

NUMBER
#19-68-02

DATE
January 7, 2019

OF INTEREST TO
County Directors
Social Services Supervisors and
Staff

Tribal Social Services Directors,
Supervisors, and Staff in
American Indian Child Welfare
Initiative: Leech Lake Band of
Ojibwe and White Earth Nation

ACTION/DUE DATE
Please read information and
prepare for implementation

EXPIRATION DATE
January 7, 2021

Consumer Credit Reports for Youth in Foster Care

TOPIC

Federal and state requirements for working with foster care youth on consumer credit reports.

PURPOSE

Inform county agency and tribal staff of local obligations and procedures to comply with state and federal law regarding consumer credit reports for children and youth in foster care.

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TERMINOLOGY NOTICE

The terminology used to describe people we serve has changed over time. The Minnesota Department of Human Services (DHS) supports the use of "People First" language.

I. Background

The Minnesota Department of Human Services (department) issued bulletin #12-68-01 on January 19, 2012, informing local social service agencies of their obligation to obtain annual credit reports required by the Child and Family Services Improvement and Innovation Act, Public Law 112-34, effective Oct. 1, 2011.

On May 8, 2012, federal program instructions necessitated changes in procedures to implement this regulation. The primary concern was that youth under age 18 could not access their credit reports. Recognizing the administrative burden it would place on local agencies, the department entered into agreements with the three credit reporting agencies to begin submitting quarterly batch credit reports electronically using information from the Social Service Information System (SSIS).

On September 29, 2014, the Preventing Sex Trafficking and Strengthening Families Act, Public Law 113-183, was signed. The law expanded the requirement that youth in foster care age 14 and older receive a copy of their consumer credit report, as defined in section [13C.001](#), annually until discharged from foster care, and assisted in interpreting the credit report and resolving any inaccuracies.

Effective August 1, 2015, the requirement for youth in foster care age 14 and older to obtain annual credit reports was added to Minnesota Statutes, section 260C.212, subdivision 1 (c) (12) (iv).

The intent of the law is to:

- Identify if youth have been subject to identity theft, and resolve inaccuracies
- Assist youth in understanding the importance of having a credit check completed
- Teach youth how to review a credit report, and
- Educate youth on the credit report process so they continue this practice after foster care.

II. Credit Reports

A. What is a Credit Report?

There are three major credit reporting agencies (CRA), Equifax, Experian and TransUnion that gather and maintain information about individuals. A credit report is a record of an individual's credit activity and history. It identifies companies that extended credit and/or loans, credit limits, payment history, delinquent accounts, bankruptcies, foreclosures or lawsuits. Every month, banks, credit card issuers, lenders, finance companies, and public records submit updates on individual's credit profile to at least one of the three CRAs. Lenders do not necessarily report to all three companies, so information on credit reports may vary, and reporting occurs at different times of the month, which may contribute to differences in reports.

The CRAs provide the above information in a credit report to companies or persons when requested. Information in a credit report impacts how much a person pays for loans and other credit. Insurance companies often use information in a person's credit report to determine how much to charge for automobile and homeowner's insurance. Some employers and landlords also access credit reports to determine whether to give a person a job or rent an apartment.

B. What Information is in a Credit Report?

Credit reports include information from a person's creditors. Creditors use this information to judge if a person is likely to be a good credit risk. Reports include the following information:

- **Identifying information:** Name, including nicknames and abbreviations, addresses, Social Security number, date of birth, and employment information used to identify an individual.
- **Credit accounts:** Accounts with different creditors are listed, along with credit limits, how much of each limit has been used, history of debt repayment, and collection actions.
- **Credit inquiries:** Lenders who have accessed a person's credit report in the past two years.
- **Public records and collections:** Public information related to a person's creditworthiness, such as bankruptcy filings or tax liens.
- **Positive accounts and negative items:** Positive items include payment of loans and other debts. Negative items include late payments and debt that was charged-off or was sent to a collection agency. Account numbers and addresses for creditors are also listed.

C. Should Children in Foster Care Have a Credit Report?

No, because minor children do not usually have the legal capacity to sign a contract or apply for credit on their own. If a credit report exists for a child under age 18, it may be due to error, fraud or identity theft. CRAs will not knowingly disclose credit report information for a minor, except to parents, guardians or custodians. When a credit report exists for children, the information needs to be corrected to protect their identity and future credit.

III. Who Obtains Credit Reports on Foster Care Children?

A. The department will:

- Maintain agreements with Equifax, Experian and TransUnion CRAs to submit batch reports for these quarters: Jan.-March, April-June, July-Sept. and Oct.-Dec. Information is pulled from SSIS one month after the end of a quarter.
- Follow quarterly submission criteria of youth who during the quarter were ages 14 to 17, who had a birthday, and were in a continuous foster care placement of 30 days or longer.
- Notify county agencies and tribes participating in the American Indian Child Welfare Initiative,* of the names of agency youth, their three credit reports, and each youth's primary worker's name. Information is sent by encrypted email or mailed to agency directors or identified staff.
- Monitor credit issues that continue to appear on youth's credit reports year after year, and notify agencies of the continued credit issues that need to be resolved.
- Compile quarterly data. An average of 30 youth have credit issues each quarter, including inquiries, collections and civil judgements.
- Confirm individual names of youth will not be submitted to the credit agencies, or added to subsequent quarterly batch reports, unless they meet quarterly submission criteria.

*Tribes participating in the American Indian Child Welfare Initiative are Leech Lake Band of Ojibwe and White Earth Nation.

B. County and Initiative Tribal Agencies' Responsibilities

For youth under age 18, agencies are responsible to:

- Enter name, address, birth date and Social Security number in SSIS correctly and completely for accurate information on youth to be submitted. Incomplete or abbreviated addresses cannot be submitted to credit reporting agencies. The department will contact agency staff to request SSIS information be corrected so reports can be submitted. If no address is in SSIS, the youth's name and information cannot be submitted to CRA's.
- Review all credit reports with youth, as appropriate, including reports with no credit issues, and do the following activities:
 - Assist them in understanding information in credit reports.
 - Confirm credit reports include only information about them. Look for information that is inaccurate or incomplete, such as accounts that do not belong to them, addresses where they did not live, names of employers they did not work for.
 - **NOTE:** Reports are occasionally received on individuals with the same name as youth submitted to the credit agencies, such as a parent with the same name. The department emails or mails all reports that are received on youth for agencies to review and confirm that the parent, or other individual listed in a report, is not using youth's name and information fraudulently. Credit agencies report that they first look for all information on a youth and then all information on individuals with the same name, even if the birth date and Social Security number are different, and include the information in the credit report.
 - Assist youth in resolving inaccuracies before they are discharged from foster care.
- Enter a case note in SSIS that credit reports were reviewed and given to youth, as appropriate, and any action taken.
- Maintain copies of all credit reports in their agency file.
- Provide copies of all credit reports upon discharge from foster care, if requested.

For youth age 18 and older, agencies are responsible to do the following:

- Assist foster care youth age 18 and older to obtain annual credit reports until discharged from foster care.
- Remind youth that it is important to request reports from all three credit agencies, as fraud and/or identify theft might appear only on one report.
- Show youth that you may obtain a free annual credit report in any of the following ways:
 - **By phone:** Call 877-322-8228 to receive a credit report in 15 days
 - **Online:** Access a credit report immediately at the [Annual Credit Report.com](https://www.annualcreditreport.com) website
 - **By mail:** Complete and mail an [Annual Credit Report Request Form](#) to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281, to receive a report in 15 days after the request is received. See form in Attachment B.
- Review all credit reports with youth, as appropriate, including reports with no credit issues, and do the activities listed above.
- Enter a case note in SSIS that credit reports were reviewed and given to youth, as appropriate, and any action taken. Document in SSIS when youth refuse to cooperate with obtaining credit reports.
- Maintain copies of all credit reports in agency file.
- Provide copies of all credit reports upon discharge from foster care, if requested.

IV. Action When a Credit History Exits for a Minor Child

Often, a youth's credit history will simply be inaccurate information or misspellings. These inaccuracies can easily be disputed and removed from a credit report without cost.

The Federal Trade Commission (FTC) website has instructions on [disputing errors on credit reports](#), and a [sample dispute letter form](#). Under the federal Fair Credit Reporting Act (FCRA), both the credit reporting company and the information provider are responsible for correcting inaccurate or incomplete information in a report. The [Consumer Financial Protection Bureau \(CFPB\)](#) website also provides information on assisting foster care youth in reviewing and disputing errors on credit reports. It provides [three action letters](#) for the following situations to use to contact credit agencies and creditors.

- **A credit report should not exist for a minor:** Minors generally cannot legally enter into contracts for credit, which means that credit reporting agencies do not knowingly create reports on them. Credit reports on minors are typically the result of fraud or error. This letter should be used if a minor in foster care has a credit report but should not. This letter tells a credit bureau that the credit report has been reviewed and that the minor is disputing all items because they do not recognize any of the accounts.
- **The credit report has errors from before the youth turned age 18:** There are limited circumstances when youth under age 18 would have a credit report, such as being an authorized user on a credit card. This letter should be used if someone in foster care, who is now 18 years or older, has activity on their credit report from when they were a minor that is inaccurate. This letter tells the credit bureau that the credit report has been reviewed and that there should not be credit activity from before youth turned 18 years old.
- **The credit report has errors for foster care youth over age 18:** This letter should be used to dispute a credit report error for someone in foster care who is 18 years or older and the error is related to accounts that were opened when they were an adult. This letter informs the credit bureau that the credit report has been reviewed and an error was found.

Identity theft: In rare cases, youth will have a serious credit issue and may have experienced identity theft. If this is the case, it may be beyond the expertise of agency staff to assist them. Department staff recommends the following actions in these cases:

- Consult with the guardian ad litem to determine if they can be of assistance.
- Refer youth to a reputable credit counseling agency in the community. Lutheran Social Service (LSS) of Minnesota has credit counseling services in eight Minnesota communities; Duluth, Brainerd, Eveleth, St. Louis Park, Mankato, Minneapolis, St. Paul and Willmar. Contact LSS at 888-577-2227, or visit the website at www.lssmn.org/debt, for information and to make appointments at any of the locations.
- Work with Children's Justice Initiative or child protection team to develop protocols for responding to cases where it appears that identity theft has occurred. Agencies need to respond to the criminal aspect of a case while also assisting children/youth to restore and protect their credit future before they are discharged from care.
- Refer to the Minnesota Department of Public Safety, Office of Justice Programs, which offers an instructive website on [identity theft](#) that outline steps to consider when it appears an individual has been victimized and needs protection from further exploitation.
- See Attachment C: How to Clear a Foster Care Child's Credit Report for steps to take to address inaccuracies in a credit report.

V. Documentation, Forms and Costs

A. Minnesota National Youth in Transition Database (MNYTD)

Obtaining a credit report is a learning opportunity for youth. It should be reflected as a provided service in the Social Service Information System (SSIS). Each time a credit report is obtained and discussed with youth, case managers should enter information in SSIS in the following locations:

- Case note that credit reports were reviewed and given to youth, as appropriate, and any action taken. Document when youth refuse to cooperate with obtaining credit reports.
- MNYTD IL Services tab by checking Budget and Financial Management in participant folder and Adolescent Services tab.

B. Changes to Plans, Notices and Agreements

The credit reporting requirement is on the following documents:

- Independent Living Plan under the Money Management domain per Minnesota Statutes, section [260C.212](#), subdivision 1 (c) (12) (iv), money management. This includes the duty of the responsible social services agency to ensure that youth annually receives, at no cost to them, a consumer credit report as defined under section [13C.001](#), and assistance in interpreting and resolving any inaccuracies in a report.
- Transition Plan under Vital Documents per Minnesota Statutes, [section 260C.452](#), subdivision 4 (d) (6), a copy of youth's consumer credit report as defined in section [13C.001](#), and assistance in interpreting and resolving any inaccuracies in report, at no cost to youth.
- All voluntary placement notices and agreements include the requirement to obtain consumer credit reports.

C. Costs Associated with Responding to Credit Issues

County and tribal agency staff activity to assist a youth in disputing inaccuracies in a credit report, or referring them to a financial service provider, is claimable for Child Welfare-Targeted Case Management (CW-TCM) if all other CW-TCM criteria are met.

- Minnesota Statutes, section [256B.094](#), states that CW-TCM services means activities that coordinate social and other services designed to help a child under age 21 and their family gain access to needed social services and mental health, habilitative, education, health, vocational, recreational and related services including, but not limited to, the areas of volunteer services, advocacy, transportation and legal services. Case management services include developing an individual service plan and assisting a child and their family in obtaining needed services through coordination with other agencies and assuring continuity of care.
- The BRASS code staff use is "193 general case management." When workers document contact in SSIS, they choose "general case management" in the drop down box, and complete the entire screen. The claim automatically gets transmitted through SSIS to Medicaid Management Information System (MMIS).

VI. Resources

Training videos: The department partnered with the University of Minnesota, Center for Advanced Studies in Child Welfare, to produce two online modules:

- “Caseworker Responsibility and Credit Reports for Youth in Foster Care” discusses the roles and responsibilities of caseworkers in various levels of government and tribal agencies in the event of a credit report on a foster youth’s record. The module is on the Center for Advanced Studies in Child Welfare website at <http://z.umn.edu/creditworker>.
- “Understanding Credit: An Online Training for Youth in Foster care” is designed to assist youth in foster care with managing and monitoring their credit, and gain an understanding of the importance of their credit report. The module is on the Center for Advanced Studies in Child Welfare website at <http://z.umn.edu/credityouth>.

Other resources include:

- [Protecting the Credit of Youth in Foster Care](#), The Annie E. Casey Foundation, 2013
- [How to Interpret a Credit Report](#), National Resource Center for Youth Development
- [How to Build Your Credit](#), National Resource Center for Youth Development
- [Credit Report and Credit Scores](#): Answers to questions about credit.
- [Allocations for Adolescent Independent Living Skills Funding](#) bulletin for guidance on using funds for credit issues
- [Credit Handbook](#), Minnesota Office of Attorney General
- [Credit Reports](#), Minnesota Office of Attorney General

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651)431-4670 (voice) or by using your preferred relay service. For other information on disability rights and protections, contact the agency’s ADA coordinator.

Attachment A: Consumer Credit Reporting Companies Contact Information

- **Equifax:** Contact Dewyne Wardlaw at CFS@equifax.com.

- **Experian:** Contact Paul Hernandez at paul.a.hernandez@experian.com, or 972-390-3710. Email is the preferred method of contact.

- **TransUnion:**
 - Contact Angela Pescatore, customer service and sales coordinator, by email at fostercare@transunion.com, or mail at TransUnion, Attn: Foster Care Services, 1561 East Orangethorpe Ave, Fullerton, CA 92831, or phone 866-922-2100.
 - Submit dispute requests to the fostercare mailbox at: TransUnion-Foster Care, P.O. Box 10, Woodlyn, PA 19022, fostercare@transunion.com.

Attachment C: How to Clear a Foster Care Child's Credit Report

If working with a child/youth in foster care and receive notification that they are a victim of identity theft, take the following steps on their behalf to prevent further harm. Each credit reporting agency (CRA) has varying processes to handle requests for minors when a victim of identity theft. Below is a general outline of what to do. Keep a written record with details of your efforts and copies of all correspondence.

1. **Contact the credit reporting companies:** Contact the three credit reporting companies. Explain that a child is a minor and cannot legally enter into any type of contract. To prove that child is a minor, send the credit reporting companies a copy of their birth certificate or other documentation of age, such as a court order. Also, send a letter asking them to remove all accounts, application inquiries, and collection notices from the credit report associated with a child's name or personal information. Documentation may also be needed to verify that a child is in foster care and an agency is authorized to act on their behalf.
2. **Place an initial fraud alert:** If a credit report was created for a child as a result of identity theft, consider placing an initial fraud alert on the report. An initial fraud alert requires potential creditors to verify a person's identity before extending credit. When a creditor knows that a minor is involved, it will not ordinarily extend credit.

To place an initial fraud alert, contact any one of the three credit reporting companies. The company called on behalf of a child must contact the other two. All three will place an initial fraud alert on the report they have for a child. After the initial fraud alert is in place, the credit reporting company will explain a child's rights, including the right to get a free annual credit report from each credit reporting company.

3. **Consider a credit freeze:** If there is a credit report for a child, consider requesting a credit freeze, also known as a security freeze. This means that potential creditors cannot get a child's credit report, which makes it less likely an identity thief can open new accounts. Each of the three credit reporting companies must be contacted directly to place a freeze. The credit reporting companies may ask for proof of a child's Social Security number and proof that a caseworker is legally able to represent/are a child's legal representative, and a copy of child's birth certificate. Putting a freeze on a minor's credit report can be a useful deterrent to additional fraud.

A freeze must be lifted from credit reports before a minor applies for student or auto loans, an apartment, or job. Once a child turns age 18, they can ask to lift the freeze. For child to remove the security freeze once they turn 18, they will need to do the following, depending on the credit reporting agency.

- TransUnion: At age 18 a security freeze is automatically removed. Call 800-916-8800 for questions.
- Equifax: Call the Office of Consumer Affairs department at 888-215-3859 and request the security freeze be removed. The Office of Consumer Affairs department will verbally request identifying information, including name, address and date of birth. Youth should report they were/are in foster care while a minor. There is no cost.

- **Experian:** Provide personal identification number and include the following information:
 - Full name, with middle initial (and generation - Jr, Sr, II, III)
 - Social Security number
 - Date of birth
 - Complete addresses for the past two years
 - One copy of a government issued identification card, such as a driver's license, state or military ID card, etc.
 - One copy of a utility bill, bank or insurance statement, etc.

Submit online at www.experian.com/freeze, call 888-397-3742, or mail to Experian, P.O. Box 9701, Allen, TX 75013.

4. **Fraud alert:** Although businesses do not ordinarily extend credit to a minor, consider placing an extended fraud alert, which lasts for seven years on the credit report. When a business sees an alert on a credit report, it must verify the borrower's identity before issuing credit. Identity theft victims including youth in foster care, who can have an extended alert placed on their credit reports if they can provide an identity theft report to a credit reporting company.

- **Initial fraud alert:** Requires creditors to verify an identity before granting credit and makes it harder for a thief to open fraudulent new accounts. Contact one credit reporting company. It will share your request with the other two companies. It is free and lasts for 90 days.
- **Extended fraud alert:** Requires creditors to verify an identity before granting credit and makes it harder for a thief to open fraudulent new accounts. Contact one credit reporting company. It will share your request with the other two companies. It is free and lasts for seven years.
- **Credit freeze:** Stops creditors from getting your credit report unless you lift the freeze. Contact each credit reporting company. The cost and how long it lasts depend on state law.

5. **Call every company where an account was fraudulently opened or misused:** If a caseworker knows where a child's information was misused, contact that business and explain that the individual is a minor. When receiving a child's credit report, review it for accounts opened in a child's name. If a fraudulent account is in a child's name, contact the company where the account was opened. Ask the company to close the fraudulent account and flag the account to show it is a result of identity theft. Follow up with each business in writing. Once a caseworker has resolved identity theft disputes with a company, ask for a letter stating that the company has closed the disputed accounts and discharged the fraudulent debts. This letter will enable a child in foster care to dispute erroneous charges if errors relating to the account reappear on their credit report in the future.

6. **File a report with the Federal Trade Commission:** Visit the Federal Trade Commission website at www.ftc.gov or call 877-IDTHEFT (1-877-438-4338), to file a report about theft of a child's identity. After filing a report with the FTC, print a copy. It will be called an Identity Theft Affidavit. Give a copy of the FTC Identity Theft Affidavit to the police, if filing a police report.

- **File a police report:** Usually, adults must file a police report about identity theft before they can use certain legal remedies to clear a credit report. The situation may be different for children, because credit reporting companies may correct a child victim's credit report without a police report. However, it is important to consider filing a police report, because it may be needed to resolve other instances of identity theft.

Agency staff will need to send the credit reporting company a letter or other documentation explaining that a child is a minor who cannot legally enter into a contract. After providing proof

that a victim is a minor, the credit reporting companies and businesses should correct the fraudulent information that the identity thief created.

- **Get an identity theft report:** Ordinarily, providing information that a child is a minor should be sufficient to correct fraudulent debts on their credit report, but consider taking advantage of rights available to identity theft victims under the Fair Credit Reporting Act (FCRA). The FCRA enables identity theft victims to block erroneous charges from appearing on their credit reports and to get documents like applications and contracts to prove the underlying crime. See Remediating the Effects of Identity Theft at <http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idt09.pdf>.

Agency staff will need to send the credit reporting company a letter or other documentation explaining that a child is a minor who cannot legally enter into a contract. After providing proof that a victim is a minor, the credit reporting companies and businesses should correct the fraudulent information that the identity thief created.

To take advantage of these remedies, an identity theft victim must get an identity theft report. Creating an identity theft report involves the following steps:

- Submit a complaint about a theft to the FTC.
- When finished writing all the details, print a copy of the report. It will print as an Identity Theft Affidavit.
- File a police report about the identity theft, and get a copy of the police report or the report number. Bring the FTC Identity Theft Affidavit when filing a police report.
- Attach the FTC Identity Theft Affidavit to the police report to make an identity theft report.

Some companies want more information than the identity theft report includes, or want different information. The information provided depends on policies of credit reporting company and the business that sent information about a child to the credit reporting company.