

RHR Information Services, Inc

# SelectSmart News

## Editor's Note

Summer is almost upon us and, for some, that means an increase in hiring or even hiring from a temporary staffing agency. If you do this type of hiring make sure you read our article on page 2.

Almost everyday lately the national news seems to be showing a story about credit, credit reports or employers pulling credit reports. If your company is thinking about, or regularly uses credit reports for any purpose, read our informative article on credit reports.

Included this month is information on our featured product, education verification and an interesting piece regarding diploma mills.

If you have any ideas for topics for our newsletter, or any questions on your RHR Information Services, Inc. service please contact your RHR Representative.

Elizabeth Army  
Client Relations Coordinator



*The right path to the right people.*

## Featured Product: Education Verification

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Industry sources show that 30% of all applicants falsify information about their educational background. By verifying applicants' education you confirm information cited on a resume and gain insight into their ability to do the job. After all, you wouldn't hire a law-

yer that didn't go to law school, would you?

At RHR, we will contact the school and verify information that includes former/current student delineation, dates of attendance and the degree obtained (if appli-

cable). This verification general takes between 1 and 4 days with the average response coming in 1 day.

Contact your RHR / SelectSmart representative for more information.

## Staffing Agencies



Frequently when we speak to potential new clients about their background screening needs they indicate that they are doing little, if any, hiring. Some companies turn toward temporary or staffing agencies to fill open positions. The common perception is that the agency will screen the temporary employee before they send them over. In fact, staffing firms often indicate in their advertising that they “screen” all applicants,

but don’t necessarily describe the “screening” process in any detail.

An employer utilizing a staffing agency needs to be very specific when asking what their “screening” of an employee may (or may not) entail. Otherwise, an employer may end up with a candidate that has a negative work history, a criminal record or some other problem. This negative information, if

known, may have changed the employer’s hiring decision. Unfortunately, when an employer is the victim of theft, embezzlement, or workplace violence it doesn’t matter whose payroll the employee was on when the act occurred.

This is not to say that all placement or temporary agencies don’t screen adequately. The pressure for  
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*“For many companies, a pre-employment credit report has become an essential part of their SMART hiring program.”*

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## Credit Reports: What an Employer Should Know

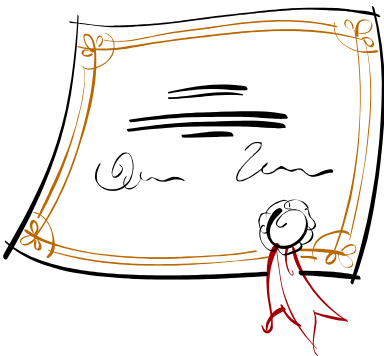
For many companies, a pre-employment credit report has become an essential part of a SMART hiring program. That said, job applicants have substantial legal protection when it comes to using their credit report as a determining factor in employment. Because of this, employers should use credit reports 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 also obtain the candidates written permission before running the 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 decision 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  
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## Diploma Mills

We’ve all heard the statistics: One in three applicants falsify information on their resumes. Most of us would like to believe that applicants’ just stretch dates of employment or pay rates, but there is another growing problem. Diploma mills are spring-

ing up all over the United States and are grossing up to \$200 million a year.

In fact, there are more than 300 unaccredited universities now operating and data shows that one school can earn up to \$20 million annually! Some of these

“universities” regularly issue 500 PhD’s a month.

The argument from the “universities” and some “graduates” is that many accredited universities give credit for

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## Diploma Mills, cont.

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lifetime learning or experiential learning why shouldn't a person in business for 10 years automatically be awarded an MBA.

Employers are victimized by this scam everyday. Not only are they ending up with untrained professionals on their staff but they are unwittingly accepting the high risk of liability that occurs when people with fake credentials make mistakes that

damage people or property.

Consider this situation: A prominent staff pediatrician at the University of California-Berkeley Student Health Center was discovered to have forged his medical degree.

Many employers don't check or simply don't care. The bottom line is that if an employer isn't willing to accept the liability that a fake degree comes with, they need to verify the degree.

With the recent closing of the FBI's Diploma Mill Task Force, it's as important as ever to fully check out an applicant's education claims.



## Staffing Agency, cont'd.

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them to place a candidate could outweigh the need to get a person screened, especially in a tight job market where they are having difficulty finding candidates to fill positions. The problem is that even though the placement agency found the candidate, the work is being done at the employer's place of

business and the employer could be held responsible for any damage the placed employee may cause.

An employer's best course of action is to be knowledgeable on the types of screening services available, the type of information the staffing agency is obtaining, and if the employer has any input

into the type of check done. Armed with this knowledge, an employer can question their staffing agency and get accurate answers.

Knowledge is power, and in cases like this, knowing what questions to ask of a staffing agency may well prevent an employer from being involved in negligent hiring claims and cases.

## Credit Reports, cont.

*(Continued from page 2)*

that it shows whether an applicant is responsible and reliable; if an applicant can't pay their bills on time or manage their own money responsibly, they may not be capable of making responsible decisions at work

either. 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, one of

the common denominators in cases of embezzlement. 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

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*“A credit for pre-employment purposes is a credit report unique from those used in underwriting a decision to offer credit.*

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## SelectSmart 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.

## Credit, contd.

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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.

For more on FCRA and Pre-Adverse/Adverse Action please see our January 2005 Newsletter on our website at [www.rhris.com](http://www.rhris.com). Follow the links to the SelectSmart page, look under Other Resources and click on SelectSmart