

Date: October 13, 2011

To: Honorable Joe A. Martinez, Chairman
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Alternative Credit Reporting System

Development of a strong credit history is an important step toward homeownership and financial well-being, but it can be challenging for consumers who are unable or unwilling to build a history through means such as credit cards. On May 3, 2011, the Board of County Commissioners (Board) passed Resolution R-371-11, directing the administration to study whether Miami-Dade County could report payment histories to non-traditional credit-reporting bureaus such as Payment Reporting Builds Credit (PBRC)

Currently, credit-related reporting is only done by the County when an account is sent to a collection agency. PRBC/Microbilt, an alternative credit reporting company, reported there are no municipalities in the country that currently report any debts or payments, and would not provide a list of its private clients. Staff conducted research through the Florida Benchmarking Consortium, International City/County Management Association (ICMA), and by polling larger counties nationwide, but did not find any county or municipality that provides positive or negative reporting on its residents or customers.

Should the County decide to begin reporting, there is an annual contract cost of \$149 for each of the three departments that are most compatible with payment reporting: 1) Water and Sewer, 2) Public Housing and Community Development, and 3) Community Action and Human Services. There would also be startup costs of approximately \$55,600 related to programming the departments' systems to report the proper data, as well as ongoing monthly fees to correct any erroneous information identified by clients. The largest potential cost would be staff – it is estimated that the County would need the equivalent of two full-time positions with a total annual fiscal impact of approximately \$152,000 to manage this process in a manner consistent with the sensitivity of the data.

Each of the three departments would implement the program for unique accounts:

Water and Sewer:

- Retail customers, who payments are not currently reported to any credit-reporting agency.

Public Housing and Community Development:

- Public housing rental customers who live in government-owned housing or use vouchers to subsidize rent in private housing. An existing federal database, the Enterprise Income Verification system, is used to verify residents' income and research outstanding debts from other federally-funded public housing agencies.
- Non-public housing or voucher clients are responsible for payments in two broad program areas: 1) homeownership-assistance clients make regular payments for second mortgages provided by the County through its affordable housing programs, and 2) tenants pay rent in affordable-housing properties owned by the County and managed by a private contractor overseen by the department. Those payments are not currently reported, but the department is in the process of establishing a relationship with TransUnion, which is one of the three major traditional credit bureaus.

Community Action and Human Services:

- The No Place Like Home rental-to-ownership program already reports to traditional credit agencies via its contracted management company.

At this time, I do not recommend proceeding with this type of credit reporting. The County is reducing staff and services – and however laudable their intent – I do not believe the implementation and ongoing costs of this project are justified.

The County's multi-year technology plan includes upgrades that will allow the department's incompatible systems for tracking accounts to be merged into a single system. At that time, the cost of operating this sort of credit reporting could be greatly reduced.

If you have any questions, please contact Deputy Mayor Edward Marquez at 305-375-1451, or me directly.

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