

Position Statement

2020

Child Support Equity – Flexibility in Credit Bureau Reporting

Proposal

Issue:

Federal law provides that States must have a mechanism to report child support arrears to consumer credit bureau agencies. Minnesota implemented that law in Minn. Stat. § 518A.685, which states that arrears shall be reported when an obligor has not paid current monthly support plus any required arrears payment for three months. The statute provides that the state must report when an obligor is making monthly support payments, but the credit reporting agencies do not reflect that on their end. It appears to the obligor that the state is not following the law. DHS has worked with the credit reporting agencies for several years to no avail.

Implementation Strategy:

The statute should be changed to not lead the obligor to making an assumption about reporting that is not possible. It also should be changed to be more flexible for the counties to work with obligors to ensure that their credit is not negatively impacted when the obligor is actively engaged in making payments. The Association is asked for general support and assistance in moving the legislation, but Ramsey County intends to be the lead in this effort.

Systemic Priority Alignment (check all that apply and explain why)

Equity Service Integration Fiscal Framework

Comments: Credit bureau reporting has an adverse impact on obligors as consumer reporting can impede the ability to purchase a home or a car, obtain rental housing, lines of credit, and employment. The adverse impact can affect the child by hindering the obligor’s ability to exercise parenting time, pay child support, and otherwise provide for and parent the child. The negative consequences of consumer credit reporting have a significant impact of obligors of color, who are overrepresented in the child support system, and are more likely to experience barriers to employment and bias in credit reporting.

Operational Priority Alignment (check all that apply and explain why)

Behavioral Health Case Management Child Well Being Community Based Settings & Services
 Health Care Housing & Transportation Modernization Self Sufficiency

Comments:

Rationale/Background:

Minnesota law requires that child support arrears be reported to consumer reporting agencies when an obligor has not paid current monthly support plus any required arrears payment for three months. (See Minn. Statute §518A.685).

There are three separate parts of the statute that have proposed changes:

- 1) The law states that the public authority must report to the consumer reporting agency. The proposal is that the “must” be changed to “may” to allow discretion on the part of the caseworker to only report appropriate cases in which credit reporting is likely to be effective in getting an obligor to pay.
- 2) Following written notice of intent to report to consumer reporting agencies, an obligor may prevent reporting the arrears by paying the arrears in full or requesting an administrative review which is limited to mistaken identity, pending legal action, or an incorrect balance. The proposal is to add language to allow an obligor to prevent consumer reporting by entering into a written payment agreement.
- 3) The law requires that if the obligor is paying the current monthly support obligation plus the required arrears payment, the public authority must report to the consumer reporting agency that the obligor is currently paying as ordered by the court. The reporting between child support and the consumer reporting agencies is done through a computer interface which does not accurately report that an obligor is paying as ordered by the court. Therefore, county child support workers do not have the ability to comply with the statute. The proposal is to delete compliance with a court order.

MFSRC voted to support this in concept at its Board meeting on November 21, 2019.

Additional Information:



Submitted by: Melissa Rossow, Director, Human Services Legal Division, Ramsey County Attorney's Office and Trish Skophammer, Director, Child Support Services Division, Ramsey County Attorney's Office

Approved on: [insert date position was approved]