

Adverse Action: A negative employment action such as not hiring an applicant; not promoting or not retaining an employee.

Authorization: Obtaining written permission from the applicant/employee for the background investigation to be conducted.

Background Check: Usually refers to one item of information in a background report; i.e., one academic background check, one employment background check, one driving record check. However, sometimes this term is also used to describe the background report in its entirety.

Background Investigation: Another term for background report or background check.

Consumer: The person who is the subject of the background report; the person who is seeking employment, retention, or promotion by an employer.

Consumer Report: Under the FCRA, one of two official names for a background report. The other name is “investigative consumer report.” Most often the distinction between a “consumer report” and an “investigative consumer report” is that a “consumer report” contains only factual information while an “investigative consumer report” contains some opinions. *Example:* “Was he employed by your company?” This calls for a factual response. “How did he perform on the job?” This calls for an opinion.

Consumer Reporting Agency: A background screening company that compiles and maintains files on consumers, assembles, evaluates and maintains for the purpose of furnishing consumer reports to third parties.

Disclosure: Refers to the document and the process of informing an applicant/employee that he/she will be the subject of a background report.

Employment Purposes: Hiring an applicant; promoting or retaining an employee.

Fair Credit Reporting Act (FCRA): The federal law that governs the preparation, dissemination, and use of background reports for employment purposes.

Federal Trade Commission (FTC): The government agency responsible for the administration of the FCRA. This agency has issued many non-binding opinions interpreting the FCRA.

Final Adverse Action: Referring to the document and the process when a negative employment decision is made, the applicant/employee receives notice of the decision.

First Notice: Another name given to pre-adverse or preliminary adverse action.

Investigative Consumer Report: Under the FCRA, one of two official names for a background report. The other name is “consumer report.” Most often the distinction between a “consumer report” and an “investigative consumer report” is that a “consumer report” contains only factual information while an “investigative consumer report” contains some opinions. *Example:* “Was he employed by your company?” This calls for a factual response. “How did he perform on the job?” This calls for an opinion.

Notice to Users of Consumer Reports: Obligations of Users under the FCRA:
Prepared by the Federal Trade Commission, this document must be given by the background screening company to employers before background screening information is provided to the employer.

Permissible Purpose: Under the FCRA, this is a legal purpose for obtaining a background report.

Preliminary Adverse Action: Referring to a document and the process when a negative employment decision is being considered, the applicant/employee receives notice, a copy of his/her background

report, and *A Summary of Your Rights under the Fair Credit Reporting Act*. This is also referred to as “Pre-Adverse Action” and “First Notice.”

Remedying the Effects of Identity Theft: Prepared by the Federal Trade Commission, this document must be given to applicants/employees who believe they are the victim of identity theft.

Reseller: A CRA who assembles and merges information contained in the database of another CRA or Multiple CRA’s for the purpose of furnishing information to a third party, and does not maintain a database of the assembled or merged information from which new consumer reports are produced.

Second Notice: Another name for “Final Adverse Action.”

A Summary of Your Rights under the Fair Credit Reporting Act: Prepared by the Federal Trade Commission, this document must be attached to a background report being provided to an applicant/employee. This most current version of this document was released on 11/19/04. Commonly referred to as “Summary of Rights.”

User of Consumer Reports: An employer who, as part of an employment decision, considers the information in a background report.