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Everything You Need To Know About

# EMPLOYMENT SCREENING AND THE IMPORTANCE OF COMPLIANCE

This guide is designed for employers to better understand the many different types of employment background checks, and when, why and how to use them the right way.



In this ebook, you'll learn about the importance of the Fair Credit Reporting Act (FCRA) as it applies to employers, and how you can stay compliant with the law by following important steps and guidelines. We'll also cover ban-the-box laws and share how you can more easily navigate these complex requirements. Finally, we'll take a look at GoodHire's background check process and why a positive candidate experience is so important to **BUILD A GREAT TEAM. READY TO GET STARTED?**

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# Why Use Employment Background Checks

A background check is a process a company uses to verify that a potential employee is who they claim to be and provides an opportunity to check the applicant's criminal record, education, employment history, and other activities that happened in the past.

Employers run background checks to avoid hiring someone who may pose a threat to the workplace or become a liability to the employer. Seventy-two percent (72%) of employers run a background check for every person they hire.

An employment background check typically takes place when someone applies for a job, but can also be used when someone volunteers at a school, religious or nonprofit organization. Ongoing checks for employees can also take place. For example, an employer may require annual or semi-annual drug tests or criminal background checks for their employees to help create a safe and secure workplace and to protect their customers.

Following is a list of the most common employment background checks and what each consists of, including:

**72%** OF EMPLOYERS RUN A BACKGROUND CHECK FOR EVERY PERSON THEY HIRE

## SSN Identity Checks

Tens of millions of identities are stolen each year, raising the risk that candidates might be using stolen identities on their applications. Employers use verifications to confirm the identity of their employees. Identity checks find names, aliases, and counties on records associated with the Social Security number (SSN) provided by the candidate and validate that the candidate's SSN matches the legal name given.

## Verifications

Employers use verifications to confirm education and past employment. For education, typically, these verifications confirm attendance dates, majors and degrees earned in high school or college. And for past employment, verifying previous positions to confirm dates employed and job title are correct. Verifications can also be extended to verify professional licenses for companies like financial services, home contractors, and educators.

## International Checks

If an employer in the U.S. is considering hiring someone who has recently lived, worked, or studied in a different country, the employer may want to run an international background check in addition to its regular employment background check. With an international background check, the employer can get international criminal records, education, and employment verification.



## COMMON BACKGROUND CHECK REPORTS

- SSN Identity Checks
- Verifications
- International Checks
- Criminal Record Searches
- Healthcare Sanctions Checks
- Motor Vehicle Records Checks
- Employment Credit Reports
- Drug Screening

## Criminal Records Search

A National, Federal, or County criminal background check is often required in situations where an organization needs to know about major criminal activity, including violent or sex crimes, fraud, embezzlement, or felony convictions before making a decision regarding employment. Eighty-two percent (82%) of employers who run background checks are looking for criminal records that may indicate whether the candidate could pose a threat to customers or create an unsafe work environment.

Depending on the industry, such as healthcare, there may also be regulations against hiring certain felons if their conviction is relevant to the job.

A criminal background check includes the following record searches:

- National criminal databases
- Sex offender registries
- County criminal courts
- Domestic and global terrorist watch lists
- Federal and state criminal records

## Healthcare Sanctions Checks

Healthcare sanctions checks give insight into a healthcare professional's medical background and prevent people who have committed healthcare-related crimes from working in federally funded healthcare programs. The U.S. Department of Health and Human Services Office of the Inspector General (OIG) guidance bars healthcare organizations from hiring anyone who has been sanctioned or "excluded" from participating in federal programs. Employers who run these checks maintain eligibility to participate in Medicare, Medicaid, and other federal programs, avoid OIG penalties, and reduce risk to patients, staff, and the company's reputation.

A person's name is added to the sanctions list if he or she has been convicted of certain types of criminal offenses, including:

- Medicare or Medicaid fraud
- Other offenses related to Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), or other state healthcare programs
- Felony convictions for other healthcare-related fraud, theft, or other financial misconduct
- Patient abuse or neglect
- Felony convictions related to controlled substances

## Motor Vehicle Records Checks

These are to confirm whether a driver's license is valid or has been suspended, and to see any driving-related violations. Many employers run these checks when the employee's job requires them to drive a company vehicle or operate machinery, or whose job duties include frequent driving.

## Employment Credit Reports

A credit background check is a record of a person's credit-to-debt ratio and shows how someone has managed credit and bill payments in the past. Employers might require a credit background check for positions in the financial services industry where the employee would manage money, or has access to money on a daily basis, or in an area where fraud and embezzlement are possible since employers may consider someone with poor credit, tax liens, or significant debt to be more tempted to take advantage of the employer's trust.

With a credit background check, the company running the report can view the applicant's full credit history, including payment history, civil judgments, tax liens, bankruptcies, unpaid bills in collections, recent credit inquiries, and more.

# 82%

**OF EMPLOYERS WHO RUN BACKGROUND CHECKS ARE LOOKING FOR CRIMINAL RECORDS THAT MAY INDICATE WHETHER THE CANDIDATE COULD POSE A THREAT TO CUSTOMERS OR CREATE AN UNSAFE WORK ENVIRONMENT**

## The Importance Of FCRA Compliance

As an employer, a chief benefit of outsourcing employment background checks is letting professional providers handle the bulk of responsibility for adherence to laws and regulations on collecting and reporting confidential information.

Choosing a background check provider that is a certified FCRA-compliant consumer reporting agency (CRA), such as GoodHire, is an important first step in conducting FCRA-compliant background checks. However, while background check providers do most of the heavy lifting with respect to federal requirements, employers still have some obligations under the Fair Credit Reporting Act.

**EMPLOYER FAILURE TO MEET FCRA REQUIREMENTS  
CAN HAVE COSTLY CONSEQUENCES:  
FAIR CREDIT REPORTING ACT VIOLATIONS ARE  
EXPENSIVE TO LITIGATE AND SETTLE.**

# Your FCRA Responsibilities As An Employer

## FCRA-Permitted Purpose

Employers are allowed to conduct background checks on employees or potential hires for purposes of determining fitness for a position. Routine background checks on current employees can take place to check for recent findings since the initial report was completed (e.g., annual checks); or if an employee is being considered for promotion or is switching to a new position (e.g., one of greater financial responsibility).

## Disclosure

For a background check to be legal, the employer must provide all candidates (including internal candidates) with a written disclosure of their plans to conduct the check. The disclosure document must be presented on its own—not handed over in an orientation packet or other collection of papers.

## Consent

Before instructing a CRA to conduct a background check, an employer must obtain signed consent from the job candidate under review, acknowledging that the check is happening and that they give permission for it to occur.

The FCRA permits the candidate to authorize, or provide consent to, the background check within the disclosure document.

## Sharing Results With The Candidate

Upon completion of a background check (by a certified FCRA-compliant CRA), and before making a final hiring decision, the employer must inform candidates of their rights under FCRA and offer them the opportunity to review and correct their reports. A process like GoodHire's, which automatically provides a duplicate report to the candidate via a secure website, simplifies the process. By providing interactive tools that let candidates note questions or concerns, this approach also can reduce the amount of time required to re-check disputed information, if any.

## Apply Equal Employment Opportunity Commission Rules To Findings Review

The federal Equal Employment Opportunity Commission (EEOC) bans employers from excluding potential hires based purely on past arrests or criminal convictions, as long as state or federal regulations don't forbid persons with criminal records from holding the job in question, and the offense isn't relevant to performing the job. Individuals with criminal records must be considered on a case-by-case basis, in light of job requirements and any mitigating circumstances, such as personal character, successful completion of rehabilitation or diversion programs, satisfactory job performance in a similar role, and other context. A background check CRA should provide reports that conform to those requirements.

As appropriate, the CRA also should honor various states' "ban-the-box" regulations, which forbid employers from asking about criminal records until after deciding whether a candidate's qualifications merit an interview and/or serious hiring consideration.

## Follow Proper 2-Step Adverse-Action Procedures

If a background check leads to a decision against hiring, retaining, or promoting a candidate, the employer must issue the candidate a written notice, known as a pre-adverse action notification, and give the candidate a chance to refute or explain any findings before a hiring decision is final. GoodHire provides guidance through this process and helps generate appropriate pre-adverse action notifications to streamline this process, and provides a secure web portal the candidate can use to submit any explanations.

In instances when the background check leads to an adverse employment decision (the employer decides not to hire), employers must send a final adverse action notice to the candidate or employee.

## Finalize The Hire

Once all background checks are conducted, any disputed facts have been rechecked and corrected as needed, and candidates have been notified of proposed adverse actions and given a chance to respond, the employer can make a final hiring decision and notify all candidates of the final decision.

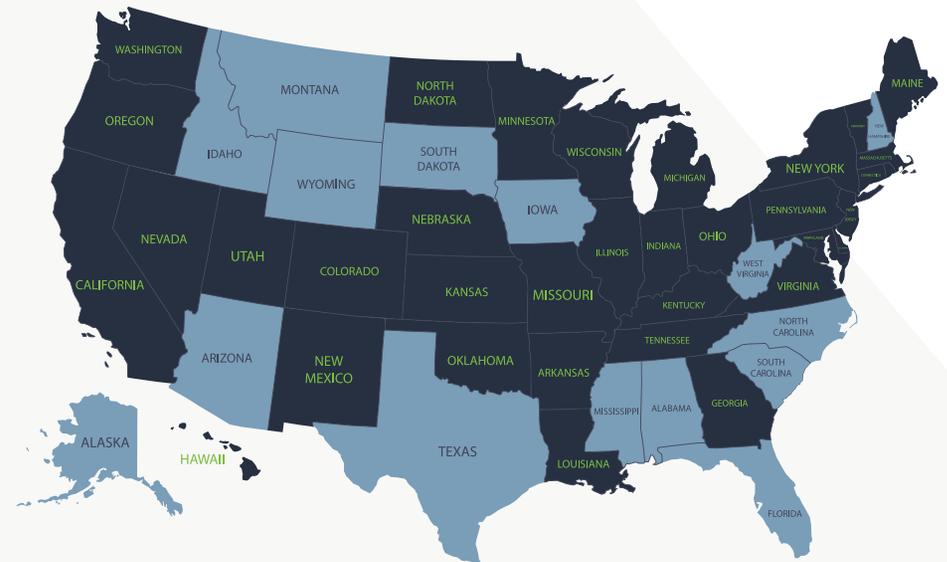
## What You Need To Know About Ban-The-Box Laws

The intent behind the growing number of ban-the-box laws being implemented is to move the criminal history inquiry (the box applicants check or don't check) until later in the hiring process to afford ex-offenders the opportunity to be judged on their merit and not their past. These measures are often also referred to as fair hiring policies.

As new ban-the-box laws take effect across the country, it can be difficult to keep track of which local and state ban-the-box laws apply to your organization.

**FORTUNATELY, GOODHIRE'S BUILT-IN WORKFLOW GUIDES YOU THROUGH ALL STEPS REQUIRED BY THE FEDERAL, STATE, AND LOCAL LAWS THAT APPLY TO YOUR COMPANY BASED ON YOUR LOCATION AND YOUR CANDIDATE'S LOCATION**

**35** STATES **150+** CITIES & COUNTIES  
**HAVE BAN-THE-BOX LAWS IN PLACE**



Source: National Employment Law Project, 2018

## Follow These 6 Steps To Navigate Ban-The-Box Laws

These six steps will help you determine what your obligations are, as an employer, under local ban-the-box laws.



**GoodHire's** guide to ban-the-box and fair hiring laws in **all 50 states, plus DC**, is straightforward and easy to use.

[SEE MORE](#)

### STEP 1

#### Determine if a Ban-the-Box Law Applies to You

Check to see if your organization or your prospective employees are in a ban-the-box jurisdiction. If there's a law in one of those locations, you will need to determine whether your organization meets the definition of an "employer" under the law—usually based on number of employees—then determine whether your candidate meets the definition of "employee."

If your organization and your candidate meet those definitions, you're going to have to follow the provisions of the ban-the-box law for that candidate.

### STEP 2

#### Find Out When You Can Run a Background Check

Most ban-the-box laws prohibit employers from running a background check prior to a conditional offer or a first interview. It's important to check the timing provisions of the law so you know exactly when a background check is allowed.

### STEP 3

#### Find Out Which Criminal Records You Can Consider

Some ban-the-box laws prohibit the consideration of non-convictions or records older than seven years. Determine whether the law in your jurisdiction restricts what kinds of criminal records you can consider in your hiring decision.

### STEP 4

#### Scrutinize Adverse Action Requirements Carefully

Some ban-the-box laws require that a pre-adverse action notice include extra documentation or a specification of the criminal record that could lead to adverse action. Employers may also be required to use a specific form (this is the case for employers in New York City and Los Angeles), so work with your background screener to make sure your pre-adverse action notice is compliant.

### STEP 5

#### Determine Whether Adverse Action Waiting Periods Apply

Some ban-the-box laws specify special adverse action waiting periods that may apply to your jurisdiction. Federal law requires five business days, but some ban-the-box laws require longer waiting periods between pre-adverse and final adverse action, so work with your background screener to ensure the correct waiting period is followed.

### STEP 6

#### Best Practice: Perform an Individualized Assessment

Finally, make sure you're performing an individualized assessment if required. When you're ready to send your final adverse action notice, make sure to share the results of that assessment, and include any additional language required under your specific ban-the-box law. (GoodHire's Comments for Context helps you make confident, effective, and fair hiring decisions when a candidate has a criminal record.)

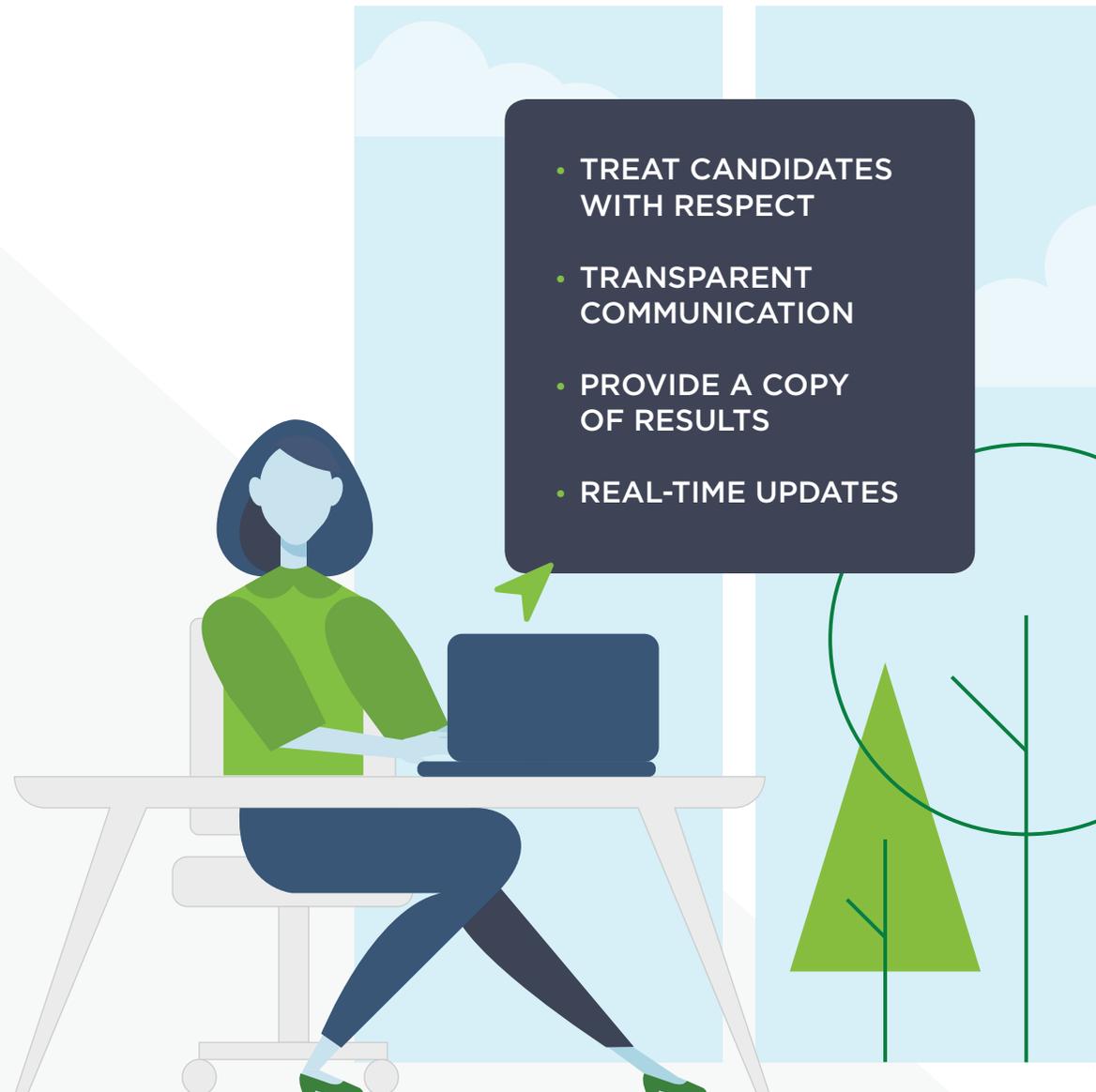
# The Importance Of A Good Candidate Experience

Background checks can be an area of concern for candidates, and can sideline a great candidate experience if the workflow is clunky or communication is poor. Don't risk losing great candidates during the critical background check stage.

Create trust from the start by selecting an FRCA-compliant background check provider that treats your candidates the way you do—with respect. Your CRA should provide open, transparent communication between employer and candidate, inform candidates of the type of search that will be run, and make it easy for candidates to provide consent online or via their mobile device.

Plus, candidates should receive full copies of background check results, along with real-time updates and source information, so they can review for accuracy. With a solution like GoodHire, candidates with criminal records can enter comments directly in the results to add any supplemental or explanatory information surrounding any legal infractions, and any steps they've taken since.

That context, combined with our Individualized Assessment, Adverse Action, and Adjudication tools creates a powerful blend of technology and human intelligence that helps employers make better, fairer hiring decisions.



## Selecting A Background Check Provider

Whether you're hiring your 10th employee, or 500th, it's important to select an FCRA-compliant background check provider that offers a comprehensive screening solution and conducts all of the research for you. Full service providers search online databases, make in-person courthouse visits to check for criminal history, and verify past employment and education, among other important background history.

### A FULL-SERVICE BACKGROUND CHECK PROVIDER OFFERS

- An easy-to-use online portal where you can place orders and review results
- Electronic consent forms that can be signed digitally
- Mobile-optimized workflows for both employers and candidates
- Clear, accurate and complete reports that are easy to read
- Bulk ordering for screening multiple candidates
- Fast turnaround times (instant results for some screens, 2-5 days for more extensive searches)
- Automated, built-in compliance for federal, state and local laws
- Ability for candidates to comment on their report (ideal for individualized assessments)
- Flexible screening packages and pricing
- Pre-built integrations with leading ATS/HRIS systems
- US-based customer support
- Accreditation by the National Association of Professional Background Screeners (NAPBS)

# Use this checklist to ensure your background check provider offers the following important screening services to **HELP YOU MAKE INFORMED HIRING DECISIONS**

- National criminal databases search
- Federal criminal databases search
- Statewide criminal records search
- 7-year county criminal court search
- Sex offender registry search
- Domestic watch list search
- Healthcare sanction checks (Level 1, 2, & 3)
- Social Security number traces & validations
- Global watch list search
- OIG sanctions search
- Address history checks
- Employment verifications
- Education verifications
- Professional license verifications
- Reference checks
- Employment credit checks
- Motor vehicle records checks
- Drug screening (4-, 5-, & 10-panel)
- Ongoing alerts & checks
- International employer verification
- International education verification
- International criminal records search



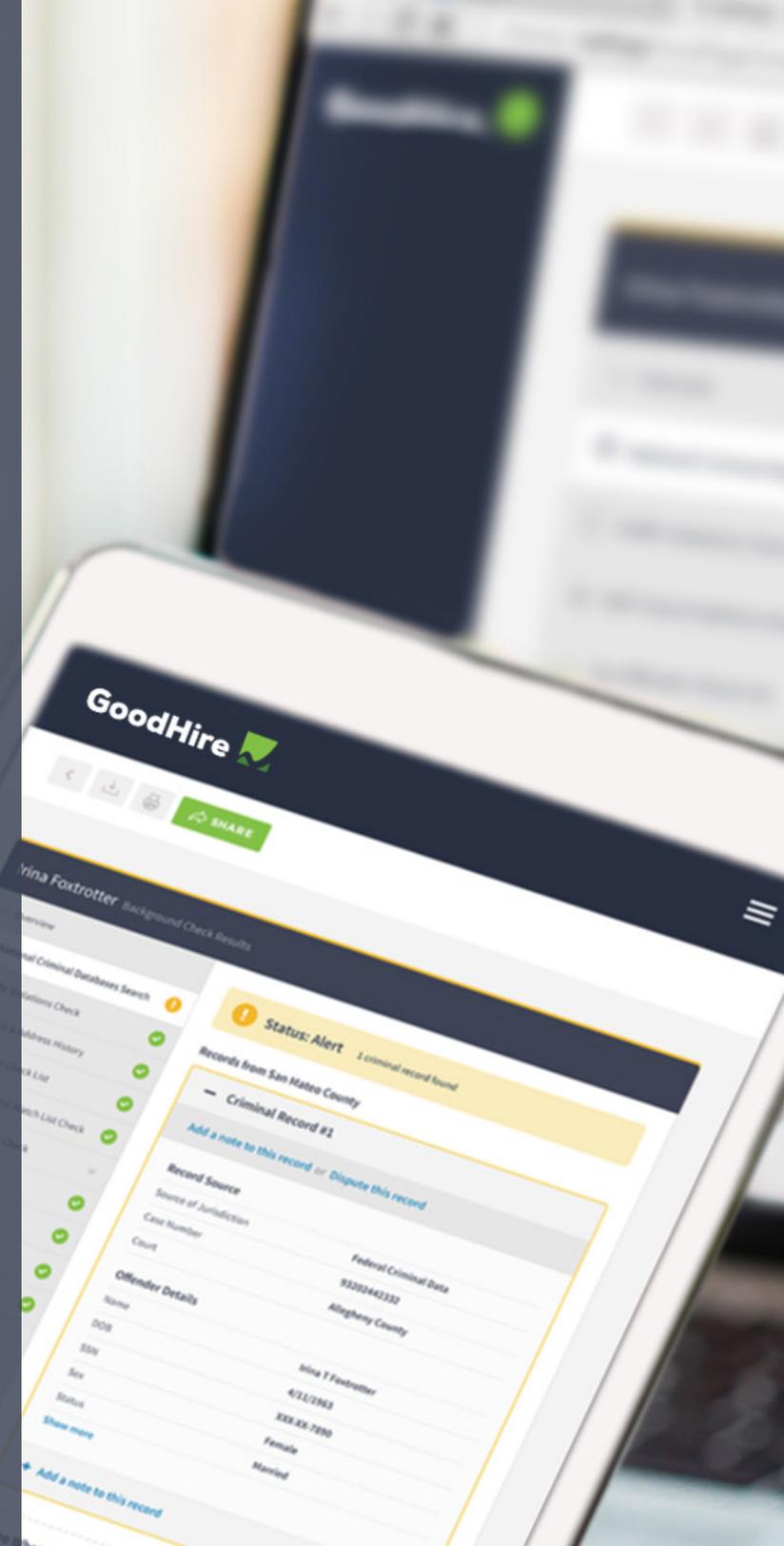
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# UNDERSTANDING GOODHIRE'S BACKGROUND CHECK PROCESS

To kick-off a pre-employment background check with GoodHire, the employer must provide the candidate's legal name and email address. Information about the background check request is sent directly to the candidate along with a link to GoodHire's secure online portal (also optimized for mobile) where candidates input their information, including full name, date of birth, Social Security number, and current address. Our digital consent process, with built-in electronic signature, keeps the entire process quick, easy, and accurate.

We let you know the estimated delivery time on every background check you order, and we return the results as soon as they're available. That means you can see the results of the National Criminal Databases Search, for example, even if employer verification isn't yet complete.

Keep in mind: The first time you order a GoodHire background check, we must verify that your company is a legitimate business, as required by the FCRA. The verification process typically takes less than 24 hours—often as little as one hour—depending on the clarity and completeness of the information you provide at signup.





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## Goodhire Makes Employment Screening Easy

TALK TO SALES | [sales@goodhire.com](mailto:sales@goodhire.com) | 855.496.1572



GoodHire provides customizable background screening services for businesses of all sizes. Through innovative, secure technology, integrations with leading HR platforms, and built-in compliance workflows, GoodHire speeds and simplifies the background check process to help customers build teams based on trust, safety, and fairness. Its award-winning platform empowers applicants to take ownership of their information, and enables employers to make individualized assessments for fair hiring decisions. GoodHire is owned and operated by Silicon Valley-based Inflection, a leader in trust and safety solutions since 2006. © 2018 GoodHire. All Rights Reserved.