

Legal Update Article

Philadelphia Expands Limits on Employers' Use of Applicant or Employee Credit Histories

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An amendment to the City of Philadelphia’s ordinance that restricts the use of credit checks and credit-related information in the hiring, promotion, discipline, or discharge process adds law enforcement agencies and financial institutions to the list of covered employers in Philadelphia that are prohibited from discriminating against job applicants and employees because of negative credit history.

Current Restrictions

The credit check ordinance took effect on July 7, 2016, through amendment to Chapter 9-100 of the Philadelphia Code, the “Fair Practices Ordinance,” adding to the extensive protections afforded under the City’s anti-discrimination laws.

With certain employer-specific and job-specific exemptions, the ordinance makes it unlawful for employers to procure, consider, or otherwise use 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 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

The expansion of covered employers that must comply with the credit check ordinance takes effect on February 20, 2021, through amendment to Section 9-1130 of the Philadelphia Code, the “Fair Practices Ordinance.” Accordingly, law enforcement agencies and financial institutions (*e.g.*, insurance companies, banks, and credit unions) no longer are exempt from the ordinance’s restrictions. Law enforcement agencies and financial institutions may not rely on credit-related information for any employment decision related to job applicants or employees.

Implications for Philadelphia Employers

The amendment to the credit check ordinance expands the list of employers who must comply with the ordinance’s obligations (and subject to the potential penalties) to include law enforcement agencies and financial institutions in Philadelphia. Employers should review their existing policies and practices and ensure they are compliant with the new ordinance.

If you have any questions, please contact the Jackson Lewis attorney with whom you regularly work.

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