

<h1>ACF</h1> <p>Administration for Children and Families</p>	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration on Children, Youth and Families	
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PROGRAM INSTRUCTION

TO: State, Tribal and Territorial Agencies Administering or Supervising the Administration of Title IV-E or Title IV-B programs of the Social Security Act, Indian Tribes, Tribal Organizations and Tribal Consortia (Tribes).

SUBJECT: Annual Credit Report required by the Child and Family Services Improvement and Innovation Act (Public Law (P.L.) 112-34).

LEGAL AND RELATED REFERENCES: Section 475(5)(I) of title IV-E of the Social Security Act (the Act); ACYF-CB-PI-11-09; ACYF-CB-IM-12-02.

PURPOSE: The purpose of this Program Instruction (PI) is to provide additional guidance on the implementation of the annual credit report requirements and the submission, or re-submission, of section 2.D.6 of the title IV-E plan amendment.

INFORMATION: The President signed P.L. 112-34 into law on September 30, 2011. Among other provisions, P.L. 112-34 amends the case review system definition to require that each child age 16 and older in foster care receive a copy of any consumer credit report annually until discharged from foster care, and must be assisted in interpreting the credit report and resolving any inaccuracies (section 475(5)(I) of the Act). This amendment became effective October 1, 2011, unless the Regional Office approved a delayed effective date permitted under certain conditions if the State needed to enact legislation to comply with this provision.

In ACYF-CB-PI-11-09, we instructed title IV-E agencies to submit a title IV-E plan amendment by January 31, 2012 that incorporated the annual credit reporting provisions. ACYF-CB-IM-12-02, issued February 13, 2012, extended the deadline to submit the title IV-E plan amendment for this requirement in order to provide title IV-E agencies more information because the standard procedures to request a credit report for an adult cannot be used for a minor.

Background

What is a Credit Report?

A credit report is a record of a person's credit activities. It lists any credit card accounts or loans the person has, the balances, and how regularly payments are made, as well as identifying information. Nationwide Credit Reporting Agencies (CRAs) are private companies that sell the

information in credit reports to creditors, insurers, employers and other businesses that use it to evaluate a person's applications for credit, insurance, employment, or renting a home. There are three nationwide CRAs (TransUnion, Equifax, and Experian).

What Information is in a Credit Report?

A credit report contains identifying information, lists of accounts, credit inquiries, items of public record, and positive and negative entries.

- Identifying Information – The name (including nicknames and abbreviations), addresses (current and past), Social Security number, date of birth, and employment information used to identify an individual.
- Credit Accounts – The type of accounts (credit card accounts, mortgages or home equity loans, and installment accounts, like car loans), the date the accounts were opened, any credit limits, loan amounts, account balances, and payment history. This includes the contact information for the holder of the account.
- Credit Inquiries – When a person applies for credit or a loan, the lender may ask for a copy of the borrower's credit report. The credit inquiries section of a credit report will list lenders who have accessed a person's credit report within the last two years.
- Public Records and Collections – Information including bankruptcies, foreclosures, lawsuits, wage garnishments, liens, and judgments from state and county courts, and overdue debts from collection agencies.
- Positive Accounts and Negative Items – Positive information includes the 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 also are listed.

Should Youth 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, most children and youth do not have credit reports. Therefore, if a credit report does exist for a person younger than 18, whether in foster care or not, it may be due to error, fraud or identity theft. The credit reporting agencies will not knowingly disclose credit report information for a minor, except to a parent, guardian or custodian of the child.

Therefore, in most cases, a title IV-B/IV-E agency requesting a credit report for a youth in foster care will simply be confirming that no such report exists. However, when a credit report does exist for a youth, it indicates that there is likely a need to correct information and take action to protect the identity and future credit worthiness of the youth.

What is Child Identity Theft?

Child identity theft happens when someone uses a minor's personal information to commit fraud. A thief may steal and use a child's information to get a job, government benefits, medical care, utilities, car loans, or a mortgage. Avoiding, discovering, and undoing the damage resulting from the theft of a child's identity can be a challenge.

Adults can monitor their own credit reports every few months to see if someone has misused their information, and order a fraud alert or credit freeze on their credit files to stymie further misuse. A thief who steals a child's information may use it for many years before the crime is discovered.

Children and youth in foster care are particularly vulnerable to identity theft because their personal information is often shared widely among various caretakers, service providers and schools. The misuse of the child's identity may not be discovered until the youth exits the foster care system and applies for a cell phone, job, student loan or apartment.

When a child or youth in foster care is a victim of identity theft, there may be a credit report associated with the youth, but it may contain errors in the identifying information, like the date of birth and address. This is because the thief may use the child's Social Security number, but his own date of birth and address. The title IV-B/IV-E agency may have knowledge of different birthdates, Social Security numbers, and names used for the child or youth in foster care and providing this information to the CRAs will help them determine if a credit report does exist for the youth.

What Steps Need to be Taken to Clear a Credit Report for a Youth in Foster Care?

Attachment E to this PI contains information on the steps to be taken to address inaccuracies in a credit report, as well as additional resources for assistance. The title IV-B/IV-E agency may wish to reach out to any consumer protection agency or an Attorney General's Office to determine if additional assistance may be available to the agency to address credit report errors or child identity theft.

Further Guidance on Obtaining Credit Reports for Youth in Foster Care

How Does the IV-B/IV-E Agency Make Contact with the Credit Reporting Agencies?

Youth in foster care qualify for a free credit report annually from each of the major credit reporting agencies under the Fair Credit Reporting Act (FCRA), but a common method to obtaining such reports for adults, the www.annualcreditreport.com website, **cannot** be used to obtain the credit report of a minor child.

To facilitate successful implementation of the requirement to check credit reports for youth in foster care, the Children's Bureau (CB) has met with each of the three major CRAs, individually and as a group, to discuss the new requirement to obtain the credit report of youth ages 16 and older in foster care and to obtain information to provide to title IV-B/IV-E agencies on how best to comply with this new requirement since the website cannot be used. Each of the three main CRAs has provided information that is included in Attachments B – D of this PI.

CB has discussed the idea of the CRAs developing a universal or automated process to obtain the credit reports of youth in foster care (or verify that one does not exist). While the CRAs are exploring possibilities, no such mechanism or system is currently available. However, each CRA has provided information on who to contact at each of the agencies so that each the title IV-B/IV-E agency and each CRA can develop a workable approach to obtaining the credit reports of youth in foster care.

In discussion with the CRAs, it is apparent that one main concern of the CRAs is to create a process that addresses concerns around authentication, including:

- Establishing and Verifying the Identity of the Requestor. The CRAs need verification that the individual who is requesting the information has the legal authority to do so. Therefore, in developing an approach to meet the requirement, the title IV-B/IV-E agency will need to consider what document can be provided to the CRA as proof that person has the right to request a credit report on behalf of a minor child in the placement and care of the title IV-B/IV-E agency (e.g., a copy of a government agency ID badge).
- Establishing and Verifying that the Youth is in Foster Care. To prove that the youth is in foster care, CRAs will ask for a court order or other documents that establishes that the youth is in foster care. We have provided the information to the CRAs that a child in “foster care” is in the placement and care of the title IV-B/IV-E agency.

In order to determine if a credit report exists for a youth, the CRAs need as much information as possible to search their records to find matches. This includes information on last known address, other birthdates, and nicknames.

Must a title IV-B/IV-E Agency Contact All Three Credit Reporting Agencies?

Yes. Section 475(5)(I) of the Act states that youth who have attained 16 years of age must receive, without cost, a copy of *any* consumer report (as defined in section 603(d) of the Fair Credit Reporting Act). Therefore, to be in compliance with this requirement, the title IV-B/IV-E agency must have a copy of the credit report, if one exists, from each of the three main CRAs: TransUnion, Equifax, and Experian.

However, it may be more productive to begin with one CRA and then to request information sequentially from the other CRAs, so that any errors corrected with one agency can have had time to be cleared from the reports of the other CRAs before the second and third credit reports of youth in foster care are requested and reviewed.

Does the Requirement to Obtain Credit Reports Apply to Youth Age 18 and Older in Foster Care?

For title IV-E agencies that have exercised either the title IV-E option to redefine “child” and increase the maximum age for title IV-E or that exercised the AFDC plan option to serve and claim title IV-E for youth past age 18, the requirement to assist foster youth age 18 or older in obtaining credit reports is applicable. However, because these young people have reached the legal age of majority, they may also request their own free credit report. Therefore, the title IV-B/IV-E agency must have an approach in place to work with the young adult in foster care to obtain their credit report and then work with them to dispute any inaccuracies. If a youth over

age 18 objects to having his credit report requested, the IV-E agency must document efforts to comply with 475(5)(I). In this instance, the title IV-B/IV-E agency will not be considered out of compliance if it fails to obtain a credit report due to the young adult's objection.

Action Required

Title IV-E agencies must submit their title IV-E plan amendment to show compliance with this requirement by **August 13, 2012**. Title IV-E agencies that submitted a title IV-E plan amendment in accordance with the earlier January 31, 2012 deadline listed in ACYF-CB-PI-11-09 may resubmit their title IV-E plan amendment.

In addition, section 422(b)(8) of the Act requires that each State and Tribe receiving funds under title IV-B, subpart 1 provide an assurance that it is operating a case review system, as defined in section 475(5) of the Act, for children in foster care. As previously noted, the requirements relating to annual credit reports are included in the definition of the case review system at section 475(5), therefore, the requirement to obtain credit reports for youth in foster care is also applicable to children under the jurisdiction of Tribes receiving title IV-B, subpart 1 funds.

Federal regulations at 45 CFR 1357.15(q) require a State to jointly develop with the Tribes within its borders, the arrangements made for the provision of the child welfare services and protections in section 422(b)(8) to Indian children under both State and Tribal jurisdiction and address the understanding reached in the Child and Family Services Plan (CFSP) and the Annual Progress and Services Report (APSR). Tribes also are asked to address this issue in their CFSP and APSR submissions. Therefore, States are required to consult with Tribes to determine how the provision relating to annual credit reports will be met for Tribal children and must address the understanding reached no later than in the APSR that will be due June 30, 2013.

Inquiries: Children's Bureau Regional Program Managers

/s/

Bryan Samuels
Commissioner

Attachments:

A - CB Regional Office Program Managers

B - Information From Equifax

C - Information From Experian

D - Information From TransUnion

E - How to Clear A Youth in Foster Care's Credit Report

F - Resources from the U.S. Federal Trade Commission