

# Background checks and credit reports make for good employees

By Kenneth Randal



A growing number of small businesses — and churches are among them — are looking to rebuild their work force as the economy continues its long ascent from the prolonged recession. Many churches have trimmed their staffs in this recession, and even the larger ones are considered small businesses, by budget size.

Indeed, the National Association for Business Economics has found that more than one third of companies surveyed anticipate hiring staff within the next few months. Churches are looking as well to where they can add program leaders and support staff.

But truth be told, most managers may be a little rusty when it comes to hiring, having spent much of their time and energy during the past few years simply trying to hold on — rather than taking on new employees.

## Exceptions to rules

To be sure, the rules of hiring have changed little, though with some notable exceptions. For one, job postings today frequently draw hundreds of applicants, many with outstanding qualifications. To hire the individual best suited for a job, managers should follow certain tried-and-true steps in the screening process, such as using well-developed applications and position-specific job descriptions, and conducting thorough background checks. Look specifically at background checks and credit report checks.

Contacting a reference listed on an application or resumé, such as a former employer, is an easy place to start, but this method is cursory at best. Employers merely confirm or deny a former worker's employment and job title, providing little or no insight into the person's actual work habits and skills.

Smaller companies sometimes skip a more thorough background check because of the time and expense involved, but the information culled from such a review actually can be a cost-effective, protective measure for the company and its employees. A complete background check should include:

**Review of work history.** Ask the applicant to provide first and last paystubs to confirm length of employment and salaries at previous jobs.

**Verification of Social Security information.** Federal databases will help verify that a candidate is providing accurate information — and has a legal right to work in the United States.

**Criminal background check.** Inspect local criminal records as well as those in any jurisdictions where the applicant has lived during the past seven years.

**Confirmation of education.** Contact the school or university listed to verify the applicant's attendance, degree and graduation year.

**Review of driving record.** Employers should obtain motor vehicle records on the individual whenever a job requires driving, such as for deliveries or sales calls.

### **Give a candidate some credit**

Credit reports are an increasingly popular applicant screening tool. Indeed, 60 percent of employers now check credit histories, compared with 42 percent in 2006, according to a recent poll by the Society for Human Resource Management. Of these employers, 13 percent run credit checks on all applicants, while 47 percent screen selected candidates.

While screening an applicant's credit history has been historically a tactic for positions that involve financial responsibility, many employers now run such reports for executive-level, HR and information technology positions, and jobs that generally have state-required background checks, such as day-care workers, teachers and assisted-living facility workers.

But credit reports can be misleading and may not provide a true picture of how someone may actually perform on the job. The recession has stirred debates in several states about the use of credit checks as a condition of employment. Many Americans have had financial setbacks due to job loss or reduced wages, and this may be reflected on credit reports.

### **Long-term record**

One or two late mortgage payments, however, are usually less cause for concern than a bankruptcy or pattern of delinquencies going back many years. A handful of states have banned credit checks, and more than a dozen others are considering similar laws, so be sure to check local and state regulations before screening.

If credit checks are done, employers should strictly limit access to and be cautious in what they do with the information. The federal Fair Credit Reporting Act (FCRA) requires employers to notify applicants and employees in writing that a credit check will be done, and that person must sign a consent agreement.

The law also requires employers to notify an applicant when major issues are flagged on a report that could adversely affect a hiring decision, then give that person the opportunity to dispute or explain the information. Because there are other requirements under the FCRA, it is important to review such requirements with an HR professional or employment lawyer for compliance.

A recent survey by Administaff, found that 31 percent of small business owners plan to hire additional employees this year. The investment and process each goes through before saying, "You're hired," can help save and protect company resources down the line. When it comes to selecting new hires, doing a little homework first will always pay off.

**Kenneth Randle is regional vice president of sales for Administaff, Dallas, TX, the nation's leading professional employer organization (PEO). [www.administaff.com](http://www.administaff.com)**

### **Profile: TRAk-1 expands screening services**

Trak-1 Technology is a nationwide screening firm that provides risk management consultation and services to employers, landlords, non-profit organizations, religious organizations, mortgage brokers, lenders, and business owners across the country.

Nancy and Dan Roberts are principals of the company in Tulsa, OK, and Oral Roberts was Dan's great uncle.

The company is a service provider of Gallagher Insurance, which has a unique protection program for megachurches. Gallagher's Peter Persuitti, managing director for its religious practice, spoke with the couple for Church Executive:

### **Dan, what sort of screening does Trak-1 do?**

Trak-1 is certified to handle consumer information in a secure way and is committed to helping establish safe and healthy ministry, church, religious, non-profit service, workplace, residential living and financial service environments. In short, we protect and serve people across the country.

In the last five years, we have literally remade the company from the screening platform to the databases to the compliance tools. All of the changes together mean our customers experience the difference of working with a professional provider of risk management tools. Today, we are taking Smart Track — an extension of Trak-1 — out to empower and mobilize the body of Christ.

### **Nancy, what did you first do when tasked with remaking the company?**

When Dan first asked me to consider taking on the project of purchasing and then remaking a company that is committed to "protecting organizations through a variety of screening, training and risk management tools, the first thing I did was go straight to the National Association of Professional Background Screeners, where today I am on their board of directors. From this national perspective, we see a rising concern about consumer privacy, information accuracy and screening compliance. NAPBS just released a full-scale accreditation program to address these concerns and to ensure that our industry is known for its excellence.

### **Why is screening of employees and volunteers critical for churches?**

Churches are most concerned with protecting their vulnerable populations — children, elders, the disabled. Statistics from the US Department of Health and Human Services show more than 3.5 million reports of physical or sexual abuse of children are investigated annually. From 20 to 30 percent of girls and 5 to 15 percent of boys are sexually abused by someone before age 18. Nearly 30 percent of abusers are a non-family member or trusted professional who knows the child victim.

State laws today support the concern about protecting children. The National Association of Child Care Resources and Referral Agencies reports employees of child care facilities, camps, schools, and more are currently required to undergo background checks in all 50 states.

Most facilities are also requiring child-related safety training. However, alarming is the reality that while most states have passed legislation to require state-wide criminal record checks, crime statistics from the National Crime Center show 40 percent of individuals with criminal records committed offenses in a state other than the state where they applied. So the legislative response to risks posed to vulnerable populations does not yet take the measures needed to protect those populations.

Moving from employees, we next ask what are churches doing about screening and training their volunteers? In 2006, according to the National Center for Victims of Crime, 61 million people nationally volunteered and the largest users of volunteers by percentage (35 percent) were religious organizations. Total annual volunteer hours were the highest at religious groups. What we are seeing here at Trak-1 is that churches in almost every denomination are taking significant steps to screen both employees and volunteers.

### **Dan, what does the Smart Track system do that's different?**

The Smart Track employee and volunteer management, training and screening system is designed to offer a full web-based software solution for our customers. It starts with a decision to implement a risk management program that incorporates screening and training your employees and volunteers.

Then it takes it one step further. That additional step empowers our customers to not just “manage” but to actually “mobilize” the power of their employees and volunteers. Smart Track helps churches and ministries to capture an individual’s information, document the safety measures taken (screening, training, etc.) and then mobilize the person to serve. [www.trak-1.com](http://www.trak-1.com)

