



**Statement of Leslie Schlesinger, Community Reinvestment Act Organizer, NJ Citizen
Action**

In Support of S-1791 and S-1922

S-1791 Prohibits employment discrimination on basis of credit history or financial status.

S-1922 Prohibits practice of requiring credit check as condition of employment.

Before the Senate Labor Committee

May 27, 2010 Trenton, New Jersey

Good morning, Chairman Madden and members of the Committee. My name is Leslie Schlesinger and I am New Jersey Citizen Action's Community Reinvestment Act Organizer. Thank you for giving us this opportunity to testify in support of S1791 and S1922. Citizen Action is the State's largest, independent citizen watchdog organization, representing more than 100 labor, tenant, religious, community, women's, environmental, civil rights and senior organizations and 60,000 family members who live throughout New Jersey. For our entire organizational history we have worked to improve the quality of life for NJ's working families.

The practice of checking credit history and/or requiring a credit check as a condition of employment through S-1791 and S-1922 lifts an unnecessary roadblock to getting people back to work during this economic recession. With the workers in NJ unemployed for longer periods, many households have fallen behind on their bills and this may affect their credit report. A credit check as a condition of employment complicates landing that new job and has become yet another barrier for many of the estimated 436,100 (April 2010) out-of-work residents living in New Jersey. People who have worked hard to maintain a history of good credit may no longer lay claim to a good credit report after months of unemployment. These are the same applicants that are adversely affected in a tough job market where the state's unemployment hovers around 10%. In NJCA's foreclosure crisis counseling activities we often see homeowners who once had good credit and a pristine history of on time mortgage payments, now have tarnished credit reports after a prolonged unemployment circumstance or being saddled with a high cost or predatory mortgage.

Trans-Union, one of the “big 3” credit agencies, recently testified that there is no study that shows a statistical correlation between what appears on someone’s credit report and their job performance or their likelihood of committing fraud. Just because there are credit blemishes on a person’s credit report, doesn’t signify a bad worker or un-trustworthy employee.

Additionally, credit reports are often incorrect and can unfairly cost an applicant a job. U.S. Public Interest Research Group, (USPIRG) issued a 2004 report that found that one-quarter to one-third of credit bureau reports contain errors serious enough to deny credit or employment. Individuals can file a dispute in writing with the company that prepared the report. The company then has 30 days to investigate. To correct the error, the job applicant needs to go to the source of the inaccuracy. Another glitch is that fixing the inaccuracy with one company will not prevent another company from finding the same inaccurate information the next time. All this takes precious and scarce employment opportunities away from job seekers. An employer is not even obligated to act upon a corrected report.

Oregon passed legislation that goes into effect on July 1, prohibiting an employer from obtaining or using a credit history report of an applicant or current employee in order to make employment hiring, firing, and promotion decisions. Currently, 16 states, are proposing legislation to limit credit checks to hire or fire.

We urge State policymakers to pass legislation prohibiting employment discrimination on the basis of credit history or financial status and to further prohibit the practice of requiring credit check as a condition of employment. It is unfair to deny jobs on factors that have nothing to do with potential work performance, especially when those factors could be mistaken.

Thank you for your careful consideration of this matter. I am available to answer any questions you may have.

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