



LEGAL
SERVICES

INCORPORATED

SUPPORT

A.8070A (Stevenson, Dinowitz, Colton, Jaffee,
Miller M., Ceretto, Crouch, Gibson, Hikind, Millman, Wright)

MFY Legal Services, Inc. strongly supports A.8070A, which would reduce unfair barriers to employment by prohibiting the harmful use of credit history in employment-related decisions. MFY is a nonprofit organization established in 1963 that provides free civil legal services to approximately 7,500 poor and low-income New Yorkers annually in housing, public benefits, health, consumer, foreclosure and employment matters. We prioritize services to vulnerable and under-served populations, including persons who are elderly, disabled, poor or immigrant, while simultaneously working to end the root causes of inequities through impact litigation, law reform, and policy advocacy. MFY's Consumer Rights Project provides advice, counsel and representation to hundreds of low-income, elderly and disabled New Yorkers faced with a variety of consumer issues, from predatory lending practices to abusive debt collection. MFY's Workplace Justice Project advocates on behalf of low-income workers on a range of employment matters, including access to unemployment insurance, wage and hour violations, and employment opportunities for those with criminal records.

Based upon this work, MFY advocates for enactment of the proposed legislation because it will increase employment opportunities for many vulnerable or unemployed New Yorkers, and help the state's economic recovery.

The widespread use of credit checks by employers blocks qualified applicants — including people whose credit was damaged as a result of medical debts, divorce, layoffs or other life events beyond their control — from desperately needed jobs. As a result, and as the economic crisis continues, a growing number of New Yorkers find themselves in a Catch-22: unable to secure a job because of damaged credit, and unable to escape debt and improve their credit because they can't find work. This adds to the problem of long-term unemployment. The practice has a discriminatory impact on lower income New Yorkers and people of color, who have been disproportionately affected by the economic downturn. The federal Equal Employment Opportunity Commission has warned of a discriminatory impact on people of color due to the fact that credit reports reflect existing racial disparities caused, for example, by predatory lending and unequal employment opportunities.

Exacerbating the problem, credit reports are notoriously riddled with errors – more than 25% of consumer credit reports contain serious errors. MFY's Consumer Rights Project hears from hundreds of clients each year who are affected by errors and problems on their credit reports, which can be difficult to remedy.

The use of credit checks by employers also represents an unprecedented invasion of privacy, particularly given that past due medical bills make up the majority of accounts reported by collection agencies. For many job applicants, this means that as a pre-requisite to employment, they have to expose and discuss their personal medical histories, as well as other highly personal events that appear in an individual's credit history, such as divorce.

As many as 60% of employers now check potential employees' credit histories, despite the fact that research has shown that an individual's credit history has no correlation to job performance. Even TransUnion, one of the country's big three credit reporting bureaus, admitted at a recent legislative hearing in Oregon: "At this point 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." Nevertheless, as a way to expand sales, major credit bureaus are heavily marketing the use of credit reports to employers.

Passing the proposed legislation will ensure that qualified applicants can obtain employment without regard to credit reports that may contain errors or reflect life events beyond their control. It will help reduce New York's unemployment, especially long-term unemployment, protect employee privacy in the hiring process, and guard against the perpetuation of existing racial disparities in lending and employment.

For the reasons stated above, MFY Legal Services strongly supports the passage of A.8070A.

Please contact Anamaria Segura at (212) 417-3707 or Rachel Spector at (212) 417-3757 with any questions.