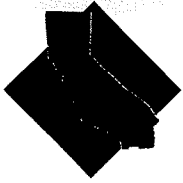


CALIFORNIA ADVOCATES, INC.



CONFIDENTIAL

September 16, 2011

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

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**SUBJECT: AB 22 (MENDOZA)--EMPLOYMENT: CREDIT REPORTS
REQUEST FOR VETO**

Dear Governor Brown:

*Robert G. Walters
of Counsel*

The California Association of Joint Powers Authorities (CAJPA) respectfully requests a **VETO** of **AB 22 (Mendoza)**, which is currently upon your desk awaiting action, that imposes unreasonable limitations on employer use of credit reports.

AB 22 prohibits an employer or prospective employer from using a consumer credit report for employment purposes, unless the position meets specific exceptions. CAJPA is concerned that **AB 22's** provisions will subject public employers to unnecessary and costly litigation by prohibiting the use of credit report information for employment purposes, unless specific criteria are met to meet the needs of limited exceptions set out in the bill. CAJPA believes that **AB 22** places an unnecessary restriction on public sector employer ability to hire qualified individuals for critical or sensitive positions.

While an individual's credit history by itself is not predictive of potential theft, access to credit information can reveal patterns that may present an unreasonable risk resulting from a lack of responsibility about personal financial commitments.

Credit reports are requested for prospective employees that work in police and sheriffs' offices and/or have access to highly sensitive information and evidence. However, public sector employers also request reports for personnel in various offices who have access to cash, assets, handle confidential information or have the ability to grant permits, accept or determine winning bids, and more.

Many public sector employees both at the state and local level have the authority and obligation to enforce laws, handle money, deal with public works bid documents and awards, grant permits and make recommendations or decisions that can have profound impact on the lives and businesses of others. These and other responsibilities make it imperative that public sector employers be allowed to conduct reasonable and appropriate background checks as part of the hiring process, including the use of credit reports, not as limited by **AB 22**.

Throughout the legislative process, CAJPA had sought a blanket exemption to be added to **AB 22** that would have removed public sector entities from the scope of the bill. However this request was not accepted by the author.

CAJPA believes that employers in California are already significantly limited in their use of such information. Specifically, the Federal Fair Credit Reporting Act and California's Consumer Credit Reporting Agencies Act, require an employer to: (1) notify the individual that it may obtain a

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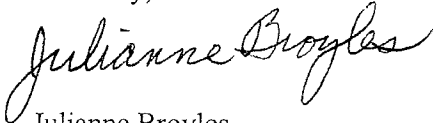
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credit report for purposes of the employment action at issue and also provide information concerning the company utilized by the employer for obtaining a report; (2) the employee must consent to the employer obtaining the report, and if requested, receive a copy of the report as well; (3) if the employer intends to take an adverse action, such as not hiring the applicant based upon information contained in the credit report, to provide the individual with a copy of the report and a “Summary of Your Rights Under the Fair Credit Reporting Act;” and (4) if an adverse action is taken, disclosure to the individual of the credit reporting agency that provided the report as well as notice of the individual’s right to dispute any information in the report and also obtain another free report from the credit reporting agency. Existing law provides the needed protections for applicants and/or consumers with regard to employee credit reports.

CAJPA is an organization of joint powers authorities established by a broad range of local government entities, including cities, counties, school districts, and other special districts. Many of these local government employers use the joint powers mechanism to manage their workers compensation, liability, property and other insurance and loss control-related obligations. The benefits to local governments include better local control over their risk exposures, and efficiencies that enable a greater portion of local government dollars to be devoted to important local programs.

For these reasons, CAJPA respectfully requests a “**VETO**” of **AB 22 (Mendoza)** when it comes before you for action.

Sincerely,



Julianne Broyles
On Behalf of California Association of Joint Powers Authorities