

Effective February 20, 2021

PHILADELPHIA RESTRICTION ON USE OF CREDIT HISTORY IN EMPLOYMENT DECISIONS TO APPLY TO MORE EMPLOYERS

<https://phila.legistar.com/LegislationDetail.aspx?ID=4638766&GUID=F05D6AD3-91FB-484E-AE44-86CFAFD950BB&Options=ID%7cText%7c&Search=200413>

The City of Philadelphia passed an amendment to its “Fair Practices Ordinance,” further restricting specific employers from use of credit checks and credit-related information in hiring, promotion, discipline, and retention decisions. The amendment removes law enforcement agencies and financial institutions as formerly exempted employers.

CURRENT RESTRICTIONS UNDER THE ORDINANCE

The credit check ordinance originally took effect on July 7, 2016 and made it unlawful for employers to obtain and/or consider a job applicant’s or employee’s credit-related information “in connection with hiring, discharge, tenure, promotion, discipline or consideration of any other term, condition or privilege of employment with respect to such employee or applicant.” The ordinance contained employer-specific and job-specific exemptions.

The term “credit information” has been defined broadly to include “[a]ny written, oral, or other communication of information regarding a person’s: debt, credit worthiness, standing, capacity, score or history; payment history; charged-off debts; bank account balances or other information; or bankruptcies, judgments, liens, or items under collection.”

NEW RESTRICTIONS

Taking effect on February 20, 2021, the newly expanded covered employers must comply with the credit check ordinance, through amendment to Section 9-1130 of the Philadelphia Code of the “Fair Practices Ordinance.” Consequently, law enforcement agencies and financial institutions are no longer exempt from the ordinance’s restrictions and may not rely on credit-related information for any employment decision related to job applicants or employees.

Financial Institutions are defined as “any bank, savings and loan association, credit union, trust company, insurance or surety company, bank holding company, financial holding company, investment advisor, broker-dealer, entity registered with the U.S. Securities and Exchange Commission, or any subsidiary or affiliate thereof.”

RECOMMENDED ACTIONS IN PREPARATION FOR FEBRUARY 20, 2021

Philadelphia employers should review their existing policies and practices and ensure they are compliant with the new ordinance.

NOTE: This information is offered as general direction and in no way should be construed or accepted as legal advice. Each individual employer may have particular regulatory and other requirements which may alter this general direction. Furthermore, each individual position may have unique duties, responsibilities, and characteristics which may influence this general direction.