Credit Checks for Youth in Foster Care: Detecting, Addressing, and Preventing Child Identity Theft
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Background/Purpose: Youth in foster care are uniquely vulnerable to identity theft. Sensitive personal information often passes through many hands as foster youth move through various schools and out-of-home care placements. When youth exit care and transition to adulthood, damaged credit hinders self-sufficiency by inhibiting affordable access to housing, transportation, employment, and loans.

To safeguard the identities and credit histories of vulnerable youth, federal law requires all state child welfare agencies to provide annual credit monitoring services for 14- to 17-year-olds in out-of-home care. To comply with this mandate, states review foster youths' consumer credit records from Equifax, Experian, and TransUnion, the three major national credit bureaus in the United States.

Despite the multi-year history of this mandate, identity theft has received scant attention in child welfare research. To address this gap in the literature, our descriptive study examines credit check outcomes for a population-based cohort of foster youth in Virginia.

Methods: We analyzed de-identified administrative and consumer credit records for 2,468 adolescent youth in foster care in Virginia. All individuals in this cohort received at least one credit check during the 45-month period from October 2015 to June 2019. Because minor children typically lack legal standing to enter into contracts or debt obligations, any financial history in youths' credit records (e.g., credit inquiries, account items, and/or personal information errors) was regarded as a potential indication of identity fraud victimization.

Excluding youth with clean credit records (n = 2,128) from further analysis, the analytic sample for our study included 340 youth whose credit records contained financial history and/or erroneous personal information. We ran ANOVA, chi-square, and t-tests to explore relationships between demographic variables (gender, race, age) and the discrepancies detected in youths' credit records.

Results: Youth were, on average, 14.36 years of age (SD = 2.72) when their identities were used to open accounts or credit inquiries. Most youth (60.9%) had inquiry items in their credit records, and nearly half of youth (44.4%) had account items in their credit records. The average account balance was $1,966, and most account items were in collections due to nonpayment. The majority of detected items were associated with financial services (39%); telecommunications (35%); or healthcare (14%).

As compared to White youth, Black youth had significantly more inquiry items in their credit reports (p = .013). Among youth who had accounts in their credit reports (n = 151), Black youth tended to be significantly younger when accounts were opened ($p < .001$), and the accounts in their credit reports had been open for significantly longer periods of time (p = .005).

Implications: Findings highlight the importance of credit monitoring services in child welfare service contexts. Policy and practice reforms can further strengthen social work's response to the needs of foster youth impacted by identity fraud. A holistic, multi-step approach is required to prevent, monitor, and mitigate the damage caused by identity fraud victimization. Additional credit checks for victimized youth, and particularly for transition-age youth, may be warranted to augment existing credit monitoring programs and practices.