

A Better Start: Clearing Up Credit Records for California Foster Children

Report on Results of a Pilot Project, August 2011



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Executive Summary

Children make attractive targets for identity thieves, because the crime is usually not discovered for many years, giving thieves years of unobserved use of the stolen identities. Foster children may be particularly vulnerable – the children and their sensitive information pass through many hands. And a newly emancipated foster child usually faces the daunting task of dealing with the results of the crime alone, without a family safety net to help.

Recognizing the predicament of foster children, in 2006 California enacted a law intended to clear foster children's credit records before they leave the system. Although procedural flaws and limited funding have delayed implementation of this law, in 2010 progress was made through an implementation pilot project. This report describes the results.

Last year the California Office of Privacy Protection led the Los Angeles County Department of Consumer Affairs and the Los Angeles County Department of Children and Family Services, with the assistance of the three national credit reporting agencies, in a pilot project designed to test procedures for achieving the law's intent. This report summarizes the result of the project team's work on behalf of over 2,110 foster children in Los Angeles County, and it also recommends new procedures for use in helping this vulnerable population statewide.

Key Findings of the Pilot Project

- 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.

I. Foster Child Identity Theft

Child identity theft is a form of the crime that is attracting the attention of policy makers and news media.¹ Children would seem to make attractive targets for identity thieves, because the crime is not usually discovered until the victim reaches adulthood and first applies for credit, giving thieves years of unobserved use of the stolen identities. A child's Social Security number is appealing to thieves because it is usually "clean" and does not show up in fraud databases.

There is very little empirical evidence available on the incidence of identity theft targeting children. A 2008 study found that fraud affected three percent of children in a small sample.² A more recent study of a larger but non-random sample of children up to the age of 18 found that 10 percent had at least one other person's name associated with their Social Security number, a possible indication of identity theft.³

Foster children may be at a higher risk of becoming victims of the crime than other children. They suffer the added vulnerability of having their personal information pass through the hands of many people as they are moved around in the system, a point made in an oft-quoted news story from 2009.⁴ Furthermore, the challenges faced by identity theft victims in dealing with the results of the crime are even more daunting for newly emancipated foster children. They may find out that they cannot rent an apartment, get a student loan or even get a job as the result of a credit history ruined by identity theft committed while they were in foster care. Without a family safety net to help them with the laborious process of clearing up their credit records, the repercussions can thwart their chances of a successful entry into adult life. A 2011 report by the Children's Advocacy Institute cites identity theft as one example of the system's failure to adequately prepare foster youth for life on their own.⁵

¹ See "Child Identity Theft Increases," ATLANTA JOURNAL CONSTITUTION (July 2010) at www.ajc.com/news/child-identity-theft-increases-572552.html; "Kids Face Heightened Identity Theft Threats in Summer," CONSUMER AFFAIRS (June 2011), at www.consumeraffairs.com/news04/2011/06/kids-face-heightened-identity-theft-threats-in-summer.html; "BBB Advises Parents to Be on Guard for Signs of ID Theft Targeting Children," at <http://tucsoncitizen.com/bbbconsumeralert/2011/06/23/bbb-advises-parents-to-be-on-guard-for-signs-of-id-theft-targeting-children/>.

² Javelin Strategy & Research, *Child Identity Theft Study* (October 2008), available at www.javelinstrategy.com.

³ Carnegie Mellon CyLab, *Child Identity Theft* (April 2011), available at www.cylab.cmu.edu/files/pdfs/reports/2011/child-identity-theft.pdf.

⁴ Jesse Ellison, *Sabotaged by the System*, NEWSWEEK (Feb. 7, 2009), available at www.newsweek.com/2009/02/06/sabotaged-by-the-system.html.

⁵ See Children's Advocacy Institute and First Star, *The Fleecing of Foster Children: How We Confiscate Their Assets and Undermine Their Financial Security* (2011), available at www.caichildlaw.org/Misc/Fleecing_Report_Final_HR.pdf.

The California Foster Youth Identity Theft Law

Concern for the plight of foster child victims led the California Legislature in 2006 to enact a law intended to assist foster children with identity theft. The law requires county welfare 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 16 to determine whether any identity theft has occurred.⁶ It requires the county departments to refer the youth to an approved “counseling organization” that provides services to identity theft victims.

There are several problems with the processes required or implied in the statute which, along with a lack of funding to counties, have delayed its implementation. Legislation to correct some of the flaws in the existing law is currently pending in California.⁷

Implementation Challenges

The first problem with the statute is the assumption that the standard, automated process used by an adult to request a credit report will produce the same result for a child. In fact, the process does not work for minors as it does for adults. An adult can order his or her free annual credit report from one of the national credit reporting agencies online or by phone. The consumer must provide identifying information, including date of birth, Social Security number and residential addresses for the past few years. The automated system then verifies the consumer’s identity by asking questions based on information in the credit file. For example, the system may ask which of five choices represents the consumer’s average monthly mortgage payment. If the consumer does not provide accurate identifying information or cannot answer the verification questions correctly, that is, with answers that match the information in the credit file, the system will not provide the report.

⁶ California Welfare and Institutions Code § 10618.6: When a youth in a foster care placement reaches his or her 16th birthday, the county welfare department shall request a consumer disclosure, pursuant to the free annual disclosure provision of the federal Fair Credit Reporting Act, on the youth's behalf, notwithstanding any other provision of law, to ascertain whether not identity theft has occurred. If there is a disclosure for the youth, and if the consumer disclosure reveals any negative items, or any evidence that some form of identity theft has occurred, the county welfare department shall refer the youth to an approved counseling organization that provides services to victims of identity theft. The State Department of Social Services, in consultation with the County Welfare Directors Association, consumer credit reporting agencies, and other relevant stakeholders, shall develop a list of approved organizations to which youth may be referred for assistance in responding to an instance of suspected identity theft. Nothing in this section shall be construed to require the county welfare department to request more than one consumer disclosure on behalf of a youth in care, or to take steps beyond referring the youth to an approved organization.

⁷ AB 846 (Bonilla) of 2011, which is available at www.leginfo.ca.gov/bilinfo.html.

This automated system will rarely work to provide a minor's credit report. The credit reporting agencies do not knowingly create records on minors, since minors cannot legally enter into contracts for credit. Thus any credit records on minor children are the result of fraud or error, with very limited exceptions. Any transactions reported are likely based on only limited elements of a minor child's identifying information, perhaps name and Social Security number, but not the child's address or date of birth. Since the child did not open the accounts or take the actions resulting in the reports, when the child or a parent attempts to check the child's credit records, the identifying information provided and the answers to the verification questions will not match what is in the file. The automated system will return a report only when all the key information matches. The response to a request for a child's record is often "no file found" or "the information does not match." This does not, however, mean that there are no records associated with the child's identity. In order to get certainty, a parent is advised to make a "manual" request for verification of the presence or absence of credit records in a child's identity. The California Office of Privacy Protection provides a consumer information sheet with sample letters for parents to use.⁸ As recommended by the credit reporting agencies, the information sheet advises parents to submit the child's identifying information along with a copy of the parent's driver's license and copies of the child's birth certificate and Social Security card, and to request a copy of any credit file maintained in the child's name or Social Security number, or a letter confirming that no such file exists.

To comply with the law, then, county foster care programs would have to use a "manual" process of sending letters to the three credit reporting agencies, requesting a search for credit records for each of the 4,000-5,000 16-year-olds in the system – a clearly unworkable approach. What is needed is a procedure for making bulk requests for credit checks in a secure, automated manner.

Another problem with the law is its assumption that "counseling organizations" that provide services to victims of identity theft exist to which the foster youth can be referred. A perusal of the legislative history reveals that the author believed that consumer credit counseling agencies provided such services at no cost, which is not the case.⁹ Such agencies provide debt consolidation services to debtors, for which they are paid by the consumer or by the creditors. Nor is it likely that 16-year-old foster children would be capable of doing the work of clearing credit records of fraud and errors themselves, even if provided with instructions and sample letters. What is needed is someone to do the work of contacting creditors and collectors, by letter and by phone,

⁸ California Office of Privacy Protection, *CIS 3B: When Your Child's Identity Is Stolen*, available at www.privacy.ca.gov/res/docs/pdf/cis3benglish.pdf.

⁹ See August 7, 2006 Senate Appropriations Committee analysis of AB 2985, available at www.leginfo.ca.gov/pub/05-06/bill/asm/ab_2951-3000/ab_2985_cfa_20060809_112312_sen_comm.html.

and communicating with the credit reporting agencies on behalf of the children. While some “identity theft protection” companies offer such services as a feature of packages that cost \$100 to \$200 or more per year, the services are not readily available to victims at no cost.

II. The Pilot Project

For the past year, the California Office of Privacy Protection (COPP) has been working with the credit reporting agencies (CRAs), the Los Angeles County Department of Children and Family Services (DCFS) and the Los Angeles County Department of Consumer Affairs (DCS) to develop and test new processes for achieving the intent of the law.

All of the participants in the pilot project were committed to it, recognizing the importance of finding ways to help protect this vulnerable population from the additional burden of identity theft. The role of the three national credit reporting agencies – Experian, Equifax and TransUnion – is obviously central to addressing the problem. All three were very collaborative in helping to develop and implement the procedures for the pilot project. Our Los Angeles County partners, DCFS and DCA, were also significant participants. DCFS created and ran the report that produced the list of foster children and their identifying information, and then transmitted it to the CRAs. They provided workload impact information related to these tasks, which is useful in evaluating needed changes in the law. DCA shared with COPP the work of remediating the fraudulent and erroneous information found.

In addition to the primary goal of clearing the foster children’s credit records of fraudulent or erroneous information that could harm them in the future, we had several other objectives for the pilot project:

1. *Data Transmission*: Determine the feasibility of periodic bulk electronic submission of requests for credit reports and of secure data transmission procedures between the different parties.
2. *Remediation*: Identify organizations that can do the work of remediating problems found and determine the feasibility of clearing records without a police report.
3. *Suppression*: Determine the feasibility of “suppressing” the identities of the children whose records have been cleared to prevent new records from being attached to them while they are minors.

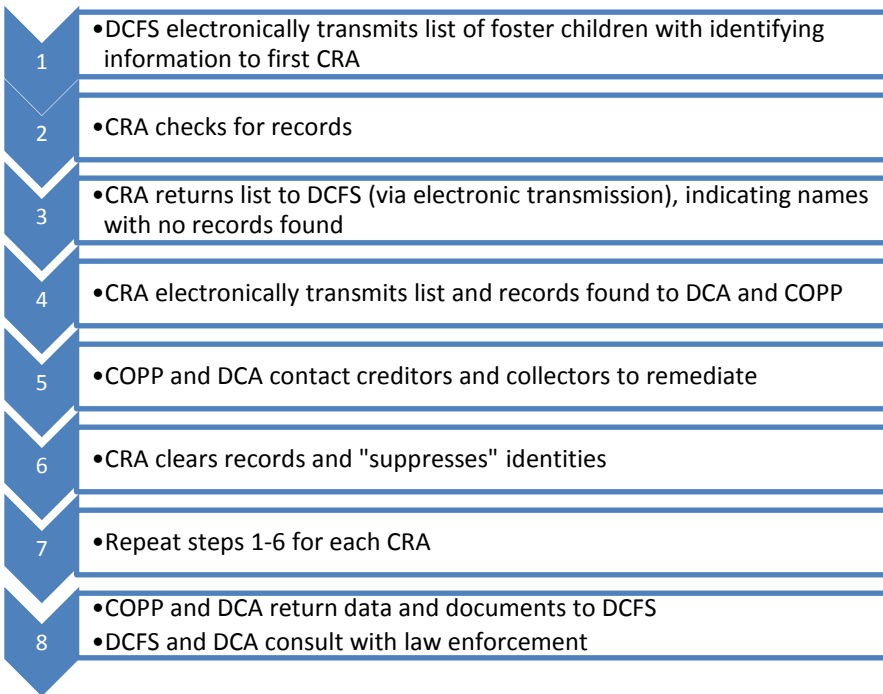
4. *Incidence*: Obtain an indication of the incidence and nature of identity theft and of fraudulent and erroneous information in foster children's credit records.
5. *Future*: Encourage the CRAs to develop easier to use procedures for checking children's credit records.

Data Transmission

The first objective of the Project was to find a way to avoid having to make individual written requests for each child's credit report. It would be overly burdensome on county foster care programs to send three letters, one to each CRA, for each foster child, and then to review paper copies of three reports for each child. Working with the CRAs, we developed a procedure for making an electronic batch request, containing the identifying information on many children, and transmitting it via a secure channel. The same secure channel was used to transmit data between the CRAs and the county foster care program (DCFS) and between the CRAs and the remediation agencies (COPP and DCA). See the data flow chart below (Figure 1).

The Pilot began with the transmission of the list to one CRA, in this case Experian (Step 1). Experian made automated and "manual" searches for records (Step 2). Experian transmitted the list and the records found to COPP and DCA (Step 4). After the remediation agencies (COPP and DCA) had completed clearing the Experian records found (Step 5), Experian verified that the records were cleared and prepared to suppress the children's identities in their system (Step 6). The process then began again at Step 1 with the second CRA, TransUnion, and then with Equifax.

Figure 1. Data Flow Chart for Pilot Project



Remediation

The second objective of the project was to find ways to remove the records found from the children's credit reports, without incurring significant workload or cost. The first hurdle was identifying organizations that could undertake the work of clearing the children's records of information resulting from fraud or error. It was apparent that social workers in the foster care programs could not readily take on this new work. We found that in California, while some non-profit organizations and a few government agencies provide information for identity theft victims online and by phone, these organizations do not normally do the actual work of remediation for victims. We concluded that the two organizations best able to take on the remediation work were DCA and COPP, both of which have identity theft assistance programs.

Another challenge in clearing the records is the task of getting a police report of identity theft for each child. Under state and federal law, an identity theft victim needs such a police report to exercise the right to have fraudulent information removed from his or her credit records. It would be very cumbersome for a remediation agency to get police reports for a large number of foster children living in different jurisdictions. We wanted to see how successful we could be in getting information removed without having to get individual police reports.

Suppression

The third objective of the pilot project was to find a way to protect the children from any further negative impact of fraud after remediation of the records found had been completed. The concept is to flag or “suppress” the identities of the children in the CRAs’ records to prevent further records from being added, potentially until the child reaches the age of 18.

Other Objectives

While the pilot project was not designed to uncover instances of identity theft, we were nevertheless interested in seeing what the data might suggest about possible identity theft. In addition, we hoped that the credit reporting agencies would be able to draw on lessons learned in the pilot project to develop procedures that can be used to protect all minor children from identity theft. Such procedures could make it easier for parents and guardians to check for their children’s credit records and harder for creditors to grant credit to minors.

III. Key Findings

Our project, like the California law, was focused on clearing the credit records of foster children, not on leading to the prosecution of identity thieves. Because we did not conduct investigations, in most cases we did not uncover how the information found came to be in the children’s credit records. In some instances, we learned that the information was most likely the result of error; in others, fraud seems a more plausible explanation.

Records Found

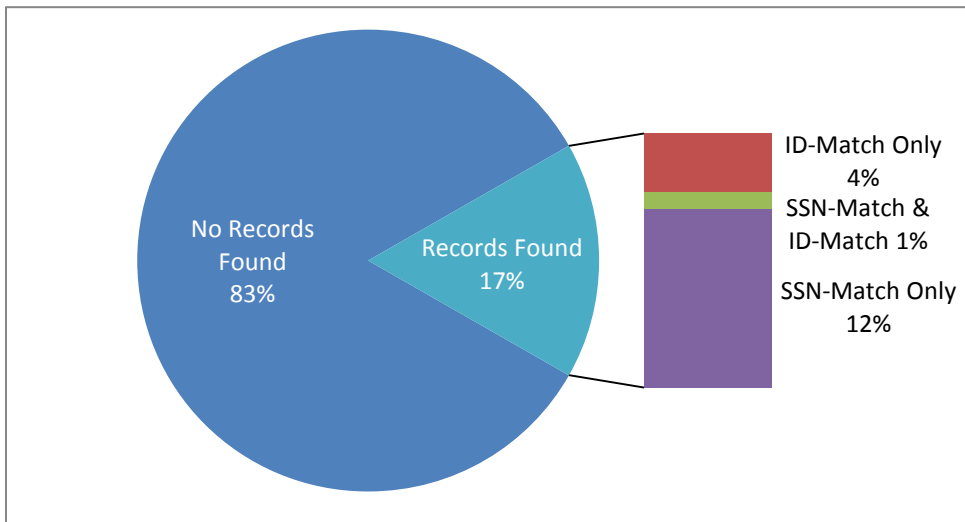
DCFS submitted the names and identifying information (date of birth, Social Security number, and address) of 2,110 foster children in Los Angeles County. Sixty-five percent of the children were in their 16th year (born 1994) and 35 percent were in their 17th year (born 1993).

After reviewing the records received from all three CRAs, COPP and DCA determined that 83 percent (1,761) of the children had no credit records associated with them. See Figure 2.

We found credit records associated with 17 percent (349) of the children. Thirteen percent (269) had records loosely associated with them, by Social Security number only, not the complete set of identifying information. According to the CRAs, the “SSN-only” records do not appear in the children’s credit reports and do not affect their credit ratings.

Nevertheless, the presence of a child’s SSN in these records may be the result of error by a creditor, collector, or CRA or may be an indication of identity theft. For further discussion of issues related to these SSN-only records, see Recommendation 4 at the end of the report.

Figure 2. Foster Children’s Credit Records Found

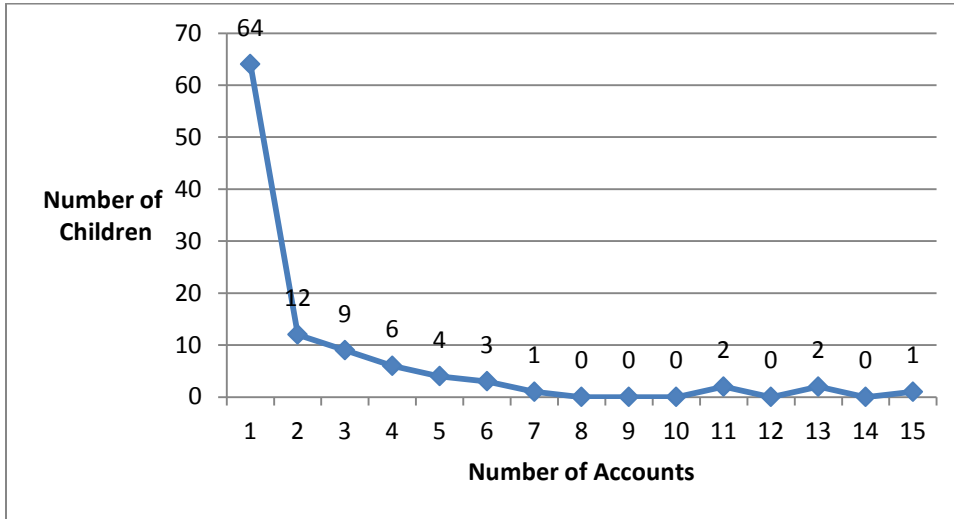


104 (5%) of the foster children had identity-match records.

Five percent of the children (104) had credit records that matched their identifying information, including 24 who also had “SSN-only” records. These identity-match records appeared in their credit reports and could cause problems for the children in the future, whether they result from identity theft or some sort of error. They were the records on which we focused our remediation efforts.

The 104 foster children with identity-match records had a total of 247 separate accounts, averaging 2.4 accounts for each child. The accounts were not evenly distributed, however, with 64 of the children having just one account and five of them having 10 or more accounts each. See Figure 3.

Figure 3. Accounts per Child



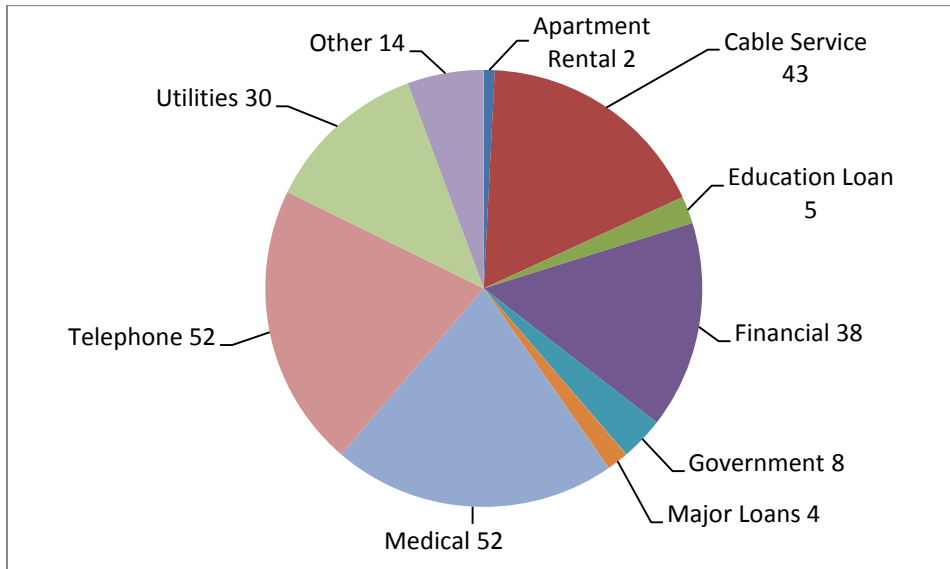
The accounts in the children’s records were not new, with 74 percent of them being in collection. The average age of a child when an account was opened was 14, two to three years before discovery in the credit report. The average account balance was \$1,811. This is the mean, while the median was lower at \$322, indicating a few large outliers.

In the course of remediation, we were able to identify 71 of these 247 accounts (29 percent) as errors, that is, they were associated with the child as the result of error. In these cases, the CRA, the collector or the original creditor wrongly reported or returned the account in the child’s identity, and we were able to confirm that fact. Twelve of the 104 children with identity-match records had only credit records confirmed as errors. We do not know how many of the other 176 accounts were ascribed to the children as the result of errors, nor how many of them resulted from identity theft.

The accounts were for a variety of purposes, the most common being medical accounts and telephone accounts at 21 percent each. (See Figure 4.) The average balance of the medical accounts was \$1,034. Over half of the medical accounts (29 of 52) were confirmed as resulting from errors. In one case, a medical facility said that their intake personnel were mistakenly putting the name of the patient (the child) in the field for the guarantor of payment; the facility is taking action to correct this procedure. In another instance, when the insurer denied payment, the hospital billed the legal guardian as guarantor and when the guardian did not pay, the bill was sent to collection. The collector pursued the patient as well as the guarantor. In another case, a debt collector was seeking someone with the same name and the report to the CRA went into the child’s records. The other medical accounts may be the result of the same kind of error, but because we were concerned about the serious implications of medical identity theft, we wrote to the

medical account issuers and encouraged them to review the children’s medical records for any indication of information related to another person and to purge or flag any such information found.

Figure 4. Types of Accounts Found



274 accounts were found in foster children’s credit reports.

The 52 telephone accounts were for land lines and mobile service, with four of them (8 percent) being confirmed as errors. The mean account balance was \$446.

The accounts with the largest balances were four major loans: three auto loans and one \$217,000 home loan. The mean balance on these accounts was \$79,550 and the median was \$14,558. All were confirmed as erroneously associated with the foster children.

The 38 other financial accounts (15 percent of total) were primarily for credit cards. A significant portion of them, 39 percent, were confirmed as the result of error. The mean account balance was \$1,238, and the median was \$472. The larger balances that drove up the mean were on four “authorized user” accounts. In these cases, the children had apparently been authorized by an adult account holder to use the adult’s account. Authorized users are not responsible for the obligation, but some creditors report such accounts to the CRAs. These accounts were in good standing and were not removed from the children’s credit records. See Recommendation 5 for more on “authorized user” accounts.

There were 30 accounts for household gas and electric utilities, including three that were confirmed as errors. The average balance on utility accounts was \$228. The five

education accounts were student loans, with an average balance of \$4,613. Three of them were confirmed errors. The other two education loan accounts were opened when the child was 17 and were in good standing; the accounts were not removed from the child’s credit record. The eight government accounts were for library fines in collection (three) and child support (five). The child support accounts had been erroneously reported in the child’s name rather than in the parent’s.

The 13 accounts we classified as “Other” included jewelry stores and other retailers, gym fees and rental cars. Four of these accounts were confirmed as errors.

Figure 5. Amounts of Accounts Found

	Mean Amount	Median Amount
Apartment	\$2,076	\$2,076
Cable	\$371	\$306
Education	\$4,613	\$4,693
Financial	\$1,238	\$472
Government	\$243	\$188
Major Loans	\$79,550	\$14,558
Medical	\$1,034	\$347
Telephone	\$446	\$330
Utilities	\$228	\$173
Other	\$1,091	\$640

Remediation Results

Our remediation efforts were successful. We were able to clear all the negative records from the credit histories of the 104 children with identity-match records. In some cases, our research confirmed that the records were reported in the child’s identity as the result of errors. In most cases, however, we had to establish that the child, the apparent account holder, was a minor. This is a different standard from what is needed to remove accounts from an adult’s credit record. In the latter case, the objective is to prove fraud, which is done by getting a police report of identity theft. In the former case, the objective is to prove minority: that the person in whose identity the records were created is a minor child who generally cannot enter into or be held responsible for credit contracts.

In order to handle the large volume of accounts to remediate, we began by contacting the privacy, compliance or legal office of the creditors involved. We explained the California law and our pilot project and asked to be given a contact to assist us in understanding, correcting and clearing up the children’s records. We made the same request of the California Association of Collectors, who agreed to help with any problems that arose with debt collectors nationwide. Paving the way at the policy level helped us explain the role of the Office of Privacy Protection and the Department of Consumer Affairs acting

on behalf of the Department of Children and Family Services in implementing the law. We then sent letters to all the creditors and collectors, informing them of the law and that the children we were representing were minors in foster care of the L.A. County Department of Children and Family Services. We requested that they close the named account, absolve the named child of all charges, and to report to the CRAs. We also asked the creditor or collector to send us a letter confirming the actions taken. Follow-up phone calls were necessary in most cases and at the end the CRA ran a new check to confirm that the accounts had been removed.

We started with credit report data from Experian, which included 193 identity-match accounts. When all the negative accounts had been cleared, we received data from TransUnion, which included 49 accounts, 13 of which had been previously cleared with Experian and 36 new accounts. When those had been cleared, we moved on to Equifax. Equifax's data showed 12 accounts, one of which had been previously cleared and 11 new ones.

We received the information in digital format, not as individual paper reports for each child. The format of the data facilitated analysis. It also made communications with creditors and collectors more efficient, allowing us to request action on multiple accounts in a single letter to a creditor.

Identity Theft

One of the ancillary objectives of the pilot project was to obtain an indication of the incidence of identity theft among foster children. The most recent survey on identity theft in the adult population found a rate of 3.5 percent.¹⁰ It is logical to expect a lower incidence of the crime among children, since they should not have credit or employment histories, and the likelihood of creditors granting credit in their absence should be low.

We cannot draw a firm conclusion on the rate of identity theft among foster children from the pilot project. We found credit accounts in the credit records of five percent of the children, but that does not necessarily indicate an identity theft rate of five percent. One percent of the children with records had only records that were confirmed as errors or as non-negative accounts (authorized users and student loans, see discussion on page 10). That leaves four percent as possible victims of identity theft. The rate may not be that high, because some of the potentially fraudulent accounts may in fact have resulted from errors. Or it may be higher, if the data in the SSN-only records, which did not appear in the children's credit reports, are indications of identity theft.

¹⁰ "2011 Identity Fraud Survey Report," Javelin Strategy & Research (February, 2011)

Next Steps

Protecting Children with Identity Suppression

It remains to implement the protective measure of suppressing the identities (or the files) of the 104 children who had erroneous or fraudulent records in their credit histories. The objective is to prevent new records from being added while they are minors. One of the CRAs has a process for doing this for child identity theft victims up to the age of 17, but the other two do not as yet. We are still working with the CRAs on this issue. See Recommendation 3.

To Catch the Thieves

At the end of the pilot, the data received from the CRAs and copies of the clearance letters from creditors and collectors were provided to DCFS. We have suggested to DCFS that they add the clearance letters to the files of important documents that foster children receive upon emancipation, for use in the event that they experience problems with their credit records in the future. We have also encouraged DCFS to work with DCA in bringing the data to the attention of local law enforcement for investigation. See Recommendation 1.

Scalability: Going Statewide

The procedures used in the pilot project for ordering credit reports and transmitting the sensitive data electronically among DCFS, the CRAs and the remediation agencies proved both efficient and secure. Based on the pilot project, the work of a foster care agency in creating and transmitting a report of foster children's identifying information and then transmitting it to the three CRAs on a quarterly basis would amount to less than 100 hours a year plus one-time work at start-up of less than 50 hours. This workload would be the same regardless of the number of records in the report. For each of California's 58 counties to do the same thing would mean 58 times the workload statewide.

The CRAs have said that they could not use the pilot project data transmission procedures for all the counties individually. We also have serious concerns about the security risks of involving so many entities in transmitting such sensitive data. The "manual" alternative of the county agencies sending individual written requests to the credit reporting agencies, providing the necessary documentation for each child, would be far more labor-intensive than making a bulk request electronically. The counties would then have to send the paper credit reports received to the remediation agencies, which would add to the workload and the security risk. The last thing we want to do is to expose foster children

to identity theft through the process intended to protect them from its consequences. See Recommendation 2.

IV. Recommendations

1. The California law on foster child identity theft focuses on clearing the children’s credit records of fraudulent or erroneous information that could harm them in the future, not on ferreting out identity thieves. Nevertheless, the data received from the credit reporting agencies for the pilot project should be helpful in identifying possible indications of the crime. We recommend that the Los Angeles County Department of Children and Family Services, which received the data at the completion of the pilot project, provide the data to law enforcement to review for indications of identity theft. We also recommend that the Department review the data for any implications for their own internal procedures and make any changes to those procedures indicated by their findings.
2. In expanding the foster child identity theft protection program statewide, California should strive to centralize requests for credit reports rather than make them on county-by-county basis. As discussed above, while the data transmission procedures used in the pilot project proved both efficient and secure, the credit reporting agencies have said they would not use the procedures for California’s 58 counties individually. An alternative would be to centralize the transmission of requests for credit reports at the state level, through the Department of Social Services, which has the data on foster children statewide. Or perhaps, since half the foster children in the state are in Los Angeles County, the County Department of Children and Family Services could continue to perform that task for their county, with the other 57 counties’ data being submitted at the state level.

The remediation activities could continue to be performed by the Los Angeles County Department of Consumer Affairs for that county and by the California Office of Privacy Protection for other counties, unless there are county agencies able to take on the remediation work. While the California law would allow for remediation to be performed by non-governmental organizations, we believe that a government agency is more likely to be successful in “certifying” to creditors and collectors the status of the children as minors in foster care.

3. We recommend that the credit reporting agencies explore the possibility of protecting children by offering parents and legal guardians, including foster care agencies, the ability to “suppress” the identities of minor children in the credit

reporting systems. The agencies might also explore developing a secure, automated procedure for requesting the credit records of minors.

4. We recommend that the credit reporting agencies consider how to address the potential for harm to children (and adults) of the agencies' maintenance and use of records tied to individuals by Social Security numbers only, such as the SSN-only records found in the pilot project. When two or more profiles are reporting information using the same Social Security number, the accuracy of the resulting records would seem to be in question and further disclosure of such inaccurate information can create problems for consumers.
5. We recommend that the credit reporting agencies consider how to limit the potential harm to minors of "authorized user" accounts reported by some data furnishers. The practice of some creditors (data furnishers) of reporting an account in the name of an authorized user may create problems for a minor child. An authorized user is not financially responsible for the obligation and we understand that such an account is not factored into calculations of the authorized user's credit score, although some of the creditors we spoke with believed that having a credit record as an authorized user helps the child establish a credit rating. The reporting of such accounts can inappropriately create a credit record for a minor and can result in debt collectors pursuing the child.

Acknowledgements

The project that is the subject of this report was truly a team effort. Many participants were involved for over a year, from the first formulation of the plan to the completion of the report. The credit reporting agencies played an important role and I am particularly grateful for the assistance of Laura Mundy, Paul Hernandez and Cathy Jones of Experian, the agency that went first in pulling the credit records of the test population. Their willingness to answer our many questions and help us work through the project's complicated issues is very much appreciated. I also want to thank Diane Terry and her colleagues at TransUnion and Gary Poch and his at Equifax for their helpfulness.

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Everyone who worked on this project demonstrated not only skill and dedication, but also great empathy for California's foster children.

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