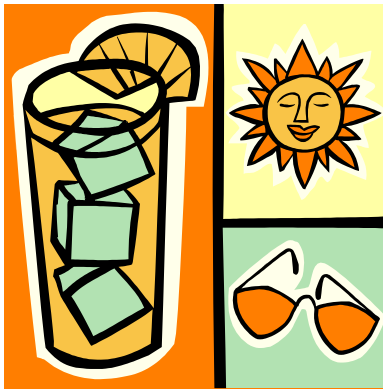


RHR Information Services, Inc

SelectSmart News

Editor's Note



With Summer in full swing we are experiencing our busy season and we hope that means you are busy too!

This month we have stories on some compliance issues, product information and national legislation initiatives.

Read below for more information on our Federal District Court Record Search. Inside you'll find a story regarding the national trend towards pre-screening and a bill being introduced to legislature regarding credit freeze options.

For informative and compliance purposes page 3 covers Credit Reports and what you should know, as well as information on Adverse Action, something every employer using background checks should be aware of.

For more information on any of these topics, questions or story ideas, Contact your RHR Information Services, Inc Representative.

Elizabeth Army

Client Relations Coordinator

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Federal District Court Criminal Record Search

A Federal Criminal search is a great product to add to your package(s) for any applicant. We pull records from the Federal District Courts in any state you specify.

For one cost you receive records from all District Courts within a state, with a turn time of 24 hours or less.

What records are found at the Federal level? A Federal Criminal

Search provides records on criminal cases prosecuted on the Federal District Court Level. These crimes include serious drug offenses, armed bank robbery, economic/white collar crimes, computer/internet crimes, tax fraud, felony level cases arising in recognized, self-governing Native American communities and other crimes. When you search for an applicants' criminal history at the

state or county level, any Federal level crimes will not show on those records. This can be an important factor if the employer is concerned about higher level crimes, especially the white collar, economic crimes.

For further information, or if you would like to add this product to your package(s) please contact your RHR SelectSmart Representative.

“Finding qualified, skilled workers and keeping employment costs under control will be small companies’ top to concerns.”

More Employers Pre-Screen

More employers are turning to pre-screening tools to help them streamline their hiring process, according to a [national workforce study](#) that recruiting and staffing firm Spherion Corp. released in June. Finding qualified, skilled workers and keeping employment costs under control will be small companies’ top two HR concerns over the next few years, according to the study, which found that more big and small employers are turning to tools to help them screen potential job candidates more efficiently. In fact, 51

percent have increased their use of pre-screening programs in the past five years, and 60 percent have upped their use of assessment programs. The findings are based on phone and online interviews conducted between March 21 and April 27, 2005, with senior human resource executives at U.S. companies. Changing demographics, shrinking supplies of qualified workers and the growing importance of retaining top talent are just some of the reasons employers are re-evaluating their approach to the screening,

interviewing and hiring process,” Spherion President and CEO Roy Krause said in a press release.

A survey from Challenger, Gray & Christmas this year found that 66 percent of HR executives said it is becoming more difficult to find qualified candidates and/or retain them because of the tightening job market. “More and more human resource executives are coming to the realization that they can no longer drag their heels on hiring decisions,” Challenger CEO John A. Challenger said

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Credit Freeze Bill

Congress is considering pre-empting laws in 17 states that allow **anyone** to freeze their own credit and *instead* restrict the privilege to ID theft victims. The proposed Financial Data Protection Act of 2006 may be voted on by the House as early as next week. The Act follows the recent thefts of sensitive data for 26 million veterans and active military personnel.

A credit freeze means that no one has access to your credit report and since most creditors insist on seeing yours before issuing any credit, identity thieves can’t open accounts for themselves with your information. The bill, which is backed by the financial services industry, states that having your personal information stolen isn’t

enough, you must file a police report regarding the identity theft *before* you can freeze your credit.

The bill would pre-empt laws in 29 states requiring companies, institutions and agencies to notify individuals about security breaches that compromised their data. Critics say the bill tramples states’ rights.



Adverse Action

Do you know your responsibilities regarding Adverse Action? Did you know there are certain steps that you **must take before sending that rejection letter or firing an employee?**

Before taking any adverse action based in whole, or in part on the report from a CRA, employers must give applicants or employees a copy of the report and a summary of their rights under the FCRA. Then the employer must wait approximately five days (the proper amount of time must be judged on a case-by-case basis) before actually taking the adverse action. The FTC has opined that this waiting period is designed to allow the applicant or employee to come forward with information for the em-

ployer to consider before taking adverse action.

After deciding to take adverse action, the employer must provide the applicant or employee with the following 5 things:

- #1. Notice of adverse action being taken.
- #2. The name, address and toll-free number of the CRA that furnished the consumer report.
- #3. A statement that the CRA did not make the decision to take the adverse action and is unable to provide the consumer report.
- #4. Notice of the consumer's right to obtain a free copy of the consumer report from the CRA within 60 days.

#5. Notice of the consumer's right to dispute the accuracy or completeness of any information in the consumer report furnished by the CRA.

Not sure of what a pre-adverse or adverse action letter would look like? Look in our Forms/Library section for examples.

If you have any questions regarding your responsibilities or policies regarding adverse action check out our other resources in the Forms/Library section of our website or contact your RHR SelectSmart Representative.

“Do you know your responsibilities regarding Adverse Action?.”

Credit Reports, What an Employer Should Know

For many companies, a pre-employment credit report has become an essential part of a SMART hiring program. That said, job applicants have substantial legal protection when it comes to using their credit report as a determining factor in employment. Because of this, employers should use credit reports and the information it contains with caution.

An employer needs to first determine that they have a job-related reason to obtain a pre-employment credit report and that the information obtained is relevant to the position. The employer must obtain the candidates written permission before running a report. It is important to make sure that information contained in the pre-employment credit report is not the sole determining factor in a hiring deci-

sion because errors are possible. One 2003 study found discrepancies in 1/3 of all the reports looked at.

Employers use credit reports for a variety of reasons. Some feel that it shows whether an applicant is responsible and reliable and some employers use a credit report to alert them of applicants' whose monthly credit payments are too high for the salary being offered. Other employers use a credit report to alert them when a possible employee is deeply in debt. Employers that give employees access to company credit cards may find that a pre-employment credit report helps to insure an applicant has the ability to use a credit card wisely.

It is important to remember that when we are discussing the use of credit for pre-employment

purposes we are talking about a credit report unique from those used in underwriting a decision to offer credit. Pre-employment credit reports like those available from RHR's SelectSmart division leave out actual credit card account numbers, credit risk scores (FICO score) and any references to the age of the applicant.

Information on credit reports should not be the sole determining factor in a hiring decision. Employers utilizing credit reports for pre-employment purposes should always consider FCRA guidelines and the concepts of Pre-Adverse and Adverse Action requirements before denying any person employment.



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The Right Path to the Right People



Disclaimer: This newsletter has been developed for informational purposes only for use by the customers of RHR Information Services, Inc., and should not be relied upon as definitively accurate. Due to the complex nature of employment law, we strongly suggest that you work closely with legal council when making employment related decisions.

Pre-Screening

(Continued from page 2)

in a press release. “If they do, it is increasingly likely that the candidate will be off the market before the offer is made.”

Employers cannot afford to spend time and money interviewing unqualified candidates, and hiring managers risk losing talented workers who won’t be available in the market for long, Spherion’s Krause noted. The typical hiring manager interviews an average of eight people for a position, and 42 percent of employers think that their hiring managers interview too many people to find qualified candidates, according to Spherion.

The most innovative organizations, Krause said, use pre-screening and assessment tools to find good job candidates quickly. Overall, 93 percent of employers surveyed for the Spherion study use some type of screening tool, a big increase from 48 percent five years ago. Background checks appear to be the screening tool of choice for some or all of the jobs at 79 percent of organizations. That’s up from 51 percent in 2005.

Employers that are more successful financially and have stronger employee growth because they use HR best practices—dubbed “emergent” employers—are more inclined to use pre-screening and assess-

ment tools in their hiring process, Spherion said.

Article from SHRM Online