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Most Children in Foster Care Did Not Receive Credit Checks and Assistance

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Most Children in Foster Care Did Not Receive Credit Checks and Assistance

Why OIG Did This Review

The over 600,000 children served by foster care each year are vulnerable to identity theft because their personally identifiable and financial information can be accessed by the many adults they encounter during their time in care, including non-custodial family members, foster parents, and social services personnel. To protect these children, Federal law requires that each child in foster care aged 14 or older annually receive a free credit check, and assistance in interpreting and resolving any inaccuracies identified.

What OIG Found

For most children in foster care, case files did not have documentation of required credit checks, leaving children vulnerable to identity theft.



Over half of the children in foster care who should have received credit checks did not receive any credit checks in FY 2021.



Credit reports existed for 4 percent of children who received at least one credit check, which could indicate potential identity theft because children under age 18 generally do not have the legal capacity to sign a contract or apply for credit and, therefore, should not have any credit to be reported.



The 4 percent of children in foster care who had credit reports rarely received assistance in interpreting or resolving credit reports, as required.



Eight States reported practices that fell short of requirements for conducting credit checks.



States described gaps in their capacity to interpret, and assist children in resolving, credit reports.



States encountered challenges working with credit reporting agencies (CRAs) to conduct credit checks and to resolve and prevent credit reports.

What OIG Recommends

1. ACF should monitor whether States are conducting credit checks of all three CRAs for children aged 14 or older who are in foster care, as required.
2. ACF should further assist States in building their capacity to conduct credit checks and to interpret and resolve credit reports effectively.
3. ACF should seek to partner with other government agencies to develop strategies to address issues that States experienced working with CRAs.

ACF concurred with all of OIG's recommendations.

TABLE OF CONTENTS

BACKGROUND	2
FINDINGS	7
Over half of children in foster care did not receive any credit checks in FY 2021	7
Credit reports existed for 4 percent of children who received at least one credit check, which could be an indicator of identity theft	9
The 4 percent of children in foster care with credit checks who had credit reports rarely received assistance in interpreting or resolving credit reports	9
Eight States reported practices that fell short of requirements for conducting credit checks	10
States described gaps in their capacity to interpret and provide assistance resolving credit reports	11
States encountered challenges working with CRAs to conduct credit checks and to resolve credit reports	12
CONCLUSION AND RECOMMENDATIONS	16
Monitor whether States are conducting credit checks of all three CRAs for children aged 14 or older who are in foster care, as required	16
Further assist States in building their capacity to conduct credit checks and to interpret and resolve credit reports effectively	17
Seek to partner with other government agencies to develop strategies to address issues that States experienced working with CRAs	17
AGENCY COMMENTS AND OIG RESPONSE	18
DETAILED METHODOLOGY	19
APPENDICES	22
Appendix A: Estimates for Credit Checks Received by Children in Foster Care Based on Documentation in Case Files	22
Appendix B: Agency Comments	23
ACKNOWLEDGMENTS AND CONTACT	27
ABOUT THE OFFICE OF INSPECTOR GENERAL	28
ENDNOTES	29

BACKGROUND

OBJECTIVES

1. To determine the extent to which, during fiscal year (FY) 2021, State foster care agencies conducted credit checks and supported children in foster care in interpreting and resolving errors in credit reports.
 2. To identify State perspectives on challenges and promising practices in implementing preventative measures to protect children in foster care from identity theft; conducting credit checks; and supporting children in foster care in interpreting and resolving errors in credit reports.
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The over 600,000 children served by foster care each year are vulnerable to identity theft, which happens when someone uses another individual's personal information to commit fraud. These children's personally identifiable and financial information can be accessed by the many adults they encounter during their time in care, including non-custodial family members, foster parents, and social services personnel.¹ Children in foster care may not be aware that their identity has been compromised until after they exit foster care. When children exit foster care with fraudulent or inaccurate information in their credit reports, they may be denied access to goods and services that are essential to independent adulthood, such as housing; employment; and student or auto loans. Additionally, these children may have an especially difficult time resolving financial issues that result from fraudulent or inaccurate information contained in credit reports.

An indicator of identity theft for a child is when a credit report exists in their name with one or more of the three nationwide credit reporting agencies.² With few exceptions, a child under the age of 18 should not have a credit report, as children do not have the legal capacity to enter financial contracts (e.g., an application for credit).³ If a credit report does exist for a person younger than 18, it may be due to error, fraud, or identity theft. Credit checks conducted for a child should typically confirm that no credit report exists.

Federal requirements to protect against and respond to identity theft among children in foster care

Title IV-E of the Social Security Act established the Federal foster care program, which provides Federal funding to States and eligible Tribes (referred to as States) to assist with the costs of foster care maintenance for eligible children; administrative expenses to manage the program; and training for staff, foster parents, and certain private agency staff. To receive Federal funding, States are required to submit to the

Administration for Children and Families (ACF) a Title IV-E Plan, with updates as necessary, to reflect new Federal requirements or changes within the State.⁴

Congress has taken several steps to protect children in foster care from identity theft. In September 2011, Congress enacted the Child and Family Services Improvement and Innovation Act that required States to conduct annual credit checks on children aged 16 or older in foster care and to provide to the children, without cost, a copy of any consumer report (referred to as credit report).⁵ The law further required that these children in foster care receive assistance in interpreting and resolving any inaccuracies in their reports. In September 2014, the Preventing Sex Trafficking and Strengthening Families Act expanded that requirement; States must now ensure that children in foster care who are age 14 or older receive credit checks annually.⁶ States were required to fully implement processes to meet these requirements by September 2015. Specifically, these laws, incorporated into the statute, require that each child in foster care who has attained 14 years of age and is under the responsibility of the State must receive a free copy of any consumer report pertaining to the child, each year, until the child is discharged from care. Additionally, the child must receive assistance in interpreting and resolving any inaccuracies in the report.⁷

ACF oversight of State foster care programs

ACF administers the Federal foster care program and provides Federal funding and oversight for State foster care programs. ACF oversight includes reviewing and approving State plans and annual updates; providing technical assistance; issuing guidance; and conducting regular program reviews.⁸ ACF may conduct a more limited review to address conformity with requirements outside of the scope of regular program reviews.⁹

ACF has provided guidance to States on implementing credit check requirements. Specifically, ACF program instruction provided guidance to States on the implementation of the annual credit report requirements and directed that States must have a copy of each child's credit report, if one exists, from each of the three credit reporting agencies (CRAs).¹⁰ ACF also provided guidance that children in foster care who are age 18 and older have the right to object to having a credit check conducted on their behalf. In 2014, ACF sent a letter to State Child Welfare Directors that encouraged States to take steps, beyond the requirements of the law, to protect children in foster care from identity theft. This letter recommended that States consider conducting credit checks on a monthly, quarterly, or biannual basis to ensure that all children receive a credit check regardless of how long they are in care, as it is critical to help youth identify and correct any credit errors before they exit the foster care system. ACF also suggested that States ensure that all children receive a credit check by conducting credit checks when a child enters foster care and before a child exits foster care for adoption or legal guardianship.

Additionally, ACF encouraged the use of preventative measures such as freezing the credit of children in foster care to prevent the creation of credit in their names.¹¹

State program implementation. States have flexibility to develop their own procedures for conducting credit checks and for providing children in foster care assistance in interpreting and resolving any inaccuracies in their reports. States may choose to conduct credit checks for each child individually or to implement a batch system for conducting credit checks. In the batch system, annual credit checks are conducted by a person who is not the case worker and results of the reports are passed on to case workers.¹² The case worker is then required to assist the child in interpreting and resolving any inaccuracies on an individual basis.

Credit Reporting Agencies (CRAs)

There are three nationwide CRAs: Equifax, Experian, and TransUnion. Each of these agencies collects information such as address; date of birth; bill payment history; bankruptcy; store and bank credit card accounts; loans; requests for credit checks; and requests to open accounts or loans. The CRAs then sell the information to creditors, insurers, employers, and other businesses that use it to evaluate a person's applications for credit, insurance, employment, or renting a home.

The three CRAs collect their information from different sources; therefore, the information from one CRA may not be the same as the information from the other two CRAs.

CRAs are required to make sure that the information they collect is accurate, to give consumers a free copy of credit reports once every 12 months, and to give consumers a chance to fix any mistakes found on a credit report.¹³ Although adults have several options for conducting credit checks online, State foster care agencies are required to contact the three CRAs directly by mail, email, or a dedicated online portal to conduct credit checks. Websites used by adults for conducting credit checks typically cannot be used by State foster care agencies to obtain credit reports for a minor child.

Federal agencies that regulate CRAs. The Federal Trade Commission aims to prevent anticompetitive, deceptive, and unfair business practices through law enforcement, advocacy, and education without unduly burdening legitimate business activity. Together, the Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act protect information collected by consumer reporting agencies and have provisions relating to record accuracy and identity theft.¹⁴ The Federal Trade Commission is responsible for enforcement of these acts; however, the Federal Trade Commission transferred most of the rulemaking responsibilities to the Consumer Financial Protection Bureau.

The Consumer Financial Protection Bureau implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. The Consumer Financial Protection Bureau accepts consumer complaints about CRAs if a dispute has been filed first with the CRAs and the resolution was not satisfactory or the CRAs did not respond to the dispute. Additionally, the Consumer Financial Protection Bureau aided State foster care

agencies in 2014 by publishing action letters for child welfare case workers to send to CRAs to request credit checks for children in foster care.¹⁵

Methodology

For objective 1 of this evaluation, we reviewed foster care records for FY 2021 credit check information relevant to the study objectives, for a national sample of 399 children. We selected a stratified sample from a population of 22,874 children in foster care who were aged 14 through 17 by October 1, 2020, and who were continuously in care for at least 6 months during FY 2021. The children were identified using the Adoption and Foster Care Analysis Reporting System (AFCARS) FY 2021 dataset, which was the most recent data available when we conducted this step of the evaluation, in February of 2023. Additionally, we requested and reviewed case file documentation from FY 2021 to determine whether each child in the sample received ACF's recommended extra steps and preventative measures during FY 2021. For the children in our sample who received a credit check and had a credit report, we requested and reviewed documentation that the child received assistance in interpreting and resolving the credit report.

For objective 2, we conducted a survey of all States' foster care agencies about their experiences (including challenges) and practices related to protecting children in foster care from identity theft. We conducted this survey during spring 2023 and asked States about their current policies, practices, and experiences. All 50 States and the District of Columbia (States) responded to the survey, for a 100-percent response rate. We examined results of the survey to identify salient challenges reported by States. We identified the most salient challenges related to conducting credit checks based on (1) the impact of the challenge on a State's ability to meet Federal credit check requirements; and (2) the number of States that reported the challenge. For our analysis, we define "many" as more than 10 States and "few" as fewer than 5 States that responded to open-ended survey questions in a similar manner. Additionally, we conducted follow-up interviews with a small number of States for clarification of topics identified during the survey and our analysis of sampled foster care records.

We also conducted a structured interview with ACF to identify any guidance and technical assistance related to preventative measures to protect children in foster care from identity theft that ACF provided to States. See the Detailed Methodology for additional information.

Limitations

Our document review to determine the extent to which different required and recommended practices occurred is limited to the documents that were provided by States.

In addition, we are reporting on States' experiences and perspectives on their challenges and promising practices in protecting children in foster care from identify theft. We did not independently verify these challenges and strategies.

Standards

We conducted this study in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

FINDINGS

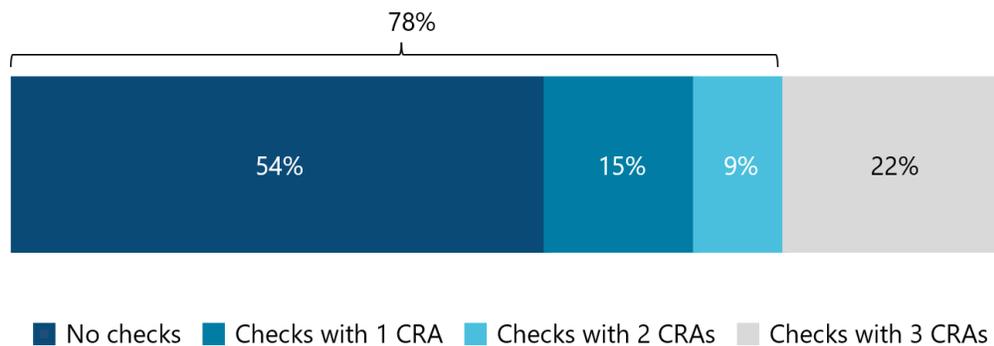
Over half of children in foster care did not receive any credit checks in FY 2021

Although Federal law requires that children in foster care aged 14 years or older receive credit checks annually, the case files did not contain documentation of a credit check from any of the three CRAs for 54 percent of children aged 14–17 in foster care during FY 2021.¹⁶ See Appendix A for detailed statistics for the findings in this report.

Seventy-eight percent of children in foster care did not receive credit checks with all three CRAs

In addition to the 54 percent of children whose case files did not have documentation of any credit checks, case files for 15 percent of children in foster care contained documentation of a credit check with only one CRA, and an additional 9 percent contained documentation of credit checks from only two CRAs. In total, case files for 78 percent of children lacked documentation of all three credit checks. In accordance with Federal law, ACF instructed State foster care agencies to obtain a copy of the credit report, if one exists, for each child in its custody from all three CRAs.¹⁷

Exhibit 1: Case files for 78 percent of children in foster care lacked documentation of credit checks with all three CRAs in FY 2021



Source: OIG review of case files, 2023.

Receiving a credit check from each of the three CRAs is imperative to determining if a child has a credit report because each of the CRAs gathers and reports information from different sources. Among the children who received credit checks from more than one CRA, we found instances in which children’s results from one CRA did not match results from the other CRAs.¹⁸ For example, for one child in our sample who received credit checks from all three CRAs, Experian did not find a credit report for the

child, Equifax's credit report found an auto loan inquiry, and TransUnion's report found a credit card inquiry.

Exhibit 2: Example of credit check results for one child in our sample



Source: OIG review of case files, 2023.

Had this child only received a credit check from Experian, the State would have determined that the child did not have an issue with their credit and would not have known to take actions to resolve the credit reports, as required by Federal law.

Children who were aged 17 received credit checks significantly less often than children aged 14 to 16

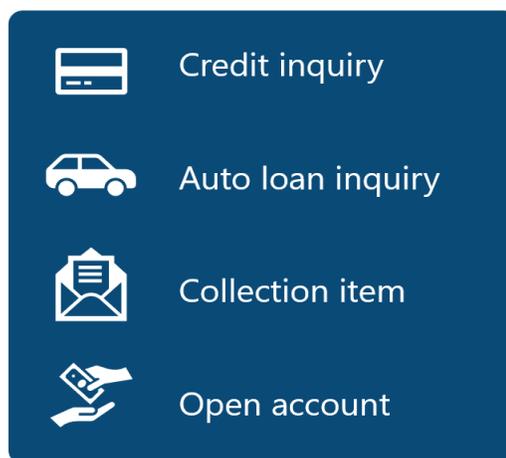
We found that case files for 66 percent of children who were aged 17 at the start of FY 2021 did not contain documentation of credit checks, which was significantly higher than the 51 percent of children aged 14 to 16 whose case files did not contain documentation of credit checks during FY 2021.¹⁹ This is concerning because when these children age out of foster care, they may not have access to the resources needed to resolve errors in credit reports.

Children in foster care aged 18 and older have the right to object to having a credit check conducted on their behalf. ACF requires that such objections from a child aged 18 or older be documented in the child's case file for the State to follow the requirement. However, we did not find documentation that children in our sample who turned 18 during FY 2021 objected to receiving a credit check.

Credit reports existed for 4 percent of children who received at least one credit check, which could be an indicator of identity theft

Of the 46 percent of children with documentation of at least one credit check, credit reports existed for 4 percent. Most children younger than age 18 should not have credit reports because children do not have the legal capacity to sign a contract or apply for credit. According to ACF guidance, if a credit report does exist for a person younger than age 18, it may be due to error, fraud, or identity theft. ACF states that when a credit report exists, there is likely a need to correct the information and take action to protect the identity and future credit of the child. Since case file documentation indicated that most children did not receive credit checks, the overall incidence of potential identity theft remains unknown.

Exhibit 3: Examples of credit reports for children in our sample who had at least one credit check



Source: OIG review of case files, 2023.

The 4 percent of children in foster care with credit checks who had credit reports rarely received assistance in interpreting or resolving credit reports

Our review identified little documentation that States provided required assistance to children with credit reports. Federal law requires that children in foster care receive assistance in interpreting and resolving any inaccuracies in their credit reports. We considered any case notes documenting a conversation between a case worker and child regarding a credit report to indicate assistance in interpreting the credit report. We also considered any case notes documenting communication between the State and the CRA or efforts to get additional information about the credit report to indicate assistance resolving credit reports.

Only one child in our sample who had a credit report received assistance from State foster care agencies interpreting the reports

Of the children identified by our analysis as having a credit report, we determined that only one child's case file contained documentation that the child received assistance in interpreting the credit report. This State had a centralized system for conducting credit checks. The person responsible sent the credit reports to the child's case worker in August 2020. The case file showed that the case worker provided the information to the child in October 2021.

For all the other children who had credit reports, their case files contained no documentation that the children received assistance in interpreting the credit reports. Without assistance in interpreting credit reports, children may have a difficult time resolving financial issues that result from fraudulent or inaccurate information contained in credit reports.

None of the children in our sample who had credit reports received assistance from State foster care agencies in resolving the reports

Of the children identified by our analysis as having a credit report, none of the children's case files contained documentation that the child received assistance resolving the credit reports. Both ACF and the Consumer Financial Protection Bureau have provided State foster care agencies with instructions on how to work with the CRAs to resolve issues if they discover that a child in foster care has a credit report.²⁰ ²¹ There was no record in the children's case files that the States used these resources or other resources to resolve the disputes with CRAs. The case files had no documentation of correspondence between the States and the CRAs for the children who were identified as having a credit report.

Eight States reported practices that fell short of requirements for conducting credit checks

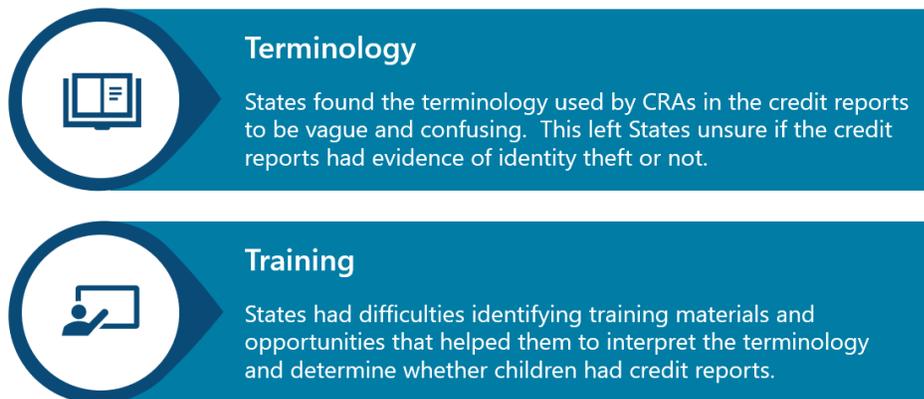
Seven States (Alaska, Hawaii, Idaho, Illinois, Missouri, New Jersey, and Wyoming) reported to OIG, in a survey conducted in spring 2023, that they were not conducting required credit checks with all three CRAs for children aged 14-17. Another State, West Virginia, reported that it did not modify its practices when the law changed the ages of children in foster care who were required to receive credit checks. Originally, credit checks were required for children in foster care who had reached age 16; this was changed in 2014 to include children in foster care who had reached age 14. As of spring 2023, West Virginia was not conducting credit checks for children aged 14 and 15.

Other States reported in the OIG survey that their policies required conducting credit checks with all three CRAs; however, our review of case files found that many States were not consistently checking all three CRAs as required.

States described gaps in their capacity to interpret and provide assistance resolving credit reports

OIG asked States to describe their experiences in interpreting and resolving credit reports for their children in foster care.^a States commonly raised two challenges in interpreting credit reports received from CRAs, and these related to terminology and training: See Exhibit 4 for more details.

Exhibit 4: States reported challenges interpreting credit reports



Source: OIG review of State surveys, 2023.

States also brought up challenges in ensuring that children in foster care consistently received assistance in interpreting credit reports. Some States shared that they had not developed a mechanism to monitor whether children in foster care received required assistance in interpreting credit reports.

A few States highlighted the benefits of having a centralized strategy for initial interpretation of credit reports. Many States described having a centralized system for conducting credit checks. A few of those States also noted that the initial interpretation of credit reports is part of their centralized system and they have found this helpful. For example, one State that developed a centralized system reported that having one person at the State level responsible for requesting the credit checks and interpreting the results was more effective than making case workers responsible for conducting credit checks and for interpreting the results. In this State, the case worker is only responsible for assisting the child in understanding the results and

^a OIG captured States' perspectives on interpreting and providing assistance in resolving credit reports via open-ended survey questions and analyzed their responses for themes and insights. We can quantify how many States *raised* each challenge but not how many States *experienced* each challenge.

working with the person at the State level to take the steps needed to resolve the credit report. The high turnover of case workers was cited as one reason for centralizing the process. A few States offered their views that a centralized system worked better than each county developing their own system, including States with county administered foster care systems.

“We have found it best to have the credit reports run by and interpreted by **a single individual statewide**. This ensures reports are run on the same schedule for all youth in foster care and that **reports are interpreted consistently**.”

– *State foster care official*

States encountered challenges working with CRAs to conduct credit checks and to resolve credit reports

When OIG asked States about their experiences working with CRAs, many States raised concerns about challenges in conducting credit checks and assisting children in foster care in resolving credit reports.^b Although a few States reported that the challenges had been resolved, most States reported that they continued to encounter challenges. The challenges that States highlighted fell into four categories, detailed in Exhibit 5.

^b OIG captured States’ perspectives on working with CRAs via open-ended survey questions and analyzed their responses for themes and insights. We can quantify how many States *raised* each challenge but not how many States *experienced* each challenge.

Exhibit 5: States reported challenges working with CRAs.



Source: OIG review of State surveys, 2023.

States reported CRAs lacked a centralized contact who could meet the needs of State foster care agencies

Many States reported that not having a centralized contact at each CRA who was knowledgeable about conducting credit checks for children in foster care was challenging.²² State foster care agencies are required to contact the three CRAs individually to conduct credit checks. States must have an agreement with each of the CRAs before they can conduct credit checks, and each State representative who wants to request a credit check must have access granted by the CRA.

Additionally, each of the CRAs has a different format in which they require the child's identifying information to be to request a credit check. Therefore, States must configure each child's data into three different formats before making the request.

States reported that CRAs were often slow to respond or unresponsive to requests for credit checks

Many States raised getting responses from CRAs in a timely manner as a challenge they faced. One State reported that a response could take months to receive. States said that there were times when more than one request was made to CRAs before the State got a response. Case file documentation also indicated that States would request a credit check and the CRA would sometimes not provide the results.

Additionally, States noted that they could not determine whether requests for credit checks had been received by the CRAs or where the requests were in the process.

“We have been faced with a **lack of responses** and/or **significant delays** in responses. The CRAs are under no incentivized obligation to respond to our requests **in a timely manner.**”

– *State foster care official*

States reported challenges working with CRAs to resolve issues with credit reports

States described a variety of challenges they encountered when attempting to resolve credit reports with CRAs. Many States reported having no way of tracking the progress of their requests for issues with credit reports to be resolved. The CRAs did not notify States when requests were received or when the credit reports had been resolved. One State reported that there were times when they would have to wait for the next annual credit check to determine if the issue had been resolved. Additionally, States reported that requests for issues with credit reports to be resolved are required to be sent by mail and cannot be resolved electronically.

“Since all minors, by law, should not have a credit report, it would be helpful for the credit agencies to simply correct the report once provided proof of youth’s age. . . . [O]ften **there are not timely responses** from Credit Bureaus--**it can take months, and sometimes we don’t hear back.**”

– *State foster care official*

“This is a **challenging process**. The method for disputing credit checks is particularly difficult. We frequently receive **no response from credit bureaus** and there is no communication about whether credit bureaus have received and are working on identified issues. Ideally, we would have a point person at each credit bureau or some **easier process for initiating the dispute process**.”

– *State foster care official*

States reported unintended consequences of using credit freezes to protect children from identity theft

Though it is not required, ACF has encouraged States to freeze the credit of children in foster care, among other steps, to prevent others from taking out credit in their names. However, a few States reported challenges with getting CRAs to reverse this preventative measure before the child exited foster care. In these cases, an unwanted credit freeze could prevent the child from accessing goods and services that are essential to independent adulthood, such as housing; employment; and student or auto loans.

“**We used to implement a credit freeze** until we ran into issues with young people aging out and then having difficulty getting it unfrozen. **It was more of a challenge than a help**.”

– *State foster care official*

CONCLUSION AND RECOMMENDATIONS

Children in foster care are susceptible to having their identity stolen and may not be aware that their identity has been compromised until after they exit foster care. When children exit foster care with fraudulent or inaccurate information in their credit reports, they may be denied access to goods and services that are essential to independent adulthood, such as housing; employment; and student or auto loans.

Despite the children being susceptible to having their identity stolen, our review of case files found that children in foster care are not receiving credit checks. Case files for more than half of children in foster care aged 14–18 did not contain documentation of any credit check, and case files for nearly 80 percent of children did not contain documentation of required credit checks from all three CRAs. Although missing credit checks were a problem across our nationwide sample, 8 States had standard practices that were noncompliant with the Federal requirements, either by checking too few CRAs (seven States) or not including 14- and 15-year-old children (one State).

When children in foster care did receive credit checks, 4 percent had credit reports. However, case files for nearly all of these children lacked documentation showing that they received assistance in interpreting or resolving any inaccuracies in their reports, as required by law. Further, because case files for most children did not contain documentation of credit checks with all three CRAs, the overall incidence of potential identity theft remains unknown. Once a person reaches age 18 years of age, resolving issues with their credit reports that arose when they were younger can be difficult. Additionally, when children exit foster care, they no longer have access to the support and experience that the State foster care agency can provide in disputing inaccuracies on credit reports.

States described challenges in their own capacity to interpret credit reports and to know what actions to take. They also described a range of difficulties in working with CRAs to run credit checks and obtain and resolve credit reports.

Collectively, these shortfalls leave children in foster care at heightened risk of harm from identity theft. Therefore, we recommend that ACF:

Monitor whether States are conducting credit checks of all three CRAs for children aged 14 or older who are in foster care, as required

ACF should monitor whether States are providing children in foster care aged 14 and older with yearly credit checks from all three CRAs and hold States accountable for meeting these requirements. ACF could accomplish this by conducting a limited

review to address conformity with requirements outside of the scope of regular program reviews. ACF should ensure that West Virginia's policies are compliant with Federal law. ACF should work with States that are not consistently following policies for conducting credit checks for children in their care, and ACF should prioritize follow-up with the seven States that reported standard practices that do not meet these requirements.

Further assist States in building their capacity to conduct credit checks and to interpret and resolve credit reports effectively

ACF should provide additional support to help States build their capacity to conduct credit checks and interpret and resolve credit reports for children in foster care. This support could take various forms, such as technical assistance, training, or other resources. These efforts should include special attention to the urgent need to resolve credit reports for children before they exit foster care. For example, ACF could address how this should be included in States' transition planning process. Additionally, ACF should direct States to document credit checks and assistance the children receive in their case file. Finally, ACF should share and promote promising practices used by other States to conduct credit checks and resolve credit reports for children in foster care.

Seek to partner with other government agencies to develop strategies to address issues that States experienced working with CRAs

ACF should invite the Consumer Financial Protection Bureau, the Federal Trade Commission, and/or other government agencies to partner in developing a strategy to address the difficulties that States experienced when working with CRAs to conduct credit checks, resolve credit reports for children in foster care, and remove credit freezes for children exiting care.

AGENCY COMMENTS AND OIG RESPONSE

ACF concurred with all three of our recommendations.

In response to the first recommendation, ACF stated that it plans to share OIG's findings with all jurisdictions and will address the findings as part of the joint Title IV-B/IV-E planning process with States and Tribes for Federal fiscal year 2026. ACF stated it will use the information gathered through these joint planning processes to determine how best to monitor credit checks to ensure compliance. Additionally, ACF plans to examine concerns with State plan compliance in those jurisdictions specifically identified in this report and may initiate the partial review process that could lead to corrective action as needed. We appreciate ACF's planned actions to monitor whether States are conducting credit checks of all three CRAs for children aged 14-18 who are in foster care, and we look forward to reviewing further details on these plans and their implementation.

In response to the second recommendation, ACF stated that it plans to leverage partnerships with existing constituency groups, including foster care managers, in identifying States' technical assistance needs related to conducting credit checks for children. Additionally, ACF stated it will develop and deliver a robust technical assistance approach in response to States' identified needs. We appreciate ACF's plans to assist States in building their capacity to conduct credit checks and to interpret and resolve credit reports effectively, and look forward to updates on those actions as they are implemented.

In response to the third recommendation, ACF stated that it has already been in contact with the Consumer Financial Protection Bureau to engage in the development of technical assistance resources to assist jurisdictions with required credit check compliance. ACF stated that it plans to engage the Federal Trade Commission's Bureau of Consumer Protection to explore opportunities for collaboration. We appreciate ACF's efforts to seek to partner with other government agencies to address issues that States experienced working with CRAs and look forward to updates from ACF on these engagements and their outcomes.

For the full text of ACF's comments, see Appendix B.

DETAILED METHODOLOGY

Data Sources

AFCARS sample of children. This evaluation used FY 2021 Adoption and Foster Care Analysis Reporting System (AFCARS) data to identify 22,874 children in foster care who were (1) aged 14 through 17 by October 1, 2020, and (2) in foster care for at least 6 months during FY 2021. This time frame allowed children who entered or exited care to be included in the sample. This data was released, and we obtained it, in February of 2023. We stratified our population of children by age (i.e., children aged 14–15 and children aged 16–17) and randomly selected a total of 400 children distributed across two strata. In the first stratum, we selected 162 children out of 12,405 who were identified as age 14–15, and in the second stratum we selected 238 children out of 10,459 who were identified as age 16–17. One child in the second stratum was ineligible for our review because they did not meet the age requirement during the review period.

State records. For the sample of children, we requested and reviewed any records from State foster care agencies that provided documentation that these children received a credit check in FY 2021, and that those with credit reports received support in interpreting and resolving the credit reports. We also requested, for the sample of children, any documentation that ACF's recommended preventative practices were employed by States. Additionally, we requested and reviewed the records from States that contain demographic data for our sample of children.

State surveys. From February to June of 2023, we asked all 50 States and the District of Columbia to respond to a short survey to provide information about any current challenges and promising practices encountered while they conducted required credit checks for children in foster care and resolving any existing credit reports. We also requested that States gather information about preventative measures to protect children in foster care from identity theft recommended to case workers, including any State policies and procedures. For our analysis, we define "many" as more than 10 States and "few" as fewer than 5 States that responded to open-ended survey questions in a similar manner.

State interviews. We followed up with Alaska, Minnesota, Mississippi, and Virginia on their survey responses to gain deeper insights into the challenges that these States face and potential promising practices in protecting children in foster care from identity theft. Our selection included two States that are not doing well at credit checks and resolving errors in credit reports to understand where the breakdowns are. Our selection also included two States that appear to be doing well at both required and recommended practices to identify potential factors supporting their success.

Interview with ACF. For additional context and to help inform any potential recommendations, we interviewed ACF to identify any guidance and technical assistance related to preventative measures to protect children in foster care from identity theft that ACF provided to States, since the 2014 letter to Child Welfare Directors, and to identify ACF’s perspectives on challenges or promising practices States have encountered.

Data Analysis

To address report objectives, we analyzed the records received, the surveys and interviews of State foster care agencies, and the structured interviews with ACF.

Analysis of State foster care records. We reviewed the records to determine if children in our sample received credit checks. For children who received credit checks and had a credit report, we reviewed foster care records to determine whether they received support in interpreting and resolving instances of potential identity theft found in those reports. We also reviewed the records to determine how often preventative measures were used to protect children in foster care.

We reviewed case records for a 12-month period to capture a variety of stays in foster care; some children were in care the entire year, some children entered or left care during the year, or both. It is possible that a child’s stay did not span the dates that a State may have scheduled for a check with one or all of the CRAs. Given the importance of obtaining these checks and on the basis of ACF’s recommendation to obtain a check upon entrance into and exit from foster care and to stagger the checks, we would have expected to see at least a check of one CRA during the at least 6-month period the child was in care (at least two for a child who entered and exited foster care during the year), regardless of the length or dates of the child’s stay. We received case records for 399 children in our review, for a 100-percent response rate.

Demographic subgroups were not large enough to meet OIG’s standards for precision, so were unable to analyze some of the demographic data from the States’ records to examine demographic characteristics of children in foster care who did and did not:

1. receive credit checks;
2. have credit reports, which could indicate identity theft;
3. receive support in interpreting credit reports and resolving errors in credit reports; and
4. receive preventative measures (e.g., credit freezes).

The demographic characteristics we considered for analysis were foster care placement history and gender.²³

Analysis of State surveys and interviews. We analyzed the survey responses from all States and interviews with four States (Alaska, Minnesota, Mississippi, and Virginia)

to determine if there were commonalities or other actionable insights among the challenges States encountered and the promising practices States implemented.

APPENDICES

Appendix A: Estimates for Credit Checks Received by Children in Foster Care Based on Documentation in Case Files

Description	No. of Children	Point Estimate*	95% Confidence Interval
Children who received no credit checks	220 of 399	54.0%	48.7%–58.8%
Children who received credit checks with one CRA ¹	59 of 399	14.8%	11.5%–18.8%
Children who received credit checks with two CRAs	34 of 399	9.0%	6.4%–12.4%
Total children with fewer than three CRAs checked	313 of 399	77.6%	73.0%–81.6%
Children who received credit checks with three CRAs	86 of 399	22.4%	18.4%–27.0%
Children who received more than one credit check	120 of 399	31.4%	26.9%–36.3%
Children who received more than one credit check and whose credit reports from the CRAs did not match	5 of 120	4.0%	1.6%–9.5%
Children aged 17 and older by October 1, 2020, who did not receive any credit checks ²	73 of 111	65.8%	56.5%–73.9%
Children aged 14–16 who did not receive any credit checks ²	147 of 288	50.6%	44.6%–56.5%
Children who received at least one credit check and had a credit report	9 of 179	4.4%	2.2%–8.3%

Source: OIG review of children's case files, 2023. *Estimates are a result of a stratified random sample of 399 children.

¹ CRA = Credit Reporting Agency.

² The difference in the proportion of older children who did not receive credit checks compared to younger children who did not receive credit checks was statistically significant (p<0.01).

Appendix B: Agency Comments

Following this page are the official comments from ACF.



ADMINISTRATION FOR
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August 19, 2024

Ann Maxwell
Deputy Inspector General for Evaluation and Inspections
U.S. Department of Health and Human Services
330 Independence Avenue, SW
Washington, DC 20201

Dear Ann Maxwell:

The Administration for Children and Families (ACF) appreciates the opportunity to respond to the Office of Inspector General (OIG) draft report titled, *Most Children in Foster Care Did Not Receive Required Credit Checks and Assistance*, OEI-07-22-00510. Please find our comments and response to the draft report recommendations below.

Recommendation 1: ACF should monitor whether States are conducting credit checks of all 3 CRAs for children aged 14 or older who are in foster care, as required.

Response: ACF concurs with this recommendation.

ACF firmly believes in the importance and efficacy of oversight of IV-E/IV-B child welfare agencies and that the development of monitoring protocols should be informed by evidence of the need, and within the context of, operations of the broader title IV-E/IV-B programs.

As ACF moves forward with implementing this recommendation, we will need additional input from States and look forward to continuing to coordinate with OIG for their work product on this evaluation to identify if and/or how a routine monitoring protocol or tool specific to the credit check requirements, as compared to amending an existing protocol or tool, would best address OIG's findings.

As with various other federal child welfare requirements, oversight of the Title IV-E state plan requirements relating to credit checks for young people in foster care currently falls outside the scope of a Child and Family Services Review. As such, oversight and monitoring review is currently governed by the mechanism set forth in federal regulations at 45 CFR 1355.32(d) for partial reviews based on noncompliance for title IV-E/IV-B plan requirements that fall outside the scope of a Child and Family Services Review. Under a partial review, when information suggesting a compliance issue comes to ACF's attention, ACF initiates an inquiry with the affected jurisdiction and engages that jurisdiction in corrective action as warranted when there is a confirmed plan compliance issue.

As part of our effort to implement OIG's recommendation, ACF will share OIG's findings with all jurisdictions, and ACF's Children's Bureau (CB) regional offices will address the findings as

part of the joint title IV-B/IV-E planning process with States and Tribes for federal fiscal year 2026. ACF will use the information gathered through these joint planning processes to determine the feasibility of and how best to develop a new routine monitoring protocol or how to amend an existing protocol, tool, or resource to address or include the credit check provisions to ensure compliance.

Concurrently, ACF will also examine concerns with title IV-E/IV-B plan compliance in those jurisdictions specifically identified by OIG's evaluation and will request additional information from jurisdictions as necessary to determine how and when the jurisdiction will resolve OIG's findings, or whether ACF will initiate the partial review process that could lead to corrective action.

Recommendation 2: ACF should further assist States in building their capacity to conduct credit checks and to interpret and resolve credit reports effectively.

Response: ACF concurs with this recommendation.

ACF's CB provides a variety of services and supports to the child welfare field, including State child welfare agencies and stakeholders, to improve practices and achieve better outcomes for children, youth, and families. These include routine meetings, guidance, resources, and other forms of technical assistance. CB will leverage partnership with the existing constituency groups CB meets with quarterly consisting of foster care managers and independent living coordinators to share the results of the report and engage foster care managers in identifying States' technical assistance needs related to conducting credit checks for children and to develop and deliver a robust technical assistance approach in response to their identified needs.

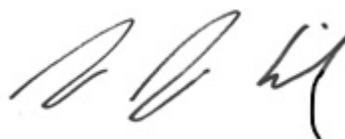
Recommendation 3: ACF should seek to partner with other government agencies to develop strategies to address issues that States experienced working with CRAs.

Response: ACF concurs with this recommendation.

ACF's CB has already been in contact with the Consumer Financial Protection Bureau to engage in the development of technical assistance resources to assist jurisdictions with required credit checks compliance. CB will also engage the Federal Trade Commission's Bureau of Consumer Protection to explore opportunities for collaboration.

Thank you again for the opportunity to review this draft report. Please direct any follow-up inquiries to Amanda Barlow, Director of ACF's Office of Legislative Affairs and Budget, at (202) 934-3975.

Sincerely,

A handwritten signature in black ink, appearing to be 'A. Barlow', is written below the text 'Sincerely,'.

Jeff Hild
Principal Deputy Assistant Secretary
Administration for Children and Families,
performing the delegable duties of the Assistant
Secretary for Children and Families
U.S. Department of Health and Human Services

ACKNOWLEDGMENTS AND CONTACT

Acknowledgments

Andrea Hofstetter served as the team leader for this study, and Caroline Filbrun and Mollee Sultani served as lead analysts. Office of Evaluation and Inspections headquarters staff who provided support include Jennifer Gist, Althea Hosein, and Sara Swisher.

This report was prepared under the direction of Brian Whitley, Regional Inspector General for Evaluation and Inspections in the Kansas City Regional Office, and Dana Squires and Abbi Warmker, Deputy Regional Inspectors General.

Contact

To obtain additional information concerning this report, contact the Office of Public Affairs at Public.Affairs@oig.hhs.gov. OIG reports and other information can be found on the OIG website at oig.hhs.gov.

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ENDNOTES

¹ Identity Theft Resource Center, *Foster Care and Identity Theft: Becoming Part of the Solution*, May 2017. Accessed at <https://www.idtheftcenter.org/post/foster-care-and-identity-theft-becoming-part-of-the-solution/> on June 15, 2022.

² There are three nationwide Credit Reporting Agencies (CRAs). 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.

³ Children do not have the capacity to be held to binding contracts and are thus unable to engage in the activities generally captured on reports as defined in the Fair Credit Reporting Act. Children may be added as authorized users to credit cards before reaching age 18, which can impact their credit reports.

⁴ SSA § 471(a).

⁵ Pub. Law 112-34 (enacted Sept. 30, 2011), § 106. According to ACF guidance, the word "any" in this Act refers to each of the three major credit reporting agencies (ACYF-CB-PI-12-07).

⁶ Pub. Law 113-183 (enacted Sept. 29, 2014), § 113.

⁷ SSA § 471(a)(16). The annual credit check and assistance requirements have been incorporated into the definition of "case review system" at 42 U.S.C. § 675(5)(l).

⁸ ACF, *Program Instructions*. Accessed at <https://www.acf.hhs.gov/cb/laws-policies/program-instructions> on August 12, 2021.

⁹ 45 CFR § 1355.32(d), *Child Welfare Policy Manual*, § 5.1, Question 1. Accessed at [Child Welfare Policy Manual \(hhs.gov\)](https://www.hhs.gov/child-welfare/policy-manual) on May 20, 2023.

¹⁰ ACF, *ACYF-CB-PI-12-07*, "Program Instruction," available at <https://www.acf.hhs.gov/cb/policy-guidance/pi-12-07>, published May 2012 and accessed on May 17, 2022.

¹¹ Letter to Child Welfare Directors from JooYeun Chang, Associate Commissioner, Children's Bureau (Dec. 5, 2014). Accessed at https://www.acf.hhs.gov/sites/default/files/documents/cb/cw_directors_credit_letter.pdf on May 17, 2022.

¹² A batch system is a process of requesting or submitting a request for credit checks at a single point in time for multiple children.

¹³ 15 U.S.C. §§ 1681-1681x.

¹⁴ The Fair Credit Reporting Act, P.L. 90-321, Title 6 (May 29, 1968), and the Fair and Accurate Credit Transactions Act of 2003, P.L. 108-159 (Dec. 4, 2003), as amended, are codified at 15 U.S.C. §§ 1681-1681x.

¹⁵ CFPB, *CFPB Releases Tools To Protect Foster Care Children From Credit Reporting Problems*, May 2014. Accessed at <https://www.consumerfinance.gov/about-us/newsroom/cfbp-releases-tools-to-protect-foster-care-children-from-credit-reporting-errors/> on May 20, 2024.

¹⁶ In limited cases, children in foster care may not have received a credit check because they entered or exited care outside of scheduled annual checks. ACF recommends that States take measures to avoid this issue.

¹⁷ ACF, *ACYF-CB-PI-12-07*, "Program Instruction," available at <https://www.acf.hhs.gov/cb/policy-guidance/pi-12-07>, published May 2012 and accessed on May 17, 2022.

¹⁸ Specifically, of the 31 percent of children who received a credit check from more than one CRA, 4 percent had results from one CRA that did not match other CRA(s).

¹⁹ These percentages reflect adjusted rates based on the population and sample size of children in each age group in foster care in FY 2021. Our sample included 288 children aged 14-16 and 111 children aged 17 and older. The difference in the

proportion of older children who did not receive checks compared to younger children who did not receive checks was statistically significant ($p < 0.01$).

²⁰ ACF, *ACYF-CB-PI-12-07*, "Program Instruction," available at <https://www.acf.hhs.gov/cb/policy-guidance/pi-12-07>, published May 2012 and accessed on May 17, 2022.

²¹ CFPB, *CFPB Releases Tools To Protect Foster Care Children From Credit Reporting Problems*, May 2014. Accessed at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-releases-tools-to-protect-foster-care-children-from-credit-reporting-errors/> on May 20, 2024.

²² When adults want to check their credit with the three CRAs, they can do so by using the [annualcreditreport.com](https://www.annualcreditreport.com) website. This website allows an adult to enter their information once and to receive their credit report from all three CRAs. This website cannot be used by State foster care agencies to obtain the credit reports of a minor child.

²³ States may differ in the use of gender or sex as a variable name. For this analysis, we use the variable name "gender" to refer to both gender and sex variables.