Protecting Vulnerable Foster Youth from Identity Theft:
Recommendations on Working with Former Youth to Repair Credit After Identity Theft

Identity Theft and Foster Youth

Repairing credit problems caused by identity theft can be a complex, expensive, and time-consuming process. Providing foster youth with access to their credit information, guidance in interpreting that information, and ensuring appropriate changes and corrections are made can help guarantee that identity theft does not hinder their success once they begin living independently. Federal and state law requires county welfare agencies to request annual credit reports for foster youth and assist in resolving inaccuracies related to misinformation or identity theft.

Foster Youth Vulnerable to Identity Theft

Youth in foster care are particularly vulnerable to identity theft because they may have multiple placements, giving access to their private information to many adults, and the identify thief has many years to use the information before the youth reaches adulthood and attempts to access student loans, rent an apartment or get credit. In some cases, family members who have ruined their own credit use the identities of these children. In others, organized criminals target institutions such as group homes where multiple children's identities are available.

The California Office of Privacy Protection released a report, A Better Start: Clearing Up Credit Records for California Foster Children Report on Results of a Pilot Project, in August, 2011 detailing the results of a cooperative pilot program with the Los Angeles County Department of Consumer Affairs and the Los Angeles County Department of Children and Family Services, and with the assistance of the three national credit reporting agencies, designed to test procedures for achieving the intent of a California law requiring county agencies to check credit reports for foster and probation youth over the age of 14 and assist in repairing credit if necessary. The report summarizes the project team's work on behalf of over 2,110 foster children in Los Angeles County. Key findings include:

- The project team successfully cleared all negative items from the credit reports of 104 foster children.
- These 104 children (5% of the pilot project sample) had 247 separate accounts reported in their names, as the result of errors or identity theft.
- **The average account balance was $1,811, with the largest being a home loan of over $200,000.**
- **The accounts found were two to three years old, opened when the child was 14 years old on average.**
- 12% of the children had records loosely linked to them by Social Security number only, which while not affecting their credit ratings could nevertheless pose problems for them in the future.

Federal and State Law Requiring Credit Reports and Resolving Inaccuracies and Identity Theft

Federal law (Public Law 112-34 – Sept. 30, 2011) requires states to run credit checks on older foster children and help resolve cases of identity theft before they age out of the system. The "Child and Family Services Improvement and Innovation Act" added a section to 42 U.S.C. 675(5) concerning foster youth identity theft.

"[E]ach child in foster care under the responsibility of the State who has attained 16 years of age receives without cost a copy of any consumer report (as defined in section 603(d) of the Fair Credit Reporting Act) pertaining to the child each year until the child is discharged from care, and receives assistance (including, when feasible, from any court-appointed advocated for the child) in interpreting and resolving any inaccuracies in the report."

California law requires county welfare and probation departments to request credit reports, pursuant to the free annual disclosure provision of the federal Fair Credit Reporting Act, on behalf of children in foster care at the age of 14 and annually thereafter while under the jurisdiction of the juvenile court to determine whether any identity theft has occurred and ensuring that the child or nonminor dependent receives assistance with interpreting the consumer credit report and resolving any inaccuracies. Senate Bill 794 (Chapter 425, Statutes of 2015) lowered the age at which an inquiry must be submitted about a dependent child's credit history to the age of 14 from 16.

Repairing the Consequences of Identity Theft for Foster Youth

The Alliance for Children's Rights has worked on behalf of multiple clients to address the crippling consequences of identity theft and partnered with a service provider to assist former foster youth in repairing their credit following identity theft. The pilot resulted in significant learnings which can inform future opportunities for companies engaging in credit reporting/repair for former foster youth and other opportunities to support preventing identify theft.

Supporting Youth in Repairing Credit

Child welfare agencies/advocates can provide technical assistance in developing written and verbal communications addressing the specific needs of transition age foster youth and former foster youth.

Companies working with foster youth and former foster youth should provide support tailored to the specific needs of foster youth in working to address the consequences of identity theft, including understanding that former foster youth are more mobile than other populations and may require additional information and youth-friendly materials.

- Credit reporting and repair organizations should offer valuable services (e.g., one year free credit protection for youth whose identities have been compromised) and not duplicating existing services (e.g., providing credit reports for youth under 18).
- Credit reporting and repair organizations' written communications, including applications and other information, should be youth-friendly and easily completed and understandable.
- Credit reporting and repair organizations' verbal communications should be youth-friendly and acknowledge needs of transition aged youth, including mobile lifestyle.
- Child welfare advocates and legislators should explore legislation or regulation necessary to prevent entities that require credit reports prior to establishing an account (e.g., utility companies or other service providers) from establishing accounts in the names of minors.