



We know that workforce development is more than helping someone secure a job. It includes financial security, money management skills, saving for emergencies, and having access to transportation. Learn more about how credit building can be integrated to make a stronger workforce development program. As a workforce development practitioner, it is your goal to help clients move into a successful employment opportunity or a new career path. We know that successful employment is more than just securing a job. It is having the financial and personal stability to keep the job and succeed in the job; the mobility to get to work every day; and money management skills to balance income with expenses and debt so that financial emergencies do not impact personal and professional lives and productivity.

Workforce development requires working with clients long-term. You build a trusted relationship with your clients, and you probably end up supporting them much like a case manager or a life coach. Your clients share financial information so you can help them identify the right employment opportunities to meet their income needs and asset goals. Debt and credit may be a huge obstacle for them. A referral to a community credit counseling partner may be inappropriate, unavailable, inconvenient or scary for your client. You realize you need to bring credit building to them. The good news is you do not need to know everything about credit to help build credit! Understanding the basics of credit and its interaction with workforce development can help you feel confident addressing the credit issues impacting your clients.

## Step 1: Connect Credit to Workforce Development

**Employers often pull credit reports as part of the hiring or promotion process. Keeping your financial record clean could mean the difference between getting hired or promoted and not.**

- **When will an employer do a credit check?** While many employers only review credit profiles of strong candidates, others use credit scores early on to weed out applicants in highly competitive application processes.
- **What does a credit report say to an employer?** Employers look at financial behavior history to assess stability and responsibility or dishonesty and fraud. Employers are less interested in a few late payments or one defaulted payment, but a history of irresponsibility or a volume of debt that could impact productivity or a hint to the increase likelihood of theft.
- **What employers pull credit reports?** Surveys report that 96 percent of companies do background checks, with about 40% of employers including a credit check. However this number is on the rise. Historically employers in the financial, defense, chemical and pharmaceutical industries looked at reports. However, increasingly other employers including retailers are checking credit.
- **Do employers notify the candidate?** Yes. Employers must request written consent from applicants or employees before ordering a credit report. However, this consent may be embedded in small print in a larger application.
- **What information do employers see?** The credit reports provided to employers are different than the reports a consumer receives. The credit bureaus exclude personal information like marital status and age protected under the Equal Opportunity Act. Account numbers are also excluded. Learn more about [Employment and credit](#)

### **Jobs may require a reliable car to get to work.**

The ability to secure and hold a job is often linked to car ownership. Does your client own a reliable car or need to buy one? Is expensive car financing and payday lending keeping them from moving ahead financially? Would car repairs and expenses disrupt their ability to get to work and accomplish their job?

### **Income will need to cover expenses.**

Is your client looking for new or additional work to pay existing debt burdens? Paying back short-term and long-term debt may be a significant portion of their family's expenses. It may also be the direct motivation for seeking new employment. Helping your clients build credit through basic budgeting and safe credit relationships can help them save, re-finance and build assets. And maybe seek a job they love, instead of a job they need!

### **Job advancement or career changes may require training or advanced education.**

If a client needs or wishes to acquire advanced education or training to increase their earning potential or maintain an upward career momentum, will credit stand in their way? Many adult students have less access to affordable, subsidized student loans – their loans will be priced on the market based on their credit score.

### **Starting a small business might best suit your client's skills and situation.**

If self employment or entrepreneurship is your client's goal, helping them build credit to access business capital may be key to their future success. Learn more about [microenterprise and credit](#).

### **A new job might be the means to a bigger asset goal.**

Is your client looking to improve their career and employment options for a bigger goal? Maybe they are looking to buy a home, save for their children's education, or for retirement. These goals require higher and more stable income, but also good credit.

### **Employees may need a corporate credit card.**

Many employers need employees to use a corporate credit card to cover expenses associated with the position. A salesperson may need a gas charge card; an administrative assistant may need to purchase supplies. A credit check is usually required before an employer will provide a corporate credit card to an employee.

## **Step 2: Know your Clients Credit Profile**

Know what an employer will see. While free each year to consumers, most U.S. residents have never looked at their credit report. Investing time (and a little money) to pull and review a credit report is a critical preparation for entering today's job market.

- Reviewing credit reports with your client at intake helps you understand your client's financial needs, know what an employer will see, help clients make the best short-term employment decisions, and also plan for the future.
- Pulling reports at least 6 months before applying for a job provides time to build credit and correct and update information.

## **Step 3: Get Good Stuff Going**

### **While debt will not disappear overnight, good credit behavior can start today!**

- Financial literacy workshops are a good complement to other workforce development activities. Financial issues are one of the top stresses for families, and unemployment and job transitions can be particularly financially stressful times.
- Financial education can improve self-esteem and lead to positive behavior change and new skills towards better work productivity.
- Helping clients budget and save can reduce the number of family financial crises and results in more time for productive employment.
- Connecting clients to financial relationships with trusted partner financial institutions can provide short and long-term strategies for dealing with emergencies, saving, building credit and reducing debt.
- Encouraging clients to manage at least one active credit line with on-time monthly payments reported to a credit bureau can get them credit building and give them a tool for emergency expenses.
- Measured achievements such as an improved credit score can help clients feel more confident on the job.

Learn more about innovative [Credit Builder Products](#) in communities that provide clients access to reported lines of credit.

## **Step 4: Know the goal: Make a Credit Action Plan**

Help your clients create a credit action plan. As individuals build credit, their confidence for their financial and employment options can expand.

- Under what timeframe does your client expect to be applying for a job? Is employment the end or a means to other goals?
- If clients need a language or skills training program first, this is time to also build credit and reduce debt. This can provide them better credit credentials when applying for jobs and expand their employment opportunities. Correcting and updating information on a credit report that an employer might see is a good step at this stage.
- If employment is the means to a bigger goal, a credit action plan can include appropriate training to reach these asset goals. Setting up meetings with potential creditors –such as mortgage brokers or small business lenders -- can be part of the credit action plan.

## Step 5: Delve Deeper out of Debt

Reducing debt, reduces stress. The beginning of new employment -- and income -- is a good opportunity to re-evaluate how to escape from wealth-stripping debt.

- Direct deposit of paychecks can build a relationship with a mainstream bank or credit union and avoid check cashing fees.
- Setting aside a small portion of each paycheck into a savings account can help clients pursue asset goals and deal with emergencies.
- Could a new bank or credit union relationship help them re-finance sub-prime financing from a car dealer?
- Now that they are earning income, the Earned Income Tax Credit (EITC) can be a valuable strategy to plan ahead and alleviate debt. Are your clients aware of free tax preparation sites in the community? Learn more about [EITC and EITC campaigns](#).