



BACKGROUND CHECK BASICS

WHAT EMPLOYERS NEED TO KNOW

eBOOK



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INTRODUCTION

Welcome! While you might never have had the opportunity to conduct a screening of a potential employee candidate before, you've come to the right place if you want to learn more about the process and what steps you need to take to conduct a successful, accurate, and legally-compliant background check.



BACKGROUND CHECKS HELP BUILD TEAMS BASED ON TRUST

Employers use background checks to gather helpful information about a candidate's background history in order to make informed decisions about a potential new hire. Background checks can help you assess whether a candidate is honest, trustworthy, or may potentially pose a threat to others. Screening may also help protect company assets, mitigate risk, and avoid potential negligent hiring lawsuits.

And while a person's past actions do not necessarily predict their future choices, background checks are increasingly common and are meant to help create more trust and safety in the workplace.

If you're about to conduct a background check on one or more employees, you're in good company. 95% of employers use employment background screening as part of their hiring process, according to PBSA.



4 KEY CONSIDERATIONS

Before you get started, let's outline and address four key components to assess when considering background checks and whether to work with a background check provider to screen your candidates and employees.

1. VALUE

You want reliable background checks in a way that saves you time and cost to your business.

2. CONVENIENCE

You want the right checks for the positions you're hiring for when you need them.

3. RELIABILITY

You want background check results that are easy to understand and based on accurate data.

4. COMPLIANCE

You want to be confident that you're following all background check laws and regulations that apply to your business.

This guide will address these points and outline the basic information you need to know to GET STARTED WITH BACKGROUND CHECKS AND EMPLOYMENT SCREENING

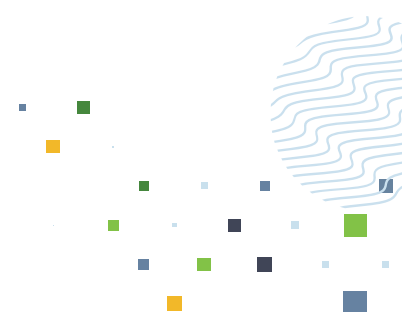
1. VALUE

YOU WANT RELIABLE
BACKGROUND CHECKS
IN A WAY THAT SAVES YOU
TIME AND COST TO YOUR
BUSINESS.



1. VALUE

“YOU GET WHAT YOU PAY FOR”



The Problem with Cheap Background Checks

Perhaps there was an incident at work that led your business to start checking its employees. Or maybe a new client states in their contract that all employees must be checked. Or maybe your business is growing and you now recognize the need for an employment screening policy that includes standardized checks on all new hires.

It's fairly simple to run a pre-employment background check. The employer only needs the candidate's full name, date of birth, Social Security Number (SSN), and current address—and most importantly, the candidate's consent to run the check as required by the federal **Fair Credit Reporting Act (FCRA)**. (If you use GoodHire, you only need to provide the candidate's name and email—we'll take care of the rest!)

But just because running a check sounds like a simple process doesn't mean it is. Whether you do it yourself or use a third-party vendor to run a background check, you still have to follow all applicable laws that regulate employment screening and follow compliance procedures, and it can be complex.

Plus, using do-it-yourself “quick-service” providers, which typically explicitly prohibit you from using their services for employment screening, can lead to more problems, including:

- Poor data quality returning inaccurate results
- Reports that include results that may not be considered by employers (due to the age of the offense, for example)
- Wrong reports returned due to similar or same name confusion
- Legal action due to not following proper procedures
- Hefty fines for compliance violations
- Settlement fees stemming from class-action lawsuits
- Permanent damage to your company's reputation stemming from negligent hiring

It's easier and safer to outsource employment background checks to a reputable, professional background screener that has access to federal, state and county court records, credit reports, driving records, drug screening services, and more.

Saving You Time and Money in the Long Run

Working with a compliant background check provider is a valuable long-term decision. Your employment screening vendor will relieve pressure on those limited resources you need to run your business. Not only does this decision leave the hard work to the experts, but it also provides peace of mind that you're selecting the best candidates based on informed decisions using reliable, accurate data.

The cost of an employment background check depends on the provider and the types of screenings you want to include for review. A basic criminal check can cost as little as \$30 per person, and a more thorough check, including education and employment verification, can cost \$80 or more. Many employment screening vendors, including GoodHire, offer discount pricing for bulk orders.

Trying to save a few pennies now by using a DIY method or other process increases the potential for incorrect or non-compliant results.

Is it worth it?

HELPFUL HINT You'll see a provider's reliability, accuracy, and compliance record reflected in their dispute rate. A lower dispute rate (less than .1% is considered industry leading) indicates that they use good data sources and have processes in place to ensure they're providing legally compliant results with maximum possible accuracy.

Accreditation Counts

According to the [this HR.com/NAPBS report](#), the top reasons employers run background checks are to:

- Protect employees and customers
- Improve the quality of employees
- Follow compliance regulations
- Protect the company's reputation
- Prevent/reduce theft or other criminal activity

A background check company that is a member of the Professional Background Screening Association (PBSA - formerly NAPBS) must meet rigorous accreditation standards, comply with current regulations and laws about background checks, and submit to regular auditing of their practices and procedures.

Benefits of Using an Accredited Professional Background Screener

1. Meets rigorous accreditation standards
2. Complies with the FCRA and is regularly audited
3. Checks are only conducted with applicant's written authorization
4. Accesses a variety of reliable data sources to search for criminal histories
5. Follows procedures to ensure maximum possible accuracy
6. Delivers results that can be used legally to make employment decisions

2. CONVENIENCE

YOU WANT THE RIGHT CHECKS FOR THE POSITIONS YOU'RE HIRING FOR WHEN YOU NEED THEM.



2. CONVENIENCE

COMMON CHECKS

Find What Works for Your Needs

Let's be real, you don't want to pay for checks you don't need. But you will need to invest in the right screenings for your industry and the positions you're trying to fill.

What report options are right for your business and for your candidates? A quick scan of the background check landscape reveals that there are many different types of background checks, each of which may uncover somewhat different personal background information.

A best practice in employment screening, and a smart way to be compliant and avoid scrutiny by the Equal Employment Opportunity Commission (EEOC), is to screen all candidates and employees equally and take into account searches that are specific to their role. Many organizations use two to three background check package types, and group their would-be employees into those buckets.

Here are potential background check options for various experience levels:

ENTRY

- Criminal Records Check

MIDDLE-MANAGEMENT

- Criminal Records Check
- Education & Professional License Verification
- Employment Verification

EXECUTIVE

- Criminal Records Check
- Education & Professional License Verification
- Employment Verification
- Employment Credit Check*

INDUSTRY- OR JOB-SPECIFIC

- Healthcare Sanctions Check
- Motor Vehicle Records Check
- Employment Credit Check*
- Global Watch List

**Where state law allows.*

In industries where employees will be interacting more closely with customers and vulnerable populations, such as healthcare, nonprofit organizations, childcare, and in-home service providers, a more thorough background check may be necessary. Be sure to discuss your employment screening program with your legal counsel.



Types of Background Checks

It's easy to be overwhelmed by the wide variety of screenings available. Following is a helpful list of common screening services and how they're used during the hiring process. Many CRAs offer many or all of these checks under one inclusive cost.

[Learn about GoodHire's employment screening packages and pricing here.](#)

SCREENING	WHAT IT DOES
Identity Verification	Assesses whether the legal name, date of birth, and address provided are the candidate's own.
Employment Verification	Confirms information about a candidate's work experience at a given employer, including dates employed and job title.
Education Verification	Verifies attendance dates, majors, and degrees earned for high schools or colleges/universities and identifies potential discrepancies before you hire.
Criminal Records	Identifies criminal records associated with your candidate so you can make an informed hiring decision.
Sex Offender Checks	Searches registries across all states to report where a candidate may be currently registered as a sex offender.
Domestic Watch List	Searches U.S. government sanction and watch lists, including the FBI's Most Wanted and the Office of Foreign Assets Control.
Global Watch List	Searches international sanction and watch lists, including INTERPOL and the European Union terrorism list.
Motor Vehicle Records Checks	Confirms whether a driver's license is valid or has been suspended and reports driving-related violations. Employers typically review a candidate's driving records and safety data for positions where they will operate motor vehicles for business purposes.
Employment Credit Checks	Reports bankruptcies, unpaid bills from collection agencies, credit and payment history records, and other credit inquiries made on the candidate. Employment credit checks may be limited to certain positions by state or local law.
Drug Screening	Tests for the presence of prescription and illicit drugs.
Civil Court Checks	Reports civil records, which may include liens, civil judgments, small claims, and minor disputes.
Healthcare Sanctions Checks	Searches government sources for any penalties, suspensions, or punitive or disciplinary actions taken against a healthcare professional.
International Background Checks	This specialized background check is best for candidates currently working in the U.S. who have lived, studied, or worked in other countries.

3. RELIABILITY

YOU WANT BACKGROUND CHECK RESULTS THAT ARE EASY TO UNDERSTAND AND BASED ON ACCURATE DATA.



3. RELIABILITY

RESULTS YOU CAN TRUST

Make Informed Decisions with Reliable Data and Easy-to-Understand Reports

A professional background screener has access to accurate data sources which then informs the reportable information they return to you.

Unlike some “quick-service” background check vendors that claim they can deliver instantaneous results, a reliable, FCRA-compliant background check provider should take extra steps to review results, cross-reference data, and verify it for accuracy. This allows a screener to both identify and remove duplicate records and review results to assess whether they can be legally reported.

Reviewing and Deciphering Results

A background check report that’s easy for you to read and understand is equally as important as the quality of data. When reviewing results, it may be helpful to be familiar with the following terminology:



ALERT

A record was found that matches the information received about this candidate.



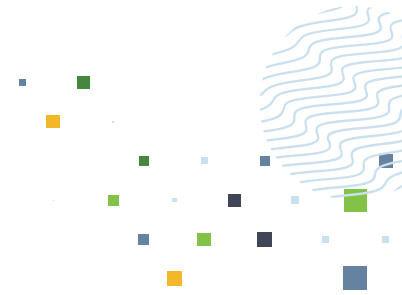
CLEAR

No legally-reportable records were found matching the information received about this candidate.



DISPUTE

Your candidate believes an item reported in their background check is incorrect or inaccurate and they’re disputing it with your CRA. (It is the CRA’s job to investigate and resolve a candidate dispute.)



Courts and Common Disposition Terms

For criminal background checks, it's helpful to understand court records and common disposition terms. Jurisdictions use different terms to report the status or outcome of a court case, which can make reviewing background checks confusing. Following is a list of common disposition terms and what they mean.

CONVICTION

WHAT IT MEANS A person has been found guilty of a crime in a court of law

OTHER TERMS Guilty, Admission, Forfeited, Paid, Responsible

NON-CONVICTION

WHAT IT MEANS A record of a person's involvement in any court proceeding or police interaction in which no official conviction resulted

OTHER TERMS Not Guilty, Dismissed, Withdrawn, Set Aside, Nolle Prose, No Bill

PENDING

WHAT IT MEANS The case is waiting for court adjudication (the court's decision)

OTHER TERMS * None *

DEFERRED ADJUDICATION

WHAT IT MEANS A court decides to sentence but not convict

OTHER TERMS Adjudication Withheld, Probation Before Judgment, Pretrial Intervention (PTI), Court Supervision, Diversion

What to Consider

Depending on the type of checks you use, background check results may report criminal records (both felonies and misdemeanors), civil court records, motor vehicle records, and credit history information, among other information. When making hiring decisions based on employment background check results, it's important to follow the Equal Employment Opportunity Commission's screening guidelines by considering:

- The nature and gravity of the offense
- The time elapsed since the offense
- The nature of the job sought

If you determine the information in the report provides a reason to deny employment, then you must follow the **adverse action process** to comply with the FCRA. We'll dig deeper into this topic in the Compliance Section.

BE INFORMED Depending on the jurisdictions involved, a background check may only go so far back into a candidate's history. There are limitations based on specific federal, state and local laws that determine what can be reported.

Learn more about how far back background checks go in this article.



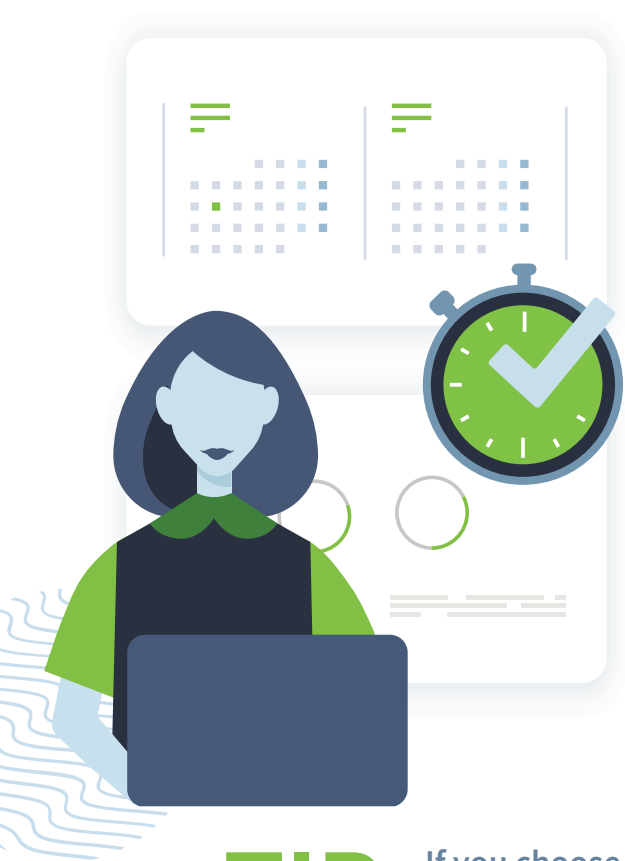
SETTING EXPECTATIONS

Turnaround Times

Turnaround times will vary depending on the type of check you’re running, and your background check provider’s ability to deliver the results. With some background checks, results may be returned within a few hours, such as a national criminal database search, while other types of screenings may take between 1-3 days or longer.

If you conduct a criminal background check that looks for criminal records at the county level, it could take a few days—especially in counties where the records aren’t digitized or that require the assistance of a court employee.

Education and employment verifications may take up to five days. For these checks, companies the candidate has worked for, or the schools they’ve attended, will be contacted to confirm work history (including dates of employment and title) and degrees achieved or programs attended.



COMMON BACKGROUND SCREEN

TARGET TURNAROUND TIMES

SSN Trace + Associated Counties Search	Same day
National Criminal Database Search	Same day
Sex Offender Registry Search	Same day
Domestic Watch List Search	Same day
Motor Vehicle Records Check	1 business day
County Criminal Court Search	1-3 business days
Education Verification	2-3 business days
Employment Verification	2-3 business days
10-Panel Drug Screen	2-3 business days

TIP

If you choose to use a CRA, consider selecting one that provides visibility into the progress of your reports, including estimated delivery times, status alerts, and automatic notifications when results are returned.

4. COMPLIANCE

YOU WANT TO BE CONFIDENT THAT YOU'RE FOLLOWING ALL BACKGROUND CHECK LAWS AND REGULATIONS THAT APPLY TO YOUR BUSINESS.



4. COMPLIANCE

WHAT YOU NEED TO KNOW

Important Info on the FCRA

When Congress enacted the Fair Credit Reporting Act in 1970, its original intent was to protect the personal financial data in consumer credit reports. Since then, their scope has widened to cover and protect more than just consumers, and the types of companies governed by the FCRA, collectively known as consumer reporting agencies (CRAs), now include background-check services as well as credit bureaus.

“There is a need to ensure that consumer reporting agencies exercise their grave responsibilities with fairness, impartiality, and a respect for the consumer’s right to privacy.”

FCRA

As an employer, you have important responsibilities to adhere to FCRA regulations when running background checks, so it’s important to understand the law and stay up-to-date on any changes in rules and regulations.

FCRA violations are expensive to litigate and settle.

Most FCRA-related lawsuits arise from two primary violations:

- 1.** Failure to provide compliant background check disclosure and authorization forms (also called a consent form).
- 2.** Failure to follow the adverse action process required by the FCRA anytime an employer intends to take unfavorable action (deciding not to hire or promote) based on the results of a background check.

An unintentional gap in compliance awareness doesn’t give you a free pass. Failure to meet FCRA requirements can cost your business dearly.

To complicate matters, it can be difficult to know about, understand, and keep up-to-date about specific laws that only apply to your state or location, such as ban-the-box and other fair-hiring laws, which we’ll cover in the next section.

Fair Hiring Policies

The goal of fair hiring laws are to provide a better chance at employment for people with criminal records. These laws are commonly referred to as “ban-the-box” laws because they remove the question that asks about criminal history from employment applications.

Fair hiring laws have been adopted in more than 180 state and local jurisdictions since 2009.



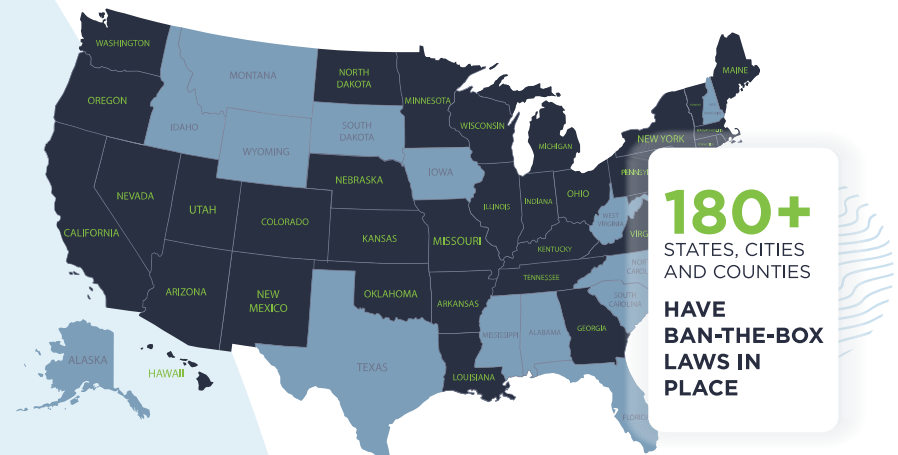
A Complex Web of Laws

Ban-the-box laws vary by state and city. Some legislation restricts only public employers from asking about criminal history, while some restrict both public and private employers. Others only prohibit employers from asking for criminal record history on the application. Other states go further and require employers to wait until after the first interview or after a conditional offer to inquire into criminal history. Still other regulations require employers to send specific notices or reasons as to what led to an “adverse action,” such as deciding not to hire or promote someone.

Employers who fail to comply with fair chance hiring laws may be subject to civil penalties ranging from hundreds to thousands of dollars per incident. Non-compliance may also open employers up to lawsuits.

The complex web of laws can be difficult to follow. Working with a background check provider that incorporates targeted screens and individualized assessments into its adverse action flow will help give you peace of mind.

Learn more about ban-the-box and fair-hiring laws.



10 STEPS to Comply with the FCRA

When running background checks to make employment decisions, it's important to follow the FCRA-mandated processes to remain compliant. Work closely with HR and legal counsel to vet all policies and procedures. An FCRA-compliant background check provider will be able to ease your compliance burden and may automate many of these processes.



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| <p>1.</p> <p>Provide Written Disclosure</p> <p>You must provide every job candidate (or employee, as applicable) with a stand-alone notice, in writing, that they will be screened and results within the report may contribute to decisions around hiring, promotion, or retention.</p> | <p>2.</p> <p>Obtain Candidate Consent</p> <p>Employers must get written authorization from the job candidate or employee before screening them.</p> | <p>3.</p> <p>Provide Information</p> <p>Candidates are entitled to request and receive information about the credit reporting agency conducting the search, along with any information about the rights they have under state and federal law.</p> | <p>4.</p> <p>Run The Report</p> <p>After these steps have been completed, a third-party consumer reporting agency can screen a job candidate or employee on behalf of your company.</p> | <p>5.</p> <p>Analyze The Results</p> <p>After the background report is completed, the employer can review the results.</p> | <p>6.</p> <p>Consider Whether To Hire</p> <p>If an employer determines that any information from the background report gives reason to deny employment, they must follow additional steps to ensure compliance.</p> | <p>7.</p> <p>Pre-Adverse Action Notice</p> <p>If an employer decides not to hire based on information gathered from a background check, the employer must notify the individual of the adverse action in writing. The employer must also provide a copy of the background report and "A Summary of Your Rights Under the Fair Credit Reporting Act."</p> | <p>8.</p> <p>Allow For Review</p> <p>The FTC recommends a waiting period of five business days before pursuing a final adverse action as a way to provide an opportunity for the individual in question to dispute information.</p> | <p>9.</p> <p>Reinvestigate Disputed Items</p> <p>If any items on the report are in dispute, a background screening company must reinvestigate those items and provide an updated report to both employer and applicant.</p> | <p>10.</p> <p>Finalize Adverse Action</p> <p>If an employer has followed all steps in conducting a background check, then final adverse action can be completed. A final employment decision can be made, and if that decision is adverse, the employer should send a final notice of adverse action to the applicant.</p> |
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To learn more about background check processes and compliance regulations, visit [GoodHire's Resource Library](#).

READY TO GET STARTED?

Now that you have a better understanding of background checks and the importance of working with a professional background screener, you're ready to start screening your candidates and employees. As an employer, you'll also want to invest in the development of a comprehensive background screening policy for your company. **GET STARTED NOW**

GoodHire's value-packed background check platform is unparalleled.

Find out what we can do for your business. **TALK TO SALES** | sales@goodhire.com | **855.496.1572**



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