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Testimony in support of
H.B. No. 5061
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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.