



California is the national leader in consumer protections. With shifting priorities in Washington, D.C., California has the opportunity to update and strengthen its consumer protection laws in 2025 and fill a regulatory vacuum that may be coming.

FIRST-IN-THE-NATION CA PROTECTIONS READY FOR AN UPDATE

California was one of the first states to restrict the use of credit reports in employment decisions [in 2011](#), leading at least 10 other states and two large cities to pass similar laws. The CA law, however, has [several exceptions](#) that weaken it. That is not unusual for an early adopter, given that state legislatures are wary of unintended consequences. But after 13 years and multiple other states passing laws, CA is ready to be a leader in this area again.

THE PROBLEM WITH CREDIT REPORTS & JOBS

- 1. Credit Reports Don't Predict Job Performance:** About [one-half of employers obtain credit reports](#). Yet such reports don't predict job performance. In fact, the Legislative Director for a top credit reporting bureau once said, "...[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."
- 2. Credit Reports Are Riddled with Errors:** Even if credit reports did predict job performance (which they don't), employers shouldn't be allowed to rely on them because, as a Federal Trade Commission study found, [20% of consumers had verified errors in their reports](#), with 5% having an error so serious that it would cause them to be denied credit or pay more for credit.
- 3. Credit Reports Perpetuate Historic Racial Inequities and Injustices:** The economic consequences of the nation's long history of racial discrimination—including in housing ([redlining](#)), [employment](#), and [debt collection](#)—are the foundation of the data in credit reports. As a result, credit scores are often [lower in communities of color](#).

TWEAKS NEEDED TO LEVEL THE JOB PLAYING FIELD ESPECIALLY IN COMMUNITIES OF COLOR

To expand opportunities for good job candidates who may have credit blemishes from events outside their control, such as illness or economic-related layoffs, California should strike the exceptions in its current law that allow credit reports to be considered for jobs in law enforcement and financial services. The time is right to revisit this issue and expand job opportunities, particularly in communities of color where credit scores tend to be lower.

Questions? Contact Dani Kando Kaiser at dani@corbinandkaiser.com.