

National Lawyers Guild

Labor & Employment Committee

April 16, 2009

Assembly Member Bill Monning, Chair
Assembly Committee on Labor and Employment
State Capitol Room 5150
Sacramento, CA 95814

Re: AB 943 (Mendoza) - SUPPORT

Dear Assembly Member Monning:

On behalf of the National Lawyers Guild Labor & Employment Committee [L&EC], I am writing to express our strong support for Assembly Bill 943 which will help California families struggling to find work by prohibiting the use of credit checks for employment purposes unless it is substantially job related. We urge you and all committee members to vote in favor of this bill when it is heard in your committee on April 22.

Since 1937, the National Lawyers Guild has provided legal support to movements for social change, principally on a volunteer basis. The Labor & Employment Committee focuses on struggles for economic and social justice. In the 1930s the Guild focused on workers' rights, supporting New Deal legislation to assist working people and the unemployed; in the 1950s the Guild defended labor leaders and others attacked for their progressive political views. Then and now, the Guild L&EC actively supports progressive labor and employment law struggles. The L&EC is comprised of several hundred labor and employment attorneys across the country.

Working families in California face the worst economic crisis since the Great Depression. Unemployment is at a twenty-five year high, 500 families lose their homes to foreclosure each day, and those who have jobs are facing furloughs and wage cuts. Nearly 40% went without health insurance in the last year. Even families who saved and sacrificed and did everything right are now struggling to get by due to job loss, outstanding medical bills, home loan rate resets, and faltering retirement plans.

In this economic climate particularly, a person's credit history says nothing about his or her character or ability to do a job effectively and responsibly. Yet, employers routinely rely on credit reports to deny employment to those who would have otherwise been given a job. This practice is unfair; there is no evidence of any correlation between credit score and job performance. It is also flawed by the high rate of errors in credit reports. A 2004 report found that 25% of credit reports have errors serious enough to result in the denial of credit to that consumer. This approach is also discriminatory, as it disproportionately impacts people of color and women workers, who are concentrated in low-wage jobs that make it much harder to make ends meet.

Beyond the impact on the individuals who are denied work, using credit reports as a barrier to employment is bad for the economy. It prevents people who have fallen on hard times from finding a path out of poverty and making a better life for themselves and their families. It prevents applicants from being judged on their merits and it legitimizes discrimination in hiring.

As we struggle to repair our economy and put Californians back to work, AB 943 provides an important worker protection without placing unreasonable restrictions on employers. Credit reports can still be used if relevant to the position and substantially job related because the job involves handling cash, other assets, or confidential financial information. This bill only restricts the use of credit reports to deny employment to otherwise qualified applicants who have, at some point in their lives, fallen on hard times.

For these reasons, we support AB 943 and ask for your support in the Assembly Labor and Employment Committee on Wednesday, April 22, 2009. Please feel free to contact me with any questions.

Sincerely,

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cc:

AB 943 author Assembly Member Tony Mendoza

Committee Vice Chair Assembly Member Bill Berryhill

Assembly Member Mike Eng

Assembly Member Warren Furutani

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