Jon Burton, Senior Director
State Government Affairs

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February 19, 2009

Senator Edith G. Prague. Co-Chair
Representative Kevin Ryan, Co-Chair
Joint Labor and Public Employees Committee
Room 3800, Legislative Office Building
Hartford, CT 06106

Re: Connecticut House Bill 5521

Dear Senator Prague and Representative Ryan:

I am writing on behalf of Reed Elsevier and LexisNexis to voice our opposition to H.B. 5521. I am writing to make you aware of our strong concerns about the proposed provisions to remove the ability of Connecticut employers to utilize credit information in employment decisions, and provide input on the statewide ramifications if adopted.

LexisNexis is a division of Reed Elsevier and is recognized as a leading provider of authoritative legal, public records, and business information which helps our customers make informed and accurate decisions. LexisNexis is a leading provider of background check and credential verification information for employers. Our information products protect employers from liability and ensure that newly hired employees pose no financial risk.

It is important to note the distinction between a **consumer credit report** used to evaluate creditworthiness for the purpose of granting credit, and **the report a credit bureau** provides to an employer for employment purposes. The employment report does not include FICO credit scores, account balances or account numbers. Credit reports provided to employers do provide valuable information to help in evaluating candidates for employment. The employment report may be used to evaluate an applicant's personal responsibility and organizational skills by their ability to pay their bills on time. Furthermore, an individual that has a high debt ratio may not be the right person to be provided with access to employer or customer assets – tangible or intangible, or sensitive personal or financial information of others. These individuals may be more vulnerable to fraud schemes.

Credit reports are integral to the hiring process because employers must determine the accuracy and completeness of a job application. Credit reports are used for employment checks to show former addresses, former employment, and the financial situation of a prospective employee. By using credit reports in the hiring process, employers avoid wasting resources on recruiting, hiring,

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and training new employees, only to find out later that the hiring decision was based on incomplete or falsified information. Also, employers use credit reports to safeguard against internal theft that can be a result of employees who cannot meet their monthly financial obligations.

Employee theft is a growing problem. According to the Federal Bureau of Investigation (FBI), it is the fastest growing crime in the United States and many experts estimate it increases by 15 percent annually. The U.S. Chamber of Commerce rates the annual cost at $40 billion and attributes more than 30 percent of business failures to employee theft. On average, businesses lose as much as two percent of sales to employee theft. Businesses must have access to all currently available information to screen potential employees.

The use of credit reports for employment decisions is governed and expressly allowed by the federal Fair Credit Reporting Act (FCRA). Under the FCRA, an employer must give the consumer notice that a credit report may be used in the hiring process and require the consumer's written consent to access their credit report. The FCRA provides important consumer protections by requiring a notice by the employer if an adverse action is taken; i.e. the applicant is not hired. The notice includes the name, address, and phone number of the consumer reporting agency or credit reporting agency that supplied the report.

Furthermore, as currently drafted, the bill places an undue burden, and potential legal liability, on the employer to prove that the credit information used to make an employment decision is substantially related to the job qualification. Rather than face this risk, many Connecticut employers may elect to outsource certain employee work force in another state, or simply not hire at all.

It is LexisNexis's hope that Connecticut employers will be allowed the continued use of credit reports for hiring decisions. Thank you for your consideration of these issues. I would be happy to meet or speak with you or your staff at your convenience to discuss further. I can be reached at 678-694-3383 during the day, and by email at Jon.Burton@LexisNexis.com.

Sincerely,

Jon Burton, Senior Director
State Government Relations

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