wrong. I just recognize it for most employers having that flexibility, you know, to respond when business dictates. I don't think the criteria enumerated here is wide enough or broad enough to allow that flexibility.

REP. RIGBY: I checked, when this bill came to our Committee I checked with a machine shop that makes aerospace components and I said, do you use credit reports? They said, well we do it as part of a background check and because we make parts for the military, you know, just a few parts, we're required to do that screening on all of our employees.

But I guess the concern of this Committee is that there's so much grey area as to what's being done with this data on an employee, and if they are denied employment because of a credit score or data within the report, you know, what's the process for that, and is the employee notified?

Do they have a chance to refute the data that's contained within the credit report?

KIA MURRELL: Well, under the Fair Credit Reporting Act they do. I don't know if you are familiar with it, but it actually in painstaking detail actually says you have to disclose when you're using it, how you're using it, what the decision is based on and all of that, but for people that are not subject to that, I don't know what the disclosure requirements are, and I think that that seems to get to the crux of where this Committee's going.

If someone is denied a job, how do you know why? How do you know? If there's no requirement to come back and tell them, and I'm not suggesting that there should be, but there's no way for each of those people to say, because I had a foreclosure on my credit I think that's the reason why I didn't get the job, because in many cases the employer doesn't have to tell you.

So I think that again, before you craft a solution to the problem, it's imperative to know what the problem actually is, what the scope of it is, because I think you're probably going to find there's an easier way to kill a cat and I'm sorry about that phrase for all the animal lovers, but there's an easier way to get to where you're going. I don't know that this is it.

REP. RIGBY: Thank you.

SENATOR PRAGUE: Representative Aman.

REP. AMAN: Yeah. For a company right now, they're not allowed to, or they're allowed to, but the general reference if you call up a company that, to check on someone who has worked there, they will give you a starting date and ending date and

no other information because they're concerned about a variety of lawsuits that have happened over the years for giving out information.

So now I'm a prospective employer. What are companies doing now when they have a group of individuals to do equivalent to a background check or to find out, since they can't get any real information from the employer of barring somebody having more honesty than they probably should, you're not going to necessarily get it out of the interview.

If you eliminate the credit report, how does an employer, or what are the employers doing to make those decisions?

KIA MURRELL: That's an interesting question and honestly, I don't know. I guess. it's weird, it's a difficult position for me to be in because I don't want to advocate that you now, you know, mandate that they've got to tell everything.

But by the same token, I don't know of anything that requires that level of disclosure once a decision has been made.

So I think that to a certain degree, this bill and others like it are based on conjecture. You know, I don't know if it's a feeling among the constituents that you represent. I don't know.

But as far as I'm aware, there's nothing outside of Fair Credit Reporting Act that requires them to actually tell you. So I think, again, going back to my earlier point, that's the type of thing that needs to be studied before you have a bill that restricts employers' activities.

REP. AMAN: Just, you know, just on a side note. I find it interesting that we're discussing not

having the credit report as part of it, and I have been lobbied extensively over the last six months from people who are hiring healthcare workers in their own homes as individuals demanding that a complete background check, including a credit check, be done on people before they're being sent into their homes because of problems that they have had.

So here we have two different constituencies, both looking out for the disadvantage, the lower paid worker and the person, the elderly person that's bringing in a homecare individual, and they're taking two positions that are about 180 degrees apart, and somehow I think this Committee is going to have to reconcile the desires of both these groups because I think they both have legitimate concerns but very different ideas of what we should be doing.

SENATOR PRAGUE: Senator Gomes has another question to ask you, Kia.

SENATOR GOMES: I was just listening to what Representative Aman was saying, you know, and that other bill that you're talking about when you bring somebody into your home, you want somebody in your home that you've got to have some modicum of honesty because this is not a workplace, this is your home. I don't know where I land on that one.

But when you said before, after they do all this evaluation of you and they refuse you employment, they don't even have to tell you why they refuse you employment.

With this law in effect with credit checks, it becomes more unfair because you might have been denied employment because of the fact that your credit rating wasn't up and you haven't the

damndest of why the hell you got denied employment, because your mind isn't anywhere set that, well, I didn't get hired because I don't have good credit, and that's when it really becomes unfair.

When you say the employer does not have to tell you why he didn't hire you, and he used that credit check as part of the reason why he made a decision not to hire you, and this person doesn't know why they weren't hired, and part of that possibly was a credit check.

KIA MURRELL: I submit to you that that's no different than you not being hired for anything else that's on your resume or your application.

SENATOR GOMES: Well, most --

KIA MURRELL: I mean, if someone doesn't hire you because they don't feel you are experienced, or that you'd be a good fit for some reason, as long as it's not illegal, I guess I don't understand why having your credit report held against you in those instances where someone does, because I don't know what the (inaudible).

SENATOR GOMES: When you --

KIA MURRELL: Why is that any better or worse than them not hiring you for other reasons?

SENATOR GOMES: Because what you're looking at, you give your resume about you and they don't hire you, you can say, well, there's something in my resume that they didn't hire me for. They didn't hire me because I don't have good credit, because I don't put that in my resume.

It's just one more thing that shouldn't be added to a reason why a person should not be hired,

because there's enough reasons that people do not get hired, and they don't have to get hired. You're right about that.

KIA MURRELL: Okay.

SENATOR GOMES: It's just another reason that's an unfair reason, and a person could possibly not get hired because they didn't meet the credit check and they'll never know it.

KIA MURRELL: I understand your point. I don't mean to be facetious when I mentioned that there are a number of other reasons. I mean, people are hired or not hired every day for reasons that if you knew about them, you probably would disagree with, things that you can't control, your height, your hair color, the fact that someone doesn't find you attractive. That's the reality.

So unless we're going to legislate all those things, I think the credit report legislation like this is a slippery slope. You would ultimately have to require an employer to divulge every reason why they didn't choose you. That doesn't work.

SENATOR GOMES: Right. (Inaudible.)

SENATOR PRAGUE: Kia, do you have any information about the credit checks? Do they go back over a year and look at your credit, six months? Do you know how that works?

KIA MURRELL: Well, I know that your credit report is supposed to only contain information dating back no longer than seven years.

SENATOR PRAGUE: Seven years?

KIA MURRELL: Yeah. That's the length of time that any, the scope, the look back period, in particular when it comes to adverse information. I think a federal law dictates that it's supposed to drop off after seven years.

I don't know, though, for each individual employer when they pull that credit report, and remember, your credit score versus your history versus your report are three separate things. They're not going to be the same in each instance, and they don't look the same. They don't contain the same information.

I don't know what the rules are regarding each one of those.

SENATOR PRAGUE: Say that again. Your credit history

--

KIA MURRELL: Your credit report and then also credit summaries. Let me throw that in, too. Credit history, credit report, credit summary and your credit score.

I don't know. They're very subtle differences between the three, but when all three credit reporting agencies were up here on this bill last year, they explained it to me, and I'm sorry. I don't remember. It means something to them, to the people in this industry, it means something to them, but I apologize. I can't recall the definition of it.

SENATOR PRAGUE: So, Kia, when somebody gets a background check on a prospective employee, if they ask for a criminal background check that's all they get is a criminal background check, or they get the whole package, the criminal background check and the credit score.

KIA MURRELL: It depends on who that employer is and how that employer is conducting his background.

SENATOR PRAGUE: So it can vary.

KIA MURRELL: It can vary a lot.

SENATOR PRAGUE: Okay, thank you.

KIA MURRELL: Okay, thank you.

SENATOR PRAGUE: Sarah Poriss. (Inaudible.)

SARAH PORISS: Oh, I thought it's at the top, 361 in support of 361.

Thank you again. I think it was almost a year ago I was here supporting a similar bill. That's right. I'm an attorney. I represent consumers. I help people who have issues with their credit, errors on their credit, mixed credit files. I think that my one page of testimony explains all the issues with credit report inaccuracies and other people who have testified today have really gone into that in detail.

I'd like to address some of Senator Prague's questions. For example, how far back does a credit report go? Kia was right, seven, seven and a half years. So negative information will stay on your credit for seven to seven and a half years.

So if I was late 30 days once six years ago and eight months, that's going to show up, and if I'm competing with someone just like me, same college, same degree and my score is 10 points less because I had, I don't know, some glitch with my automatic pay, you know, six years ago, that's going to affect me.

I think that I want to look at this, even though I represent consumers and consumers only, I want to look at this from the employers' perspective. If I were an employer, I wouldn't want the burden of looking at credit reports and credit scores. It's a burden.

The Fair Credit Reporting Act is really strict, and me and about a dozen other consumer attorneys in the state are ready, willing and able tomorrow to sue any employer who violates that Fair Credit Reporting Act. And that includes giving notice requirements and custody of those reports and scores.

So, for example, and I don't think the Fair Credit Reporting Act provides the prospective employee any protection at all.

For example, I could apply for a job today and they're making a decision on Friday. So I hear on Thursday or on Friday that you know, you didn't get the job. I find out that they pulled my credit. They have 60 days to provide me notice, 30 days to provide me notice that they based it on my credit score. That job is long gone.

So great. I get a free copy of my credit report with a letter saying we used your credit score or your credit report to determine whether we were going to hire you or not. Great. So that job is long gone.

I'm the best adjunct professor for that job, just to put a, harken back to other testimony today, but I can't get it because, and then maybe there's something that's a mistake, maybe they're another Sarah Poriss around who has bad credit and her stuff's mixed with mine. It happens all the time.

So if I were an employer, they have a lot of burden. They have to provide that notice, and if they don't, again, I'm one of the several attorneys in the state that's ready to sue that employer.

And then they have to maintain custody of that score confidentiality and we hear all the time about data breaches. So if I were one of those employers, I would not want the burden, especially because we know that it's really arbitrary.

And what did we do? I remember talking about this last year. What did we do 20 years ago, 30 years ago? Was the employment sector filled with dishonest people because we couldn't check people's credit?

Credit reports and credit scores are a product created by that industry, sold to us and promised to us that there's some accuracy to it. So we've all bought into that because we've been told by that industry this is useful. You need this stuff. If you don't check your employee's credit, a prospective employee's credit, you don't know what's going on in their lives. They're going to steal from you.

So, fear, fear, fear. We check people's credit, and businesses think they get some extra security because of it. So I think there's a lot of problems with checking credit. An employer shouldn't want to.

The other issue, the other thing that happens is, most people know, or believe, that employers, prospective employers can check your credit. And they will. I remember mentioning this last year,

they will self select out of applying for certain jobs.

They will not apply for the teaching job or the substitute teaching job because they know their credit is going to get checked and they have foreclosure on their credit, and it's a small town and they don't want to know that their neighbor's on the board who does the hiring. They don't want the neighbor to know they have credit issues. They will apply at the coffee shop, well below their qualifications before applying for the job they really should be applying for because they know that their credit's going to get checked, or they think so. It's a myth.

There's a lot of places that don't, and maybe we should find out, you know, what industries really are and what aren't? Why weren't we told? If she knows, I think it would have been helpful, and I think if the public knows, employers can't check your credit if you're applying for a substitute teaching job or an adjunct professor job or something like that.

Then at least the public feels more safe that their credit won't be checked, so, and then more people will, you know, boldly apply for the jobs they should apply for.

SENATOR PRAGUE: Thank you for that testimony. Any questions from Committee members? Representative Aman, is that your hand up, or you're just leaning on the, you're just resting.

REP. AMAN: Looking at, five minutes to five and going, come on.

SENATOR PRAGUE: I have one question, though I want to ask. Did I hear you say that an employer has to

notify the employee within 60 days as to why they didn't get the job? What did you say?

SARAH PORISS: I apologize. It might also be 30 days. I haven't, it could be 30 days.

SENATOR PRAGUE: Oh, even 30 days.

SARAH PORISS: It could be 30 days, but if the credit score is a reason for any adverse action, and that's the way it's defined in the Fair Credit Reporting Act, adverse action based on a credit report, which could be denial of credit like for a loan or employment, those are the two big categories.

Then the person whose credit was used to deny for the adverse action, you're supposed to provide that person notice. And it's a letter and it looks like --

SENATOR PRAGUE: (Inaudible.)

SARAH PORISS: Yeah, but they have 30 days, and they could do it on the 30th day, and again, and then you can take that, what do you get for it? Nothing. You take the letter. You send it to TransUnion, Experion and Equifax and say, well, I got denied a job. Send me a free credit report. You get a free credit report anyway, once a year.

And it takes them like 60 days to process that credit report request, so really, you know, somebody who doesn't know there's something on their credit and they apply for their dream job and then they're denied and they don't know until that denial, there's really no ever hope of getting that job.

I think there's a huge trickle effect that people don't apply for a job, or, you know, whether

that's valid or not, they should know what's on their credit score, but I think it's a burden on the employers because again, if you, if someone walked in my office and said, I applied for a job and I learned later that they checked my credit, you know, and I think there's no way that it was anything but what's on my credit was the reason, I'd probably sue that employer. I'd probably take a shot, if that was the reason, and I'd probably win.

So I think it's huge. Unfortunately, I think it's huge in employment decisions, and I'm preaching to the choir and to some of the members here, but I really think they shouldn't be used in the majority of industries.

SENATOR PRAGUE: Representative Rigby.

REP. RIGBY: Thank you, Madam Chair. A very brief question. A credit report is data, you know, it's just compiled data whether it's one of the three bureaus, and normally they're looked at by an underwriter, you know, somebody trained to evaluate the report and you look past just the raw score because maybe there's an anomaly. Maybe there was, like you said, a failed electronic payment that didn't post.

But as an employer, I wouldn't want to be tasked with reviewing somebody's credit report if I didn't know what that data meant, or how to apply it to that individual and use it in making a hiring decision.

So it almost seems that an employer that uses a credit report to make a hiring decision is going to open themselves up to litigation with somebody like yourself.

SARAH PORISS: I agree, and something that you asked Kia earlier was, what's a credit summary. And I know that just from reviewing, you know, probably a dozen credit reports a week, that the companies format them all differently, and so some of the companies will have like a credit summary.

Like on the front page it will say, this is your amount of outstanding revolving credit. This is the amount of your outstanding installment credit, so I'm guessing that that's what that could be.

So that whoever's looking at the credit summary alone maybe with a score, isn't looking at what are the accounts, when were those late payments. They're just looking at you know, what's outstanding.

And again, I think in most cases consumers don't know that there's errors on their report. How is an employer going to know without interviewing, going through, because I review reports. I talk to people. I say, okay, what's this account? What's that account? We go through every account, and they'll say on, that one's not mine, that one's my father's. That one I paid. It should say zero, it doesn't. So there's all kinds of mistakes.

And it takes a long time to correct them. You have to know how to correct them, take the time to correct them. There's a lot of paperwork. It's a huge burden.

So you're right. I don't know why an employer would rely on them, but I think they do. I think they're a false measure and the longer someone's out of the workforce, the worse their credit is going to be, and it's just --

pat/gbr LABOR AND PUBLIC EMPLOYEES  
COMMITTEE

2:00 P.M.

SENATOR GOMES: (Inaudible.)

SARAH PORISS: I'm guessing that if they're going to get a credit summary it's so that you don't have to look at every account. It might just be a listing of what is owed in each category, and an indication of how many late payments are in the history, something like that. I'm guessing, because I've seen like the front page of certain reports with a similar summary.

REP. RIGBY: Thank you.

SARAH PORISS: Thanks.

SENATOR PRAGUE: I don't see any other questions, so thank you for coming in.

SARAH PORISS: Thank you again.

SENATOR PRAGUE: I would say this hearing is completed and now closed, unless somebody else wants to testify. Does John McCarthy want to testify?



# CONNECTICUT AFL-CIO

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P7/L4

Testimony of Lori Pelletier

Secretary-Treasurer of the Connecticut AFL-CIO

Before the Labor and Public Employees Committee

February 15, 2011

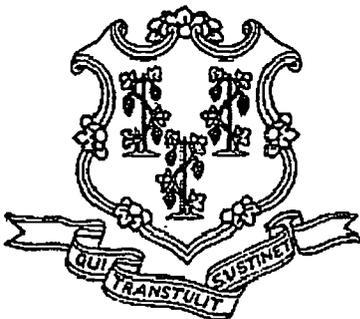
Senator Prague and Representative Zalaski and members of the Labor and Public Employees Committee, I am Lori Pelletier and I serve as the Secretary-Treasurer of the Connecticut AFL-CIO, and I'm here to testify on behalf of the 900 affiliated local unions who represent 220,000 working women and men from every city and town in our great state.

**S.B. No. 359 (COMM) AN ACT CONCERNING EMPLOYER NOTICE TO EMPLOYEES REGARDING MANDATORY OVERTIME.** We support this legislation. Workers have families too. The idea that an employer can force by making it a condition of employment mandatory overtime is a problem that the state needs to address. From healthcare workers to food service employees there needs to be a balance.

**S.B. No. 361 (COMM) AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS.** We support this legislation. When first proposed two years ago this concept was new to many in the legislature, and the notion of an employer using credit history in the hiring process seemed unusual. Many residents have lost their jobs or homes and are barely making ends meet. This can have a serious impact on their credit score. If employers are allowed to continue using credit scores in hiring decisions, many hard-working people will be unfairly penalized. With unemployment in the State at or around 9% and many of those unemployed having been so for more than six months odds are their credit history has taken a beating. This is good policy and we are appreciative of the committee's attention to this matter.

We appreciate the Committee holding this public hearing and we look forward to working with the General Assembly to pass these important pieces of legislation.

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**Testimony before the Labor and Public Employees Committee**

**Tuesday, February 15<sup>th</sup>, 2011**

**2:00 PM in Room 2A of the LOB**

Good afternoon Senator Prague, Representative Zalaski and members of the Labor Committee. My name is Frank Sykes the Legislative Analyst of the African-American Affairs Commission (AAAC) a non-partisan state agency. This Commission is an advocate for the African-American community and accomplishes its mission primarily through research, policy analysis and advocacy.

I come before you today to speak in support of Senate Bill (SB) – 361 *An act preventing the use of credit scores by certain employers*. I speak as a representative of the Commission but also as a concerned citizen. First I will like to applaud Senator Looney for introducing this bill. It is a good bill that has merit. Our Commission's interest in this issue is based primarily on the high unemployment rate in the state, particularly within the African-American community. Its safe to say that the state's mission in the next couple of years is to build a stronger economy. Therefore barriers such as credit worthiness, ex-

offender status that remain a stumbling block for job applicants should be erased. The average unemployment rate in our state in 2010 was 9.2 percent, for African-Americans it was almost twice that at 17.2 percent.<sup>1</sup> While the financial crisis that hit a couple of years ago hurt everyone, the impact of the was felt hardest in communities with high rates of sub-prime lending mainly minority populations. Foreclosures continue to devastate these communities. There were 64,726 past due mortgages in the first quarter of 2010. The projected foreclosures in our state for the period between 2009 and 2012 is estimated to be 80,031.<sup>2</sup> Obviously with foreclosures come credit problems and in some case bankruptcies for many families. The sad truth is that some families affected by this economic downturn may never own a home again but the least the State can do is give them an opportunity to earn a living.

In conclusion whatever barriers exist real or artificial that may present obstacles to hiring otherwise qualified applicants into jobs must be eliminated. This bill seeks to reverse this negative trend hence it has the full support of this Commission. We urge you to support it too.

Thank you for the opportunity to testify.

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<sup>1</sup> Bureau of Labor Statistics, *Employment status of the civilian noninstitutional population by sex, race, Hispanic or Latino ethnicity, and detailed age, 2010 annual averages p — continued*, <http://www.bls.gov/lau/ptable14full2010.pdf>

<sup>2</sup> Center For Responsible Lending, *The Cost of Bad Lending in Connecticut*

**Testimony Supporting S.B. 361: An Act Preventing The Use of Credit Scores by Certain Employers**

Robert Hiltonsmith

Policy Analyst

Demos

February 15, 2011

Thank you Chairperson Prague, Chairperson Zalaski and members of the Labor & Public Employees Committee for the opportunity to testify today. I am Robert Hiltonsmith, a Policy Analyst at Demos, a national, non-partisan policy research and advocacy organization. Founded 11 years ago, Demos works with advocates and policymakers around the country in pursuit of four overarching goals: 1) A more equitable economy with widely shared prosperity; 2) A vibrant and inclusive democracy with high levels of voting and civic engagement; 3) An empowered public sector that works for the common good; and 4) Responsible U.S. engagement in an interdependent world. I am happy to be here today to testify in support of Senate Bill 361, introduced by Senate Majority Leader Martin Looney, which limits the use of credit screening by employers when making hiring and firing decisions.

Over the past nine years, Demos has conducted extensive research on credit card debt among low- and middle -income households. As part of this research, we have become increasingly concerned with how families are being financially penalized for being in debt, making it difficult, if not impossible, for them to ever get out of debt. The proliferation of the use of credit reports and scores in particular have resulted in families in debt being forced to pay more for basic services, such as water and gas, being denied a rental apartment, being charged more for auto or homeowners' insurance, or, as I'll discuss today in more detail, being denied a job— which is the very thing they need to get out of debt.

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As many of you know, economic insecurity has become the "new normal" in America. Fourteen million Americans are out of work, and the vast majority of Americans have seen their incomes stagnate or decline over the past decade. These stagnant incomes and job insecurity, in turn, have caused credit card

debt to balloon. Among the 60% of households with credit card debt, revolving card balances averaged nearly \$10,000 in 2008.

Demos' extensive research on credit card debt among middle- and low-income households has found that most indebted families go into debt to pay for basic expenses: groceries, utilities, child care, and health care<sup>1</sup>. In fact, in a 2008 survey we commissioned of low-and-moderate income households, 37% of credit card indebted families had used their credit cards to pay for basic expenses and 52% had used them to pay for medical care in the past year. Simply put, Americans are borrowing to make ends meet.

Against this backdrop of troubled family finances, as mentioned above, there has been a dramatic increase in the marketing and use of consumer credit reports for a purpose completely unrelated to extending credit: employer decisions to hire or fire workers<sup>2</sup>. Employer surveys conducted by the Society of Human Resources Management (SHRM) suggest that over the last 15 years, employers' use of credit reports in hiring processes has gone from being a marginal practice, one used by less than one in five employers in 1996, to a commonplace one used by 6 out of every 10 employers in 2009<sup>3</sup>.

This increase in employers' use of credit-history information to make hiring and firing decisions comes despite strong evidence that credit checks have *no* validity in predicting job performance and warnings from the Equal Employment Opportunity Commission that the practice produces discriminatory hiring and firing decisions that violate federal civil rights and deny equal opportunity to workers. Further, credit reports are often inaccurate.

Employers who use credit checks typically argue that they are necessary to determine who "the best fit for the job" is and also to protect against employee fraud.<sup>4</sup> However, according to the Chief Psychologist for the Equal Employment Opportunities Commission, there is "very little evidence that credit history is indicative of who can do the job better" and it is "hard to establish a predictive relationship between credit and crime."<sup>5</sup>

Some representatives of credit reporting agencies have acknowledged the lack of evidence showing a relationship between credit-report data and job performance. Most notably, Eric Rosenberg, TransUnion's Director of State Governmental Relations, acknowledged earlier this year that: "... we don't have any research to

show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud."<sup>6</sup>

The one rigorous study of the use of credit checks for employment purposes conducted by qualified experts found that credit history information does not accurately measure job performance. This study sampled 178 employees, split between active and terminated, holding "financial services and collections" jobs with the employer.<sup>7</sup> It compared each of the specific categories of credit information in the employees' credit reports—for example, the number of past-due accounts in an employee's report—with the performance ratings (of the active employees) and termination data. The study found *no* relationship between the various indicators of poor credit and the performance ratings of active employees or whether or not the employee was terminated. More research, clearly, needs to be conducted investigating the existence of a connection between credit quality and employee performance, but this study and other anecdotal evidence show that the practice including credit information in hiring decisions is troubling, and that laws should strongly be considered to regulate the practice.

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Given the size and revenues of the credit reporting industry, it is more than reasonable to expect their reports to have few or no errors. But, in fact, error rates are high. A 2008 Federal Trade Commission (FTC)-sponsored pilot study found that about 31 percent of people who reviewed their credit report found errors that they wanted to dispute.<sup>8</sup> About 11 percent of people reported errors that were categorized by the FTC as "material", i.e. errors that significantly affected credit scores.<sup>9</sup> The FTC pilot study also provides evidence that individuals with lower credit scores are much more likely to allege errors after viewing their report. In particular, material errors were alleged in half of the cases with a credit score under 610 and one-third of cases with a score between 610-689.

The 2008 FTC pilot study is limited in scope and similar to other available studies, doesn't rely on a nationally representative sample. However, if the findings are even roughly representative, it would mean that somewhere in the range of 20 million Americans have material errors in their reports.

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At least four states—Hawaii, Illinois, Oregon, and Washington—have already come to the conclusion that allowing employers to view credit reports and scores when making hiring and firing decisions is unjust and unfair, given that credit checks have *no* validity in predicting job performance and that they are often inaccurate. Each state has enacted legislation since 2007 restricting the use of consumer reports for employment purposes and many more states, around 16, are currently considering similar legislation.

Following the precedent of these four states, I'd like to recommend that the bill be amended to prohibit employers from checking the credit of current or potential employees; simply prohibiting employers from requiring employees submit to credit checks may still leave the window open for employers to discriminate against potential applicants who refuse to submit to such a check.

If America is the "land of the second chance" and committed to equal opportunity, it's hard to think of a practice that flies more in the face of this than letting employers deny jobs to people on the basis of their credit history. Connecticut should act now to end the unfair and arbitrary use of credit reports to make hiring and firing decisions. Especially in today's economy— with 170,000 Connecticut workers currently unemployed and almost 100,000 forced to accept part-time work, and debt delinquency rates that have more than quadrupled over the last four years —the stakes for Connecticut workers are too high to allow employers to outsource hiring decisions to credit reporting agencies.

<sup>1</sup> Tamara Draut and Jose Garcia, "The Plastic Safety Net: How Households are Coping in a Fragile Economy", Demos 2009, available at: <http://demos.org/publication.cfm?currentpublicationID=C1B896F4-3FF4-6C82-56F2B3EF557CCFF5>

<sup>2</sup> See, e.g., Ben Arnoldy, The Spread of the Credit Check as Civil Rights Issue, The Christian Science Monitor, January 18, 2007; Thomas Frank, When 'Bad' Credit Stands in the Way of a Good Job, USA Today, February 21, 2009; Jonathan D. Glater, Another Hurdle for the Jobless: Credit Inquiries, N.Y. Times, August 7, 2009, Andrew Martin, As a Hiring Filter, Credit Checks Draw Questions, N.Y. Times, April 9, 2010.

<sup>3</sup> Society of Human Resources Management, Background Checking: Conducting Credit Background Checks, January 22, 2010.

<sup>4</sup> See, e.g., Statement of Michael Eastman, U.S. Chamber of Commerce, EEOC Meeting on Employer Use of Credit History as a Screening Tool, October 20, 2010.

<sup>5</sup> Statement of Dr. Richard Tonowski, EEOC Chief Psychologist, EEOC Meeting on Employer Use of Credit History as a Screening Tool, October 20, 2010.

<sup>6</sup> Andrew Martin, As a Hiring Filter, Credit Checks Draw Questions, N.Y. Times, April 9, 2010.

<sup>7</sup> Jerry K. Palmer and Laura L. Koppes, Investigation of Credit History Validity at Predicting Performance and Turnover, paper presented at meeting of Society for Industrial and Organizational Psychology, Chicago, IL, April 3, 2004.

<sup>8</sup> Federal Trade Commission, Report to Congress Under Sections 318 and 319 of the Fair and Accurate Credit Transactions Act of 2003 (December 23, 2008).

<sup>9</sup> A material error was defined as having a credit score less than 760 and including the following types of errors: negative items, bankruptcies and other negative public record information, accounts sent to collection, and number of inquiries for new credit. Thus, errors that were material for someone with a score under 760 were treated as non-material for those with scores above

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760. This limited definition of materiality likely excludes errors that are material in the employment context where it is the specific pieces of information in the report, and not credit scores (which generally are not available to employers) that can have an adverse impact. Even for employees with scores above 760, a single error could result in denial of a job offer.



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**Testimony before the Labor & Public Employees Committee  
In Favor of SB 361  
February 15, 2011**

Good afternoon/evening Senator Prague, Representative Zalaski, and members of the Labor & Public Employees Committee. My name is Cheri Bragg, Coordinator of the statewide Keep the Promise Coalition. The Coalition is dedicated to the creation and expansion of community mental health services and housing needed to address the crisis in mental health services in our communities.

Keep the Promise Coalition is here today to testify in favor of SB 361, An Act Preventing the use of Credit Scores by Certain Employers in Hiring Decisions. This bill would increase job opportunities for individuals with some credit issues who are applying for jobs with employers who are not financial institutions. Many people with mental illness face enormous hurdles when trying to obtain employment. People who have had lengthy or frequent hospitalizations must often explain large or numerous work gaps in their work history. This is not unlike having any other chronic health condition except for the overwhelming societal stigma of explaining absence due to mental illness, a biologically-based brain disorder.

Other employment hurdles people face specific to having a mental illness are medication issues, the need to update job skills, and lack of specific job supports. One of the overwhelmingly difficult barriers is having your credit report judged as a basis for employment. This can be an unfair practice for many reasons. Some people with bipolar disorder, for example, might overspend as a symptom of their illness when they are experiencing a manic phase and then find themselves unable to meet their bills when they are feeling better. This is different from willful overspending. People are still accountable for these bills, but this does not mean that they would not be able to meet the requirements of the job they are applying for. In fact, employment is one of the keys to addressing credit problems. If you made a mistake that affected your credit and then were unable to work to address that problem the issue is unnecessarily compounded.

Another example is when people who are working become ill and are hospitalized. This can result in loss of work which can snowball into a loss of insurance and even your home. We want to stress again that mental illness is a biologically-based brain disorder that affects the brain, an organ in the body. It is NOT a failing of character. People affected by other chronic illnesses would similarly be affected by such circumstances. People with mental illness are, however, more likely to have dealt with lack of mental health parity in their insurance resulting in mounting bills, another hit to their credit history. People who are depressed often become incapacitated to the point that they do not open their bills. Rates of success in treatment are high, but this does not eliminate the damage to your credit history. This does NOT mean someone would not be able to fulfill the demands of their job.

The examples we could cite are limitless. We urge this committee to eliminate this barrier for people with mental illness and others to have success as members of the community. Many people living with mental illness can and do want to work. Eliminating credit reports as a basis for employment decisions would facilitate the pursuit of employment adding to the labor force and healthy communities.

Thank you for your time. I would be happy to answer any questions you might have.



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

**Testimony of Kia F. Murrell  
Assistant Counsel, CBIA  
Before the Committee on Labor and Public Employees  
Hartford, CT  
February 15, 2011**

**S.B. 361 AA Preventing the Use of Credit Scores  
by Certain Employers in Hiring Decisions**

Good Afternoon Senator Prague, Representative Zalaski and other members of the Committee. My name is Kia Murrell and I am Assistant Counsel at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses, but the vast majority of our members are small businesses of 50 or fewer employees.

CBIA does not support legislation which increases the costs of doing business in the state; creates new administrative burdens for employers when making hiring or personnel decisions; or limits employers' flexibility when assessing the qualifications and fitness of job candidates.

Based on the above, we are concerned that S.B. 361 may negatively impact Connecticut businesses in the following ways:

- It unnecessarily limits employers' ability to fully assess the fitness of potential job candidates by narrowly prescribing the circumstances in which they may consider credit reports as a basis for employment decisions.
- By limiting some employers' use of credit reports to only those criteria listed in this legislation, other employers would be forced to shoulder the burden of defending against Labor Department complaints and potential fines, at a time when the state has limited resources for the additional investigations.
- Many financial institutions are already subject to federal law governing how and when such employers use consumer credit reports in hiring. The Fair Credit Reporting Act regulates employer background check procedures and it allows job applicants and employees to challenge such reports as adverse or irrelevant to employment.

In summary, S.B. 361 creates another layer of regulation for employers to contend with in managing their workforces and hiring new employees, at a time when job retention and growth in the state should be the top priority in public policy. For that reason, we oppose this legislation.

Sarah Poriss, Attorney at Law, LLC  
Hartford, CT  
860-593-1758

Testimony in support of  
H.B. No. 5061  
February 15, 2011

PII/L S

My name is Sarah Poriss and I am here to testify today in support of S.B. No. 361, An Act Eliminating Credit Reports As a Basis for Employment Decisions.

I am an attorney and I work almost exclusively with clients who are in debt or who are in foreclosure. A person's credit report reflects when they have not been able to pay bills or pay their mortgage. Use of credit reports and credit scores to screen job seekers can prevent many applicants from obtaining employment that is desperately needed to pay bills and stay in their homes. Therefore using someone's payment history to determine qualification for employment is unfair and unhealthy for the economy.

Credit scores are not affected only by non-payment of bills. The most recent study by the Federal Trade Commission, completed in December, 2008, which can be found at <http://www.ftc.gov/os/2008/12/P044804factarptcongress.pdf>, found that between 15% and 40% of those surveyed found errors on their credit reports that may affect their credit scores. The people who were more likely to find errors on their reports were those with the lowest scores. This data reveals 1) that a large percentage of job applicants likely has an error on their credit reports that could adversely affect their credit score and prevent them from obtaining employment, and 2) that those who are already disadvantaged in the employment process by a low credit score are likely to be so because of an error, not because of mismanagement of funds. Therefore credit reports and credit scores are not accurate indicators of qualification for employment and serve only to increase competition for the few jobs that are currently available.

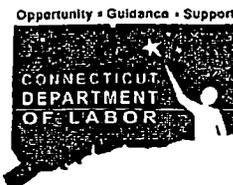
I have seen trends in the last two years that have reduced my clients' credit scores due to no fault of the individual because many banks are reducing the amount of credit they are offering because they don't have the money to lend. One of the major factors affecting credit scores is amount of credit used compared to the total credit line available; the less credit available or the more of that credit a person uses, the lower their credit scores. Many credit card companies are dealing with the lack of money available to lend by reducing credit lines and for no reason related to the consumer's use of that credit line. People that find their credit lines reduced even include those who are working diligently to improve their credit by paying down debt. In one example, a client owes a \$5,000 debt on a credit card; he made a \$1,000 payment with the goal of showing that he is not using all his available credit. In response, however, the bank reduced his credit line to his new balance, \$4,000, so his credit score did not improve and the attempt to pay bills did not give a positive result.

The reality is our use of credit and the economy have changed, and the credit scoring system has not similarly evolved. Credit scores would be more accurate and valuable as a tool to determine qualification for employment if the credit scoring system took into consideration the latest economic trends, including more widespread use of credit in the last 15 years or so. I support this bill because credit reports and credit scores are just not accurate indicators of work ethic, they frustrate the already financially challenged job seeker, and prevent employers from finding the right person for the job.

Thank you.

---

Connecticut Department of Labor



Dennis C. Murphy, Acting Commissioner

**Public Hearing Written Testimony of  
Dennis C. Murphy, Acting Commissioner**

**Labor and Public Employees Committee  
February 15, 2011**

Good Afternoon Senator Prague, Representative Zalaski and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with written testimony regarding Senate Bill 361-AA Preventing the Use of Credit Scores by Certain Employers in Hiring Decisions. My name is Dennis C. Murphy and I am the Acting Commissioner of the Department of Labor.

This bill seeks to increase job opportunities for individuals who are seeking employment with employers who are not financial institutions. While the Department understands the purpose of this bill, there may be a fiscal impact on the Department. The bill permits an employee or perspective employee to file a complaint with the Labor Commissioner alleging a violation of the bill. At the request of either party, the Commissioner shall hold a hearing. According to the bill, the result of such a hearing will be the assessment of a civil penalty in the amount of \$300.00. It is unclear how many hearings will be held. However, if a hearing is requested, the Department must hold a hearing. The aggrieved party may then appeal to the Superior Court. Holding a mandated hearing for a civil penalty of \$300.00 will impose a burden of the Department and may require additional staff.

Thank you for the opportunity to provide this testimony. Please feel free to contact me or my staff if you need additional information.



State of Connecticut  
 HOUSE OF REPRESENTATIVES  
 STATE CAPITOL  
 HARTFORD, CONNECTICUT 06106-1591

**REPRESENTATIVE MATTHEW LESSER**  
 ONE HUNDRETH ASSEMBLY DISTRICT

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 HARTFORD, CT 06106-1591

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**VICE CHAIRMAN**  
 GOVERNMENT ADMINISTRATION AND  
 ELECTIONS COMMITTEE

**MEMBER**  
 EDUCATION COMMITTEE  
 PUBLIC HEALTH COMMITTEE

Testimony of  
 Representative Matthew Lesser, 100<sup>th</sup> District  
 February 15, 2011

In Support of SB 361, An Act Preventing the Use of Credit Scores by Certain Employers  
 in Hiring Decisions

Representative Zalaski, Senator Prague, Representative Rigby, Senator Guglielmo,  
 distinguished vice chairs and honorable members of this committee,

I wish to testify in support of SB 361, *AN ACT PREVENTING THE USE OF CREDIT  
 SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS*.

I want to first thank Senator Looney for introducing this important legislation.

In the year 2011, it is difficult to enough to find a job. Unfortunately, many employers  
 are now looking at a prospective employee's credit history before choosing to offer them  
 a job.

This means that those people who most need jobs – people who have been out of work  
 for a while, who have maxed out their credit cards and exhausted their savings, have an  
 additional barrier to employment.

But most significantly, in the years this bill has been before the General Assembly, we  
 have still yet to hear any evidence that there is any correlation between an employee's  
 credit score and their job performance.

Simply put, people have bad credit for many reasons, anything from a poor financial  
 decision as a college student to major medical events to having been the victim of  
 identity theft.

Connecticut has been at the lead in addressing this issue – then State Rep. Gary LeBeau, who has since left us for the other chamber, introduced a bill to tackle the issue in 1994. When I introduced a similar bill in 2009, Connecticut was at the lead in identifying this problem. However in the two intervening years, the recession has made clear that tackling this issue is urgently needed and a no-cost way to help jobseekers.

Recently, Hawaii, Illinois, Oregon and Washington have all passed legislation limiting the practice, and legislation has been introduced in Congress and in more than half the states.

Additionally, the federal Equal Employment Opportunity Commission has recently filed lawsuits alleging that using a credit check for employment decisions has a discriminatory impact on the basis of race.

In the past, the General Assembly has heard concerns from some parties that employers have special concerns over the background of certain employees with access to large amounts of money. With that in mind, Senate Bill 361 specifically exempts financial institutions.

I believe this bill should have no fiscal note, but will have a significant impact on the lives of many of our unemployed constituents. I respectfully urge favorable action and thank the Committee for its time.

Sincerely,

Matt Lesser  
State Representative



CONNECTICUT  
STATE COUNCIL

SERVICE EMPLOYEES  
INTERNATIONAL UNION  
CTW, CLC

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Hartford, CT 06106  
860 251 6091  
Fax 860 548 1935

777 Summer Street  
5th floor, Suite 501  
Stamford, CT 06901  
203 602 6615  
Fax 203 964 0428

Testimony of Paul Filson Director of SEIU-CT State  
Council in favor of

**SB 361 AN ACT PREVENTING THE USE OF  
CREDIT SCORES BY CERTAIN EMPLOYERS  
IN HIRING DECISIONS.**

February 15, 2011

Good afternoon, Co-Chairs Senator Prague, Representative Zalaski and the members of the Labor and Public Employees Committee. Thank you for the opportunity to testify today. The Service Employees International Union Connecticut State Council represents over 55,000 active members in Connecticut. SEIU is the states largest union with both public and private sector members.

SEIU supports SB 361. It is our belief that in these tough economic times a person's financial hardship should not be an obstacle in obtaining gainful employment. Credit reports do not show the whole picture and tend to be poor for young, lower income and less well educated job applicants. More and more employers are now using credit reports to screen job applicants. Some estimates are that today as many as one half of all employers are using credit reports.

According to the National Association of State Public Interest Research Groups (PIRGs), 79 percent of the credit reports surveyed were inaccurate. In addition, there is no clear correlation between a credit history and job performance. Many job seekers consider it to be an unfair way of screening candidates, however, no Federal discrimination law specifically prohibits employment discrimination on the basis of a bad credit report.

SB 361 prevents employers from using credit histories and unintentionally discriminating against certain classes of job applicants. In addition, it contains many common sense exemptions to the prohibition – including the ability to use credit reports when it comes to hiring employees who are applying for financial jobs.

I would like to commend the Labor Committee for raising this important bill and for holding this public hearing and I urge the members of the committee to vote yes.

February 14, 2011

Edith G. Prague  
State Senator; Assistant President Pro Tempore Chair, Joint Committee on Labor and Public  
Employees Legislative Office Building, Room 3800 Hartford, CT 06106

Zeke Zalaski  
State Representative  
Chair, Joint Committee on Labor and Public Employees Legislative Office Building, Room 3804  
Hartford, CT 06106

RE: SB 361 (Looney) – SUPPORT

Dear Senator Prague and Representative Zalaski,

UNITE HERE Locals 34, 35, 217 and GESO, representing over 6,000 members in Connecticut, write in strong support of SB 361, Senator Looney's bill to restrict the use of credit history in employment decisions. 170,000 Connecticut workers are currently unemployed and almost 100,000 have been forced to accept part-time work.

Meanwhile, sixty percent of employers recently surveyed by the Society for Human Resource Management report that they run credit checks on job applicants. Now, when Connecticut families face the worst economic crisis of our generation, is the time for our leaders to ensure that employment discrimination has no place in our economic recovery.

The use of credit history in employment decisions should be restricted for four main reasons.

First, credit checks create a fundamental "Catch-22" for job applicants in Connecticut. An applicant falls behind on her bills because she lost her job or her hours were cut, but now she can't get a job or a promotion because she's behind on her bills. Connecticut workers seeking to regain economic security should not face a permanent barrier to employment that punishes them for the current economic recession.

Second, the use of credit histories discriminates against African-American and Latino job applicants. The average credit score of African-Americans is roughly 10% to 35% lower than that of Whites, while the average credit score for Latinos is roughly 5% to 25% lower than that of Whites, according to a 2004 study by the Texas Department of Insurance. Based on this disparity, the Equal Employment Opportunity Commission has recently sued two employers for using credit histories in employment decisions, claiming that the practice violates Title VII of the Civil Rights Act. Furthermore, the impact of employment credit checks on women, recent immigrants, senior citizens and people with disabilities has not been disclosed by the credit reporting industry, but these groups have suffered financially from outside factors such as unequal pay, job discrimination and medical debt.

Third, credit histories do not predict job performance.

Credit reports were designed to predict the likelihood of one thing only—that a consumer would default on a loan, not whether he would steal, commit fraud, or behave irresponsibly in the workplace. The definitive study on this issue, presented to the American Psychological Association in 2003, concluded that credit history does not correlate with employee performance.

Even TransUnion, which sells credit reports to employers and has led efforts against similar legislation in other states, has produced no evidence that credit reports make employers safer. At a legislative hearing in Oregon, TransUnion representative Eric Rosenberg admitted: "...we don't have any research to show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud."

Finally, credit histories are inaccurate. A 2007 Zogby poll reported that 37% of people (nearly 2 out of 5) surveyed found an error on their credit report, and half of these respondents reported that they could not easily fix the mistakes. No laws exist to track what percentage of credit reports a company produces are wrong, nor to punish reporting companies for inaccuracy, even if a majority of their reports contain errors. These companies should not be the gatekeepers to economic recovery for job seekers in Connecticut.

Fundamentally, the issue at stake is whether Connecticut workers in hotels, food service and other industries will be fairly judged based on their credentials and job performance or discriminated against because of their credit history.

TransUnion has stated that credit reports are the "de facto economic passport for every individual in this country, whether you like it or not." Our members have suffered wage cuts, layoffs and foreclosures during this economic crisis, all of which have severely impacted their credit history. As we work to rebuild our communities and our economy, we believe that hard work, not discriminatory tools such as credit reports, should be the economic passport for workers in Connecticut.

We call on you to help stop the "Credit Catch-22" in Connecticut by supporting Senator Looney's legislation and restricting the use of credit histories in employment decisions.

Sincerely,

Gwen Mills  
UNITE HERE Political Field Director CT/RI  
425 College St.  
New Haven CT 06511

CC: Bob Proto, President, Local 35  
Laura Kennington, President, Local 34  
Warren Heyman, Secretary-Treasurer, Local 217 Stephanie Greenlea, Chair, GESO

**STATEMENT**  
**INSURANCE ASSOCIATION OF CONNECTICUT**

Labor And Public Employees Committee

February 15, 2011

SB 361, An Act Preventing The Use Of Credit Scores By Certain  
Employers in Hiring Decisions

The Insurance Association of Connecticut, IAC, is opposed to SB 361 which prohibits the use of credit reports for employment purposes.

Credit reports are integral in the employment process, particularly for businesses with employees that hold certain positions in which their financial veracity is of concern. Furthermore, certain employers are required by law to know particular information about their employees, like their credit reports. SB 361's prohibition would prevent such employers from complying with the law. A credit report is a valuable tool to evaluate a person's personal responsibility and organizational skills. An individual with a high debt ratio may not be the ideal candidate for having access to consumers' assets or sensitive personal information. Prohibiting the use of such a vital tool in the hiring process for the insurance industry will be a direct impediment to hiring in Connecticut.

SB 361 specifically exempts financial institutions from its applicability. Such institutions are presumably exempt from SB 361's provisions due to the fiduciary responsibility their employees have. As SB 361 recognizes the importance of such entities being able to verify the veracity of their employees, the insurance industry should not be denied that same ability. Like the financial institutions exempted in SB 361, the insurance industry employs many individuals in fiduciary rolls and must be able to meet certain federal and state laws in regards to whom they employ. As such, the insurance industry should also be exempt from the provisions of SB 361.

## Yale OFFICE OF NEW HAVEN AND STATE AFFAIRS

433 Temple Street  
New Haven CT 06511  
T 203 432-8613  
F 203 432-8612

February 14, 2011

The Honorable Edith G. Prague  
The Honorable Bruce Zalaski  
Labor and Public Employees Committee  
Connecticut General Assembly  
Room 3800, Legislative Office Building  
Hartford, CT 06106

Re: SB361 An Act Preventing the Use of Credit Scores by Certain Employers in Hiring Decisions

Dear Senator Prague, Representative Zalaski, and Members of the Committee:

I am writing on behalf of Yale University to comment on Raised Bill 361, which would limit the use of credit reports in employment decisions.

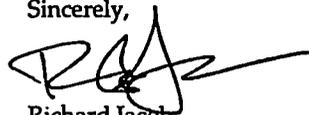
Yale is a large and complex organization that has a number of operations where the use of credit reports in employment decisions is prudent and reasonable. These activities include museums and libraries with valuable collections; health care services that involve the distribution of prescription drugs; and payroll and other financial systems that support payments to Yale employees as well as outside vendors. The use of credit reports for employment decisions in these settings is essential for our prudent stewardship of University assets. It is also required as a condition of insurance policies covering Yale's museum and library collections.

In its present form the bill would prevent the University from using credit reports in employment decisions. We hope the Committee will refine the legislation to balance the interests of current and prospective employees to avoid discrimination based upon their credit history with the interests of employers to maintain operations with appropriate security. We request that the Committee incorporate language that allows credit reports to be considered for employment decisions when the position:

"(A) involves a fiduciary responsibility to the employer, including but not limited to, the authority to issue payments, transfer money or enter into contracts, (B) provides an expense account, or (C) involves access to employer's non-financial assets, including, but not limited, to museum and library collections and to prescription and other pharmaceuticals."

The suggested language would, in our view, protect current and prospective employees while allow appropriate stewardship of valuable institutional resources.

Sincerely,



Richard Jacob  
Associate Vice President  
for Federal and State Relations



## CONNECTICUT

**TESTIMONY OF**  
**NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)**  
**BY**  
**ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR**  
**OPPOSING**  
**SB-361, AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS**  
**IN HIRING DECISIONS**  
**BEFORE THE**  
**LABOR & PUBLIC EMPLOYEES COMMITTEE**  
**FEBRUARY 15, 2011**

*A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees and membership is scattered across the state and ranges from sophisticated high technology enterprises to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:*

NFIB/Connecticut strongly *opposes* this bill which would unduly suppress relevant credit record information about prospective employees from employers. Once again, the legislature is attempting to micro-manage business operations. Without unfettered access to full information about potential employees, employers are unable to act to protect their business from potential loss and ensure the trust of their employees, vendors, and the general public, when making hiring decisions.

Eliminating the use of credit reports as a tool for employers is simply not conducive to the successful operation of our free enterprise system. Business owners must have all available information to best be able to make proper hiring decisions. This bill does not take into account small business owners who deal with thousands of dollars in cash, and customers' credit information. There needs to be some tool in the tool box for a small business owner to use a credit check when they feel they need to use it.

A article from the *Wall Street Journal* last year ("How To Avoid Hiring A Bad Egg", February 10, 2010) stated: "Small businesses, unfortunately, are particularly vulnerable to embezzlement and other kinds of employee theft because they lack the checks and balances of big corporations. One report by the Association of Certified Fraud Examiners found that the median loss for small firms with fewer than one hundred employees was \$190,000. The most common schemes? Employees fraudulently writing company checks, skimming revenues and processing phony invoices."

NFIB/Connecticut is concerned that despite the attempts to define "substantially related to the employee's current or potential job", that the definition is ambiguous, open to varying interpretations, and does not adequately protect small business interests.

Additionally, The Fair Credit Reporting Act already sets standards for employment screening, requiring employers to obtain consent from a potential employee before conducting a background check.

Despite the statement of purpose, the lack of a credit report for employers can only act to the detriment of the job applicant seeking to workforce. The result of this bill will be counterproductive to employment applicants because prospective employers, concerned about and unable to determine prospective employees' credit worthiness, will be constrained to reject the applicant out-of-hand. Again, access to accurate information is the best policy to advance fair employment and business growth and development.

Small businesses are often family operations. Even where employees are not related by blood, small business employees are often considered family members to each other. The owners of such businesses require full information about prospective employees to ensure trust and the continuation of the nature of such a business.

Finally, SB-361 provides no legal protections for business owners who may be open to liability for financial or other damage to their business, employees, or vendors, as a result of their "blind" hiring decision, thus leaving employers in an untenable legal position.

Thank you for the opportunity to comment, and NFIB/Connecticut urges rejection of the bill.



TESTIMONY  
JOHN YUSZA, JR.  
CONNECTICUT ALARM & SYSTEMS INTEGRATORS ASSOCIATION  
BEFORE THE  
LABOR COMMITTEE  
FEBRUARY 15, 2011

The Connecticut Alarm & Systems Integrators Association (CASIA) opposes SB-361,  
**AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN  
EMPLOYERS IN HIRING DECISIONS.**

Credit checks and criminal background checks are often performed – and should be performed - to screen job applicants in the alarm industry to ensure that a candidate will not pose a threat to customers and their property and other valuables. Employees of alarm companies often have knowledge of and access to customers' financial data and personal property, as well as information regarding when customers are away from home.

Last year, a similar bill appeared to address these concerns by allowing credit checks to be performed on employees who have “access to customers', employees' or employer's personal or financial information other than information customarily provided in a retail transaction.” Given the importance of credit checks as a screening tool in our industry, this language is critical to protecting our customers.

We would also like to point out that federal law already provides protections to employees and job applicants relative to credit checks. For example, under the Fair Credit Reporting Act, employers must advise job applicants that they will be subject to a credit check and may receive a copy of the credit report if it is used to make an adverse employment decision. This strikes an appropriate balance that provides sufficient protection to consumers.

If you have any questions regarding this testimony, please contact me at 203-269-3591. Thank you for the opportunity to testify.

*CASIA, a statewide trade association established in 1974, is comprised of alarm companies working together to protect lives and property through the responsible use of electrical security and fire alarm systems. Our members are professional and technically skilled and experienced in integrated systems for intrusion and fire systems, closed circuit television, telephone, intercom, home theater, access control systems and computer wiring.*

SENATOR MARTIN M. LOONEY  
MAJORITY LEADER

Eleventh District  
*New Haven & Hamden*



State of Connecticut

SENATE

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Toll-free: 1-800-842-1420  
[www.SenatorLooney.cga.ct.gov](http://www.SenatorLooney.cga.ct.gov)

February 15, 2011

Good Afternoon Senator Prague, Representative Zalaski and members of the Labor and Public Employees Committee. I am here to testify in support of SB 361, AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS and SB 482, AN ACT CONCERNING THE LABOR DEPARTMENT AND THE PROVISION OF STATISTICAL INFORMATION TO THE UNITED STATES OFFICE OF MANAGEMENT AND BUDGET.

SB 361 would increase job opportunities for individuals with some credit issues who are applying for jobs with employers that are not financial institutions. As you are all aware, the employment climate remains difficult for many Connecticut residents. The situation is made worse for those who have encountered harsh financial realities, such as mortgage foreclosure, due to their unemployment. It seems a cruel double jeopardy to then punish these job seekers again by using

their financial situation to deny them employment for which they would otherwise be considered. I urge you to pass this compassionate piece of legislation.

SB 482 would provide the United States Office of Management and Budget with updated state labor and employment information so that state agencies have access to current information for use in affirmative action plans for state contracts. A constituent brought to my attention that the affirmative action provisions regarding the goals for minority and female employees of contractors (this is not the issue of minority set-aside contracts but of who the contractors who have won the contracts hire) are significantly higher for contracts administered by the city of New Haven than for contracts administered by the state of Connecticut in the city of New Haven. After some research it appeared that each entity was using different, but outdated, statistics for the percent of available minority and women employees in the area. I believe that requiring updated figures would assist the state and the city in their affirmative action goals.

Thank you for hearing these important bills

**S - 630**

**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2011**

**VOL. 54  
PART 19  
5861 - 6210**

mhr/mb/rgd/gbr  
SENATE

466  
June 6, 2011

Madam President, I move all items on Senate Agenda Number 3, dated Monday, June 6, 2011, to be acted upon as indicated and that the agenda be incorporated by reference into the Senate journal and the Senate transcript.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, would also move that all items on Senate Agenda Number 3 be immediately moved to the Senate calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Madam President.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calling from calendar page 38, Calendar Number 72, Substitute for Senate Bill Number 361,  
AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS, favorable reports from the Labor and Appropriations

mhr/mb/rgd/gbr  
SENATE

467  
June 6, 2011

Committees.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Thank you, Madam President.

Madam President, the Clerk has an amendment,  
LCO 8020. Would he please call and I be allowed to  
summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President, the Clerk is in possession of  
LCO Number 8020, which shall be designated Schedule  
"A." This amendment was introduced by Senator  
Looney and Senator Prague, and copies have been  
distributed.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Thank you, Madam President.

THE CHAIR:

Question on adoption.

SENATOR PRAGUE:

I move adoption. Thank you.

THE CHAIR:

The question on adoption.

Please remark further, sir -- ma'am.

SENATOR PRAGUE:

What the amendment before us does is -- it's a strike-all amendment so it becomes the bill when it passes. What it does is to prevent employers from requiring a credit score check when interviewing a perspective employee. The credit scores date way back, nine years, ten years and are frequently in error.

This legislation says that the employer cannot require a credit score check unless it's a banking institution or a financial institution, and it also concerns museums where there are famous works of art and other pieces within our culture that are treasures. With that, Madam President, I would like to yield to Senator Looney.

THE CHAIR:

Senator Looney, will you accept the yield, sir?

SENATOR LOONEY:

Yes, Madam President.

Thank you. And thank you, Senator Prague.

Speaking in support of the amendment, obviously, we know in this difficult economy that people are struggling. Many people who have good credit histories until a few years ago have run into difficult financial circumstances through no fault of their own. What this bill -- what this amendment will provide is a reasonable limitation on the circumstances in which credit scores might be relevant in terms of evaluating someone for employment. As the amendment lays out a number of sections -- clearly anyone who is seeking a position where there is fiduciary responsibility, handling money, handling financial information or handling valuable matters perhaps related to collections that might be held by universities or libraries or museums. All of those exceptions are built into this amendment.

But for someone who has proposed labor has nothing to do with anything financial, really they ought to have a chance to not be encumbered by the weight of an economy on their credit scores. And that's what this amendment will try to do. We tried to fine-tune the issue by way of the amendment to put in as many legitimate exceptions

as we possibly could find to make sure that the bill was narrowly tailored. That those circumstances where there really is an issue where their credit score might be relevant, it may indeed be evaluated as part of the application, but not where the position has nothing to do with anything related to fiduciary or financial issues. Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I rise in opposition to this bill and the underlying policy, but equally as important, I have questions, through you, to the proponent of the bill, in regard to the fiscal note that's attached.

So through you --

THE CHAIR:

Senator, it is -- you are talking about the amendment. Correct?

SENATOR KANE:

Yes.

mhr/mb/rgd/gbr  
SENATE

471  
June 6, 2011

THE CHAIR:

Please proceed.

SENATOR KANE:

And the amendment has a fiscal note, Madam President.

THE CHAIR:

Please proceed.

SENATOR KANE:

Through you to Senator Prague, the fiscal note of the amendment says that the cost associated with this is 84,000-some-odd dollars in Fiscal Year '12 and 86,000 in Fiscal Year '13. Can you explain the fiscal note?

Through you.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Thank you, Madam President.

To Senator Kane, as it so happens, Senator Kane, the fiscal note on the bill is the same as the fiscal note on the amendment. I had not looked at this before, so I'm looking closely at it now. And it says, the bill allows complaints to be filed with the Department of Labor if an employer uses

credit scores in certain hiring decisions. This is anticipated to increase the number of complaints received by the department and may -- may require a halftime special investigator.

I have just had the expert in the dollars in our state who tells me it is in the budget that is in the implementer that is being debated, as we speak, in the House.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam president.

Well, it is in the implementer, not in the budget --

SENATOR PRAGUE:

And will be in the budget.

SENATOR KANE:

Correct. Thank you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

So you're right and Senator Harp is correct in that. I have that in front of me. My question is

in regards to the policy now creates an added expense. Why couldn't this policy be done within existing appropriations? Why do we have to hire another special investigator as well as a staff attorney, too, to take and handle these matters? Through you.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Thank you, Madam President.

To Senator Kane, Senator Kane, it says, may. It doesn't say, shall. It may be that the department won't need an additional investigator, that there will be so few complaints that the department can do what they need to do within available appropriations.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

But by your own admission, it is in the budget implementer so we are putting money aside for this policy. So it may say, "may," but we are putting money in the budget through the implementer process

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so I would argue that this "may" really is a "shall" because we are putting money in the budget to hire these individuals. Through you.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Madam President to Senator Kane, we are putting the money in the implementer which will then be in the budget just in case. If we don't use it, Senator Kane, you know that the FAC Committee will see fit to use it for other areas. The money will not go to waste. If the department doesn't need it, they won't use it.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President, and I thank, Senator Prague, for her answers.

I disagree philosophically, because when we implement policies like this we -- the Office of Fiscal Analysis says that these this, the Department of Labor is unable to handle this without -- because of increased claims. They're going to add two positions because of it so now we

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put the money in the budget. It's just a continual spending process that seems to never end.

I would rather see these type of changes be handled within available appropriations and be handled by the individuals at the Department of Labor currently. I think that's, you know, one of the forms that we truly need in government, is we continue to spend although -- or spend on policies or these policy changes that we create then say, well, you know, if we don't spend it, FAC will move it somewhere else, but that's money spent regardless. And what we should be doing is looking at reducing spending rather than increase spending so I will be in opposition to the bill.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Kane.

Will you remark further? Will you remark further?

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you, Madam President.

I also -- rising in opposition to the amendment. I am someone who originally didn't

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think that credit scores were all that valid. I do have some experience with them and I'm in the insurance business. We run an insurance agency and one of our large companies was one of the first to use credit scores on homeowners insurance and auto insurance and I remember calling the company and challenging them. As to -- I said, what does someone's credit score have to do with how they drive their car? What the someone's credit score have to do with the possibility of them having a homeowners claim?

But they said that in their experience actuarially, that credit scores are a valid predictor of people's behavior and since that time, maybe eight or ten years ago, I don't think there's an insurance company out there now that does not use credit scoring to underwrite their auto insurance, homeowners insurance, commercial insurance, every other type. And I know that credit scores are used by surety companies, leasing companies, certainly by landlords. And I think they should be open to employers, as well, and I realize that these are tough economic times, but I also understand that most employers would make an

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adjustment in their own mind. They would assume their credit scores today aren't going to be as high as they were ten years ago because people have had problems with the economy, laid off, cutbacks; things that are not due to anything that they've done, but merely because of the fiscal condition we find ourselves in.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

I have one very quick question to ask the proponent, if I might?

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

Just very quickly. Senator Prague, with a manufacturing company or a nonfinancial institution that is going to employ someone in a financial capacity handling money, would they be allowed to order a credit report for a concern that if somebody's having credit problems it might affect

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the, you know, if they are handling money? Through  
you, Madam President.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Through you, Madam President.

Senator Suzio, I would say, yes.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Okay. Then just for legislative intent, then  
basically if someone is involved in handling of  
money, even in a nonfinancial institution, the  
employer would be allowed to order a credit report,  
if I understand correctly. Thank you very much.  
That's all my questions. Thank you.

THE CHAIR:

Thank you very much.

Will you remark further? Will you remark  
further?

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

If I may, just one question to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR WITKOS:

Thank you.

Through you, Madam President to Senator Prague, I heard that we were exempting folks that deal with expensive items such as museum pieces and artifacts because of the value of those items. And I know that in law enforcement we continuously use, through a background investigation, a credit score to help us determine the viability of a candidate and I didn't hear that mentioned.

I was wondering, is there an exception for law-enforcement hiring practices?

Through you, Madam President.

THE CHAIR:

Senator Prague.

SENATOR PRAGUE:

Madam President to Senator Witkos, I don't see that in bill, Senator Witkos, but I would really like to yield to Senator Looney.

THE CHAIR:

Senator Looney, would you accept the yield?

SENATOR PRAGUE:

Senator Looney.

THE CHAIR:

Would you repeat the question, Senator Witkos,  
for Senator Looney, please.

SENATOR WITKOS:

Certainly, Madam President. My question,  
Senator Looney, was is there a carve out in the  
bill for law-enforcement for the hiring practices,  
that is current practice that is utilized to check  
the viability of a candidate?

Through you, Madam President.

THE CHAIR:

Thank you.

Senator Looney.

SENATOR LOONEY:

Madam President, if Senator Witkos would  
repeat that question again. I didn't get all of  
the content.

THE CHAIR:

Senator Witkos, please.

SENATOR WITKOS:

Certainly. The current practice in law

enforcement when we are looking to hire a new candidate, is to do a thorough background investigation. And part of that background investigation is to examine their credit worthiness. And I'm just wondering similar to the exception that's created for museum keepers and other keepers of artifacts, high-priced items, is law enforcement carved out so we can determine their credit viability?

Through you, Madam President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Through you, Madam President.

I believe that it is because clearly I believe that law enforcement, there's an issue regarding, in many cases, financial accountability. So I would think that it would come under the ambit of the exclusions for those who have any involvement with issues related to security or finances.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

I thank, Senator Looney and Senator Prague,  
for their answer and I'll consider that for  
legislative intent. Thank you.

THE CHAIR:

Thank you very much.

Will you remark further? Will you remark  
further?

Senator Prague.

SENATOR PRAGUE:

Then if there is no objection, I'd like to  
place this on the consent calendar.

THE CHAIR:

No, there's an objection, ma'am. Good try,  
though.

SENATOR PRAGUE:

Well, it was a good try.

THE CHAIR:

A good try.

At this point, Mr. Clerk, I call for a roll  
call vote, please -- oops, excuse me -- on the  
amendment. The machine will be open.

THE CLERK:

An immediate roll call vote has been ordered  
in the Senate. Will all Senators please return to

the Chamber. An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? Not yet.

Have all members voted? Have all members voted? The machine will be locked.

Mr. Clerk, will you please call a tally.

THE CLERK:

Madam President, the motion is on LCO Number 8020 Schedule "A."

Total Number voting	36
Necessary for adoption	19
Those voting Yea	23
Those voting Nay	13
Those absent and not voting	0

THE CHAIR:

The amendment passes.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call a roll call vote for the bill and the machine will be open.

THE CLERK:

A roll call vote has been ordered in the

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Senate. Will all Senators please return to the Chamber. An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? All members have voted. The machine will be locked. Mr. Clerk, will you give us a tally.

THE CLERK:

Madam President, total number voting on Substitute Senate Bill Number 361.

Total Number voting	36
Necessary for adoption	19
Those voting Yea	23
Those voting Nay	13
Those absent and not voting	0

THE CHAIR:

The bill is adopted -- passed.

Mr. Clerk.

THE CLERK:

Madam President, on calendar page 48, Senate Bill Number 1098, AN ACT REGULATING THE SALE AND POSSESSION OF SYNTHETIC MARIJUANA AND SALVIA DIVENORUM.