



Bulletin

NUMBER

#14-68-16

DATE

November 5, 2014

OF INTEREST TO

County Directors

Social Services Supervisors
and Staff

ACTION/DUE DATE

Please read information
and prepare for
implementation

EXPIRATION DATE

November 5, 2016

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 in foster care.

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SIGNED

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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.

Background

The Minnesota Department of Human Services (department) issued bulletin #12-68-01 on Jan. 19, 2012, informing local social service agencies of their obligations regarding annual credit reports required by the Child and Family Services Improvement and Innovation Act Public Law 112-34.

Subsequent federal program instructions issued on May 8, 2012, necessitated changes in state and local procedures to implement this regulation. The primary concern identified in implementation of this regulation was that the common method to obtain credit reports for adults at the Credit Report website at www.creditreport.com cannot be used to obtain credit reports for a minor.

This realization prompted the Administration for Children and Families to release program instructions (PI) to state and tribal agencies on additional guidance for implementing this regulation. The PI provided information on how to obtain credit reports for minors from each of the three (TransUnion, Equifax and Experian) credit reporting agencies. The contact person and instructions for submitting credit report requests were different for each of the agencies; and no uniform or automated process for requesting credit reports from the three agencies was identified. This meant that county and tribal agencies would need to obtain credit reports for each 16-17 year-old youth in foster care from each of the three agencies using a different process for each agency on an annual basis.

Recognizing the administrative burden this would place on local agencies, the department began exploring methods of working with the credit reporting agencies to submit the names and identifying information in an automated batch process using information from the Social Service Information System (SSIS). These conversations resulted in the department entering into agreements with the three credit reporting agencies to begin submitting credit report requests electronically using SSIS information.

Now that the agreements are in place, the department will solicit credit reports for foster youth ages 16 and 17 from information in SSIS. Credit reports will be done on a quarterly basis for foster youth ages 16 and 17 that have been in foster care 30 days or longer, beginning on Sept. 2014.

Department staff will only notify county and tribal agencies when a credit history exists for a youth. Credit histories should not exist for minors because they do not have the legal capacity to sign a contract or apply for credit. Based on experience in other jurisdictions, it is anticipated that a credit history will exist for approximately 5 percent of all youth.

County and tribal agencies' responsibilities when a credit history exists for a minor child

When it is determined that a credit history exists for a child who is or was in foster care, the department will notify the local agency to immediately follow-up by contacting the credit reporting agencies and assessing the extent of the issue and pursuing the appropriate response.

Information on contacting each of the three credit reporting agencies, (Equifax, Experian and TransUnion) is in Attachment A. Additional information provided by the federal government on steps to take to address inaccuracies in a credit report, as well as other resources for assistance, is in Attachment B.

Often, a child's credit history will simply be inaccurate information or misspellings. These inaccuracies can easily be disputed and removed from a credit report without cost. For instructions on disputing inaccurate data on a credit report, and for a sample dispute letter form, see the PDF on the [Federal Trade Commission](http://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-rports) website at <http://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-rports>. In rare cases, a child 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 in these cases, an agency worker consult with the guardian ad litem to determine if they can be of assistance and/or refer a child to a reputable credit counseling agency in the community. Lutheran Social Service of Minnesota has credit counseling services in eight Minnesota communities (Duluth, Brainerd, Eveleth, St. Louis Park, Mankato, Minneapolis, St. Paul and Willmar). Contact Lutheran Social Service of Minnesota at 888-577-2227, or visit the website at www.lssmn.org/debt, for information and to make appointments at all locations.

Department staff recommends that county and tribal agencies work with their respective 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 a child to restore and protect their credit future before they are discharged from foster care.

The Minnesota Department of Public Safety, Office of Justice Programs, offers an instructive website on [identity theft](#) that outlines steps to consider when it appears that an individual has been victimized and needs protection from further exploitation. Remedies to respond to identity theft may include:

- File a police report
- Place a 90-day fraud alert on your credit report
- Report identity theft
- Monitor credit reports
- Consider a seven-year fraud alert
- Consider a credit freeze

Credit reports for foster care youth age 18 and older

County and tribal agencies are responsible to assist foster care youth age 18 and older in obtaining their credit report, and document instances where youth refuse to cooperate.

To assist youth in obtaining free annual consumer credit reports by mail from the three nationwide consumer credit reporting companies, an Annual Credit Report Request Form is attached as Attachment C. Agencies and youth may request a consumer credit report online by going to the Annual Credit Report website at www.annualcreditreport.com, or by calling 877-322-8228, and going through a simple verification process. It is important to request the report from all three credit bureaus, as fraud and/or identity theft might appear on one bureau's report but not others. This can be done on the paper form by filling in the three circles on the bottom of the form. It generally takes about two weeks for the consumer credit report to arrive after it has been requested.

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 child welfare targeted case management services means activities that coordinate social and other services designed to help a child under age 21 and family gain access to needed social services and mental health, habilitative, educational, 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).

Changes to the Independent Living Plan and Transition Plan

Legislation passed in 2012 requires agencies to ensure that youth annually receive, at no cost to them, a credit report and assistance in interpreting and resolving inaccuracies in the report. This information is on the Independent Living Plan under the money management domain [Minnesota Statutes, section 260C.212, subd.1(c) (11) (iv)].

The department amended the requirement for agencies to provide a Transition Plan during the 90-day period immediately prior to the expected date of discharge to youth age 18 or older. The amendment states that agencies shall ensure that youth receive a copy of the credit report, at no cost to them, and assistance in interpreting and resolving inaccuracies in a report before leaving foster care [Minn. Stat., section 260C.203 (f)]. Because this requirement is for youth age 18 or older, agencies should follow procedures for obtaining credit reports for adults and recommends

using the attached paper form with all three credit reporting agencies selected. See section above on "Credit reports for foster youth age 18 and older" for instructions on how to obtain credit reports for adults.

Training Video's

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

Case Worker 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 can be found 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 to gain an understanding of the importance of their credit report. The module can be found on the Center for Advanced Studies in Child Welfare website at <http://z.umn.edu/credityouth>.

Resource

[Protecting the Credit of Youth in Foster Care](#), The Annie E. Casey Foundation, 2013.

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling 651-431-3530 (voice) or toll free at (800) 627-3529 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 Kathryn Brock, 800-874-5606, or 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 at fostercare@transunion.com. TransUnion, Attn: Foster Care Services, 1561 East Orangethorpe Avenue, Fullerton, CA 92831, at 714-680-7268, or fax at 714-680-7201.

Attachment B: How do I clear a foster care child's credit report?

If working with a child or 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. The information is also included in the grid below.

1. **Contact the credit reporting companies:** Contact the three nationwide credit reporting companies. Explain that a child is a minor and cannot legally enter into any type of contract. To prove that the 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 a 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.

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 children and youth in foster care– 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.

4. **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 any 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.
5. **File a report with the Federal Trade Commission (FTC):** Visit the Federal Trade Commission website at www.ftc.gov or call 877-IDTHEFT (1-877-438-4338), to file a report about the 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.
6. **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.

7. **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. For more information, see Remediating the Effects of Identity Theft at <http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idt09.pdf>.

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 you file a police report.
- Attach the FTC Identity Theft Affidavit to your 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 that is provided depends on the policies of the credit reporting company and the business that sent the information about a child to the credit reporting company.

