Abstract:
The purpose of this study was to evaluate the effectiveness of the Consumer Credit Counseling Service of Cascade County, Inc., Great Falls, Montana. Evaluations were made by clients, businessmen, and the board of directors.

The typical client was found to be a couple, married for 6.3 years with two children, earning $5,000 to $9,999 with a mean of $6,924 annually. The man had a high school education and was 32 years of age with full-time employment.

The woman also was a high school graduate, 29.8 years old and did not work outside the home.

The client responses indicated that poor money management in installment buying (23%), medical expenses (22%), or unemployment (22%) were causes of over-indebtedness.

Clients using the counseling service considered it effective. Ninety-four per cent would recommend it to others; 91 per cent had better understanding of money management, 71 per cent knew more about borrowing; and 67 per cent had better understanding of credit.

Ninety-three per cent of the businesses and all of the board of directors indicated satisfaction with the operation of the service as well as a benefit financially to themselves and the community.

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Signature Sereta Taylor

Date July 27, 1973

AN EVALUATION OF THE CONSUMER CREDIT COUNSELING
SERVICE OF CASCADE COUNTY, INC.

by

SERETA ANN GERHART TAYLOR

A thesis submitted to the Graduate Faculty in partial
fulfillment of the requirements for a degree

of

MASTER OF SCIENCE

in

Home Economics

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This study would have been impossible without the complete cooperation of the late William DesChane, counselor; Mrs. DesChane, secretary, the present counselor, Al Larsen, and the board of directors. Thank you all so much for the extra time and information you shared.

A special word of thanks is due my husband and daughter for their complete cooperation while enduring some inconveniences.

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ABSTRACT

The purpose of this study was to evaluate the effectiveness of the Consumer Credit Counseling Service of Cascade County, Inc., Great Falls, Montana. Evaluations were made by clients, businessmen, and the board of directors.

The typical client was found to be a couple married for 6.3 years with two children, earning \$5,000 to \$9,999 with a mean of \$6,924 annually. The man had a high school education and was 32 years of age with full-time employment. The woman also was a high school graduate, 29.8 years old and did not work outside the home.

The client responses indicated that poor money management in installment buying (23%), medical expenses (22%), or unemployment (22%) were causes of over-indebtedness.

Clients using the counseling service considered it effective. Ninety-four per cent would recommend it to others; 91 per cent had better understanding of money management, 71 per cent knew more about borrowing; and 67 per cent had better understanding of credit.

Ninety-three per cent of the businesses and all of the board of directors indicated satisfaction with the operation of the service as well as a benefit financially to themselves and the community.

CHAPTER I

INTRODUCTION

Importance of the Study

The wise use of consumer credit concerns business, industry, government and ultimately everyone in the nation. The use of credit is not new. People have been borrowing money since recorded history. Even Jesus Christ gave advice concerning debts, interest, and repayment.

The use of credit is often accompanied by unpaid debts. Our nation was founded, in part, because of the repayment of debts. (William Penn received what is now part of Pennsylvania as payment of a debt.) People escaped debtors prison to come to America.

National consumer credit outstanding (debts owing) in 1958 was 45.1 billion dollars. The amount steadily ballooned to 113.2 billion dollars in just one decade (Booth, 1969). "Total consumer credit outstanding on April 30, (1972) was $137.791 billion" (Consumer Trends, June 1, 1972, p.8).

"In March 1972 the number of past due accounts referred to collection agencies hit a new high according to the American Collectors Assoc., Minneapolis, Minn. indicating a serious need for education and financial management" (Consumer Trends, May 1, 1972, p.4).

There is a growing concern among credit grantors, legislators, legal advisors, and social agencies about the increase in personal bankruptcies filed in the United States.

> "During the fiscal year ending June 30, 1968, there were 181,241 personal (non-business) Bankruptcy petitions filed in the United States -- a decrease of 5.5% from the 191,709 filed in fiscal 1967 for the first decline in 16 years. In 31 states, there was a decline in the number of bankruptcies per 100,000 population, in 3 states no change, and in 16 states and the District of Columbia there was an increase " (Booth, 1969 p.43).

Montana was one of the 16 states with increased bankruptcies.

These facts help bear out the concern and need to aid the over-indebted consumer. Some couples over-spend to satisfy at once all their desires for luxuries. Others blame illness in the family, loss of income, or poor management. Whatever the cause, these individuals need professional low-cost counseling in money management, sound credit practices and planned spending. Non-profit Consumer Credit Counseling Services provide this needed service to debt-ridden families.

Purpose of the Study

Since April of 1968 the Consumer Credit Counseling Service of Cascade County has been furnishing debt counseling services to community members (Gue, 1970). The purpose of this study is to determine the effectiveness of the counseling service in Cascade County, Montana, and to compare this agency's service to that of the Credit Counseling Services in Butte and Missoula, Montana which have been surveyed previously by Krueger (1970) and Bryson (1971).

This study will attempt to reveal the strengths and weaknesses of the Consumer Credit Counseling Service of Cascade County, Inc., by obtaining the viewpoints of the board of directors, counselors, clients, and participating creditors.

Since three communities in Montana have been studied other communities may want to review these studies when they establish and operate such services, especially in Montana.

Definition of Terms

To preclude any false translation of terms used which relate to consumer credit counseling in this study, a glossary of terms is included:

Budget: a financial statement of income and expenses of a family for a period of time; a plan for spending.

Client or debtor: the individual or family who uses the consumer credit counseling services.

Credit Counseling Service: a non-profit community agency that counsels, advises, and negotiates with creditors and debtors by planning an adjusted payment schedule for debtors to repay debts.

Counselor: a person who helps the clients develop a budget plan, sets up an adjusted repayment schedule with creditors, receives and distributes clients' debt monies to creditors and sometimes manages counseling services.

Credit: the obtaining of goods or services on time with the intention to pay.

Creditor: one who gives credit in business matters; one to whom money is due.

Debt-Consolidators: a person or organization who commercially consolidates all debts, so one regular payment from a client or debtor will be used to pay creditors, after his fee is taken out.

Pro-rater: a person or organization that portions out the monthly payments of the client to the creditors either for fee or on a non-profit basis.

Consumer Credit Counseling Service of Cascade County, Inc.: hereinafter, this will be referred to as the CCCS of Cascade County, or the counseling service of Great Falls, (Montana) as it is located in this town. Great Falls is the major city in Cascade County.

CHAPTER II

REVIEW OF LITERATURE

Introduction

Since World War II credit buying has increased continuously. Ceaseless invention and tireless industry mass produce an ever-widening quantity and quality of merchandise to tantalize the consumer's desires. Advertising on radio, television, billboards, in newspapers and stores confronts the consumer constantly with the words: "easy credit", "no money down", "easy terms", "up to three years to pay", "buy now, pay later", and "CHARGE"! "The advertising of debt as a way of life has expanded into a national propaganda effort of phenomenal proportions" (Troelstrup, 1970).

There was a time when it was not considered really respectful or admirable to buy on credit or installment plans. Many of our forefathers resorted to it only in a serious necessity or as a careful business adventure. Today people from all socio-economic groups use credit cards, charge accounts, and other forms of installment buying. "Most consumers do not ...care as much about interest rates and the cost of credit as about other things, specifically the size of the monthly payment" while formerly, individuals sought to know the cost of credit and the risks of going into debt (Mendell, 1973).

Credit buying has provided a better standard of living for many families at an earlier stage of the family-life cycle (Landis, 1968). While the use of credit can be viewed as a cultural improvement, a serious lag is found in sound consumer education, information and its applications. Dr. William Buckner, initiator of the Family Financial Crisis Clinic at California State University points out that a large amount of written information on the use of money is for middle- and high-income consumers (Rader, 1973). These books which stress investments and savings with high earnings, etc., will not help the low-income people. "There should be more written information on how to avoid getting into a financial jam and what to do to get out of it once you're there" (Rader, 1973, p.13). Dr. Charlotte J. Revelle (1969) also found a deficiency of written sources on money management for the low-income groups.

By 1955 economists, creditors and family counselors recognized that many families needed help with money management and the use of credit. Family indebtedness increased 40 per cent in the first half of the 1960's (Margolius, 1967). In 1968 it was reported that "more than one-third of all American families are over-extended in their debts and are on the brink of serious trouble" (Rabinowitch, 1968, p.81). Of these families only six per cent had financial difficulties resulting from income or unusual financial needs (Lobsenz and Blackburn, 1969). Margolius (1967, p.2) supports this belief by the statement that "most of our families have enough money to meet basic needs; the problem is management." Such families need two things: 1) help in understanding and a basis for their money habits, and 2) help in making and sticking to a realistic budget (Lobsenz and Blackburn, 1969).

Consumer Credit Counseling Services

History and Development

Growing out of an increasing community need, the first consumer credit counseling service began in 1955 in Columbus, Ohio (Hackbarth 1969). The second and third were in Phoenix, Arizona and the Michigan League Budget Service, respectively. Since that time the National Foundation for Consumer Credit, Inc. has helped establish a large number. Communities have taken the initiative in several situations to set up inde-pendent ones. In 1969 there was a total of eighty-eight such services (Krueger 1970).

Many debt consolidation and prorating agencies (operating for profit) were dishonest (Block, 1961). For a time families had no other place to turn. Most of them really only kept their victims in debt bondage for many years --

while increasing the clients' suffering.

Other Aids to Financial Management

Other agencies or organizations can help with financial guidance and related problems in money management. In some communities a union member can go to his AFL-CIO Community Service Activities for free help (Troelstrup 1970). Local credit unions and credit bureaus sometimes offer this service. Better Business Bureaus and federal-state extension services have free or low cost publications and information about products, services and shopping tips. Legal aid offices are occasionally beneficial. Credit grantors are experienced, but debtors often fear asking them for assistance (Margolius, 1967). The Office of Economic Opportunity and Family Service Agencies have especially designed programs for the poor. Finance companies often volunteer educational information.

Rural and agricultural problems can be brought to Farmers Home Administration (FHA), Production Credit Association (PCA), Federal Land Banks (FLB) or the farm and ranch advisor in the local bank. Sixty-nine home economists are being used in family service with FHA borrowers in budget management in the United States. Their purpose is to develop resources to increase family income and improve standards of living, -- nutrition, shelter, and clothing (Kinter, 1970).

General educational publications for consumers include CONSUMERS REPORTS, CONSUMERS BULLETIN, AND CHANGING TIMES. Government bulletins and pamphlets, and family service booklets are valuable aids.

Counselors

> "The typical staff member of the credit counseling programs is a highly motivated and sincere individual who is eager to help those who come to the agency. He is working beyond the stated hours and with heavy overloads in order to help as much as possible" (Hall, 1968, p.30).

Most employees have had ten to fifteen years of employment in some aspect of the credit business. College attendance and high school diplomas supplement the minimum entrance requirement of experience in the local credit granting field. Few staff members have more than two years experience owing to the infancy of the field and its rapid expansion (Hall, 1968). Some volunteer help, especially from retired credit business personnel, has proved successful.

Families seeking financial counseling come because they have a "need", a "problem", are under "stress", or in a "crisis" (Rapoport, 1965). Counselors must be experienced in the art and principles of human relations to give help effectively. The counselor must accept, not judge. The "whys" of the situation need to be explained to the client (Alder 1969).

Client's Characteristics

Families using credit counseling services have similar characteristics. In 1967 the Family Service Association of America survey found these general characteristics about clients:

> "These families directly contradict the usual assumptions about people in credit difficulty in that they are primarily hard-working, long-time residents who are seeking to find a way to pay their debts rather than trying to avoid their obligations. About two-thirds of them are buying their homes.
>
> They are in the midst of their childbearing and childrearing years and in their early thirties, with two, three, or four children. Most of these couples have been married about ten years. No great frequency of divorce or separation has been noted.
>
> Most of the wage earners in these families hold blue collar jobs, but there is a sprinkling of other occupations. Their income is usually about $400 a month.
>
> These families commonly have installment debts, excluding mortgages, of about 3/4 of the amount of their annual income. They have usually handled their credit responsibilities with reasonable success until the gradual development of the present credit crisis." (Hall, 1968).

Olson's (1968) findings, plus studies cited by Olson (Hutchinson, Dolphin, and Family Service Association), provide demographic characteristics of users of the credit counseling services. These studies, plus those by Krueger (1970) and Bryson (1971) have been compiled into Table I for ease of comparison.

In these studies the head of the households' ages range from 27.5 to 33 years of age -- the child-bearing stage of the family life cycle. Family size varies but medians cluster around two to three children per family. The average annual incomes ranged from $4,068 to $6,950, in the six studies. (In 1968, the median income nationally was $8,600, (Britton, 1969)).

There is a wide range in the amount of over-indebtedness. In Olson's (1968), Krueger's (1970) and Bryson's (1971) studies indebtedness ranged from $1,000 to over $10,000. The Family Service Association of America reported from $2,000 to $8,500 indebtedness per family (Hall, 1968).

Method of Operation

Non-Profit budget counseling services, particularly with respect to debts under an adjusted payment schedule, provide individual help to persons in a financial crisis. Families or individuals with serious monetary troubles might be referred by creditors, clergymen, social agencies, credit bureaus, friends, or others to use the guidance and facilities of the consumer credit counseling service to pay outstanding bills and avoid bankruptcy or garnishment of earnings. This allows the family to remain intact, learn to live within a budget on a reduced standard of living, and gradually repay their obligations on an extended payment plan (Hall,1968)

TABLE I

A COMPARISON OF THE AVERAGE CLIENT CHARACTERISTICS OF CREDIT COUNSELING USERS DESCRIBED IN OTHER STUDIES

Characteristic	Hutch-inson	Dol-phin	Fam-ily Serv. Assoc.	Olson	Krueger	Bryson
Age of Bread-winner	30-40	30.5	32.5	27.5	32.5	33
Number of Years Married		7		6.5		8.7
Number of Children	2	2-3	2-3	2	2	3
Number of Years of Formal Schooling	9			12	10.5	10
Annual Income*	$4068	$4320	$4800	$6300	$5233	$6950

*(Many families unemployed by strikes. Income on table represents that of husband-wife combined.)

Usually the counselor explains the services to the clients. They fill out a form listing all sources of income, all debts and creditors, family and household operating expenses. (Forms used by counseling service in Appendix D.) Subsequently the counselor notifies the creditors of the cooperation of the client and counseling service, and the need for the adjusted payment schedule. Creditors are normally willing to allow reduced payments over a longer period of time in order to receive their money. This is called prorating. The creditors may make some changes in a client's account such as reducing or eliminating carrying charges, dropping penalties or late charges, or even in some instances reducing the amount of the principal.

In extreme cases, (or atypical cases), the client may be referred to others such as marriage counseling agencies, welfare agencies, health clinics, or legal aid services. Bankruptcy is never discussed because of the legal implications which might be drawn (Hall 1968).

Following the work-up interview the client-family returns periodically with their income or the portion of the income to be used for debt repayment. Two plans are used for the next step: 1) client's money is placed in consumer counseling service account; then one check is made payable to creditors for several clients' payment; (examples are utility companies, banks, chain stores, etc.) Individual checks are written to the remainder of the creditors, Living expense money is returned to the client. (This method was used by the Consumer Credit Counseling Service of Butte, Montana.) 2) The alternate plan, (used by the Consumer Credit Counseling Service of Cascade County, Inc.), (Des-Chane, 1970 and Larson 1972), requires that the client and counseling service set up a joint bank account. The client deposits the check in the bank checking account. Upon showing the counselor the deposit ticket, the client writes checks in accordance with the repayment plan. The counselor and client must co-sign the checks. Addressed stamped envelopes to creditors are usually provided by the client. (The Consumer Credit Counseling Service, Missoula, Montana, used the second plan also (Bryson, 1971).)

Either of these plans enables the counselor to obtain feedback from the client family on a periodic (usually monthly) basis. In addition the family receives encouragement and financial guidance. It has been noted that "the family is more likely to stay on the new payment schedule with regular visits to the counselor" (Hall, 1968, p.20). This period of counseling and repayment also serves educational and rehabilitative functions.

"At this stage of development of the credit coun-

> seling programs, budget counseling with a payment adjustment plan is the major type of service provided by them requiring from seventy-five to ninety per cent of available staff time" (Hall, 1968, p. 20).

About ten per cent of the applicants use budget counseling only. After the initial interview, they contact a few creditors personally and execute their repayment schedule thereafter (Hall, 1968).

To establish a new budget counseling service the community needs support of creditors, social agencies, banks, finance companies, hospitals, credit bureaus, and others in the credit granting business. From these supporters, a board of directors emerges. It is their function to auspicate and correlate, guide, supervise and hire the staff of the counseling service (Hall, 1968; Gue, 1970 & 1972).

Financial support comes about in various ways. Creditors may contribute, pay membership, or return a percentage of debts collected by the counseling service. Community fund drives (United Fund, etc.), labor sources, or subsidiary payments from a parent organization may sustain it. Clients are charged a minimal fee for services in some instances (Hall, 1968).

Consumer Credit Counseling Service

of Cascade County, Inc.

Sociological Background of Cascade County Community

The topography of Cascade County in northcentral Montana is primarily plains bordered on three sides by small mountain ranges. Great Falls, the county seat, is the second largest metropolitan area in Montana.

Great Falls is situated at the apex of the rich triangular agricultural area. (Montana Survey of Communities.) The 1970 census data lists the population of Great Falls as 60,091, the metropolitan area as 81,804, with a trade area of about 253,283 people. Residents are primarily white (Census of Population, 1971). The projected employment figures for 1981 indicate an expected increase of 57 to 62 per cent over 1960 employment of 24,184 to an estimated 38,000 (Small, Cooley, and Associates, 1964). The three major sources of economic endeavor of the area include: 1) major shopping and service center for Cascade County and trade area of Great Falls, 2) a manufacturing center, primarily metals and agricultural grains, of which much is exported, 3) productive agricultural economy principly comprised of livestock and dry-land farming, and 4) Malmstrom

CHAPTER III

PROCEDURES OF THE STUDY

The purpose of this study was to evaluate the effectiveness of the Consumer Credit Counseling Service of Cascade County, Inc., in Great Falls, Montana. The history and operation of the Consumer Credit Counseling Service of Cascade County, Inc., and previous studies of Consumer Credit Counseling Services' were outlined in the second chapter.

Selection of the Sample

All of the individuals who participated in this research were associated with the Consumer Credit Counseling Service of Cascade County, Inc., in Great Falls, Montana in some way. Names of the businesses, board of directors, and clients were supplied from the files of the counseling service.

Procedures

Questionnaires were developed and administered for the previous similar evaluatory studies of Consumer Credit Counseling Services in Butte, and Missoula, Montana. Three different questionnaires were administered by mail to the members of the Board of Directors of CCCS, businesses cooperating with the counseling service, and clients both current and those who had terminated or completed their program of debt payment with the service. (All questionnaires can be

Air Force Base and the Minuteman Missile complex (Small, Cooley, & Associates, 1964).

The predominant manufacturing centers of the metropolitan area include 1) primary and fabricated metals, 2) food and food products, 3) printing and publishing, 4) wholesale-retail trade, 5) services, 6) transportation, 7) finance, insurance and real estate, 8) government, and 9) other industries (Small, Cooley and Associates, 1964) and (Montana Survey of Communities).

For husband-wife families of one wage-earner and two children under 18 years of age, the median income is $6,248 from a range of $1,000 or less to over $25,000 annually. The average household has 3.20 persons. A normal income distribution curve represents the income range (U.S. Census Bureau, 1971). Families headed by persons 35 to 54 years old had higher median incomes than other age groups (Britton, 1969).

> "The Great Falls, Metropolitan Area can face its future with the knowledge that its economy can be expected to grow at a steady rate. The metropolitan area serves the north central Montana area as the major trade and service center for the region. In addition it enjoys a role as a small but important manufacturing center in both a natural, regional and local scale; it is a stable producer of agricultural commodities, particularly wheat and livestock; it is an important business and financial center serving its region; and in recent years it has benefited from large scale military expenditures as the geographic location for Malmstrom Air Force Base and the Minute-man Missile Complex," (Small, Cooley, and Associates, 1964).

History and Establishment

At the January 1968 meeting of the Cascade County Credit Association the need for a consumer credit counseling service in the Great Falls community was discussed (Gue, 1970; and Murphy, 1972).

A few interested individuals nurtured the growth of the idea and supported the birth of the Consumer Credit Counseling Service of Cascade County, Inc., April 19, 1968. A thirteen member board of directors and an advisory board guided the organization in the beginning. Representatives from hospitals and clinics, the credit bureau, Economic Opportunities Incorporated, retail creditors, and a minister-counselor from the Court of Conciliation also donated time and experience in providing advice and guiding leadership for the counseling service (DesChane, 1970).

In 1969, the number of members of the Board of Directors was changed to ten, and in 1971, it was revised to nine members (Gue, 1972). Members of the board of directors include: Jerry Girres, (banker), President, Paul Nyquist (comptroller, Nyquist Finance Company) Treasurer, Alice Dea (credit manager of Electric City Printing) Secretary, Fred Johnston (attorney) legal advisor, Vince Gue, (manager of Medical-dental Hospital Bureau of Montana) former president, John Houghton (Great Falls Credit Bureau), Tom Jenkins, (Secretary-Treasurer of Foremost Photo) Vice-President, and John Hall (Montgomery Wards) and Lillian Knudson, (Montana Bank loan officer). All board members are expected to attend each meeting. If a board member misses three or more meetings, a new member is selected to take his place (Gue, 1970).

The board of directors met twice each month the first year of operation. Since that time meetings have been held quarterly. The advisory board's function has diminished since the initial organization period of about one year.

The board of directors' responsibility is to "establish, conduct the affairs, maintain," and set the policy in the framework of good management of the consumer credit counseling service for those who may be in need of financial guidance. They hire and employ the manager-counselor. The spending of monies of the Consumer Credit Counseling Service must be acted upon by the board (Gue, 1970).

The counseling service is financially supported by memberships of $25 to $250 (or more) from each participating creditor, (finance company, bank, hospital, clinic, or retail creditor). Board members personally contact member creditors for each year's contribution. Individuals may contribute also. Non-member creditors may feed-back ten per cent of the amount they receive each month that is handled by the credit counseling service. Each client is charged a $5.00 fee for the initial interview and a $5.00 service fee each month (DesChane, 1970).

No client fees were charged during the first year of operation when Tom Wilson was counselor. In May, 1969, Mr. and Mrs. William DesChane became the new manager-counselor team. They set up a more detailed file of records and information about each client. The extra cost of paper products, Mrs. DesChane as part-time secretary-counselor, and increase in clientele necessitated the initial interview fee and monthly service fee charged each client. Mr. DesChane said, "The clients seem to appreciate and value the services more now that they are not free." The secretary of the Board of Directors, Paul Nyquist, stated that, "The debtors have been more cooperative and feel (obviously psychological) more a part of the program since the $5.00 charge was put into effect. There have also been fewer dropouts," (Nyquist, 1972).

Counselor's Qualifications and Duties

The Board of Directors of the Cascade County Consumer Credit Counseling Service set these qualifications for the counselor(s): 1) business management experience(s), 2) knowledge of credit from the debtors and creditors positions, and 3) a "good public relations man", capable of dealing with various clients and credit grantors (Gue, 1972). There is no age or education limitation, but rather, experience and first hand knowledge in credit and business (Gue, 1972).

<u>History of Counselors of the Cascade County Counseling Service</u>

Tom Wilson was a retired air force officer serving from April 1968, to April 1969 when William DesChane was hired by the board.

Mr. DesChane, a Montana native was manager and chief counselor from May, 1969 until his death in March, 1972 (nearly three years). For twenty-seven years he operated a farm and personal business in the Butte, Montana, area. He had been employed as the credit manager for General Tire and Rubber Co., office manager for a Ford vehicle agency, city clerk, and retail credit manager. Mrs. DesChane had held several positions including that of private secretary to General Motors Acceptance Corporation manager, secretary to the branch manager of Commercial Credit Corporation, Butte, Montana, assistant credit manager of Columbus Hospital in Great Falls, and statistician in a brokerage office. She has completed high school and business college (DesChane, 1970).

In April 1972, Al L. Larson was hired as manager-counselor. After high school graduation, he served five years in the U. S. Army tank corps before going to work as a baker. He advanced to bakery sales and finally a jobber bakery agency in Watertown, South Dakota. Later he moved to Helena, Montana and was employed as Eddy's bakery manager of some 50 employees. This required personal training of salesmen, and other employees; making personal contact with area stores and merchants, and general merchandising. Experience in the bakery business was interrupted for about six years, during which time he owned and operated a motel and worked on the Helena Police Force, simultaneously. During the years as manager and public relations man for the bakery business and motel, he gained financial counseling experience trying to help employees who were over-indebt, involved in garnishment cases, etc., by personal counseling and/or sending them to the firm's attorney to help them with their financial problems. During his residency and employment in Glendive, Montana (with Eddy's Bakeries) he went with people directly to creditors or lawyers for debt counseling, consolidation loans, pro-rated payments and garnishments, as well as individual budget counseling. This background provided valuable experiences for his present job of manager-counselor of the

Consumer Credit Counseling Service of Cascade County, Incorporated (Larson, 1972).

During 1972, the Consumer Credit Counseling Service of Cascade County, Inc., handled $668,257.54 in debts and approximately $21,158.16 per month is disbursed to creditors (Larson, 1973). The previous year (1971) $460,632.96 were disbursed ($18,033.03 per mo.) (Records for exact dollar amounts for prior years were unavailable (Larson, 1973)). This shows an increased use of the service.

Following the work-up interview, each of the client's creditors is contacted by the counselor (Mr. Larson or Mrs. DesChane) to provide information and to secure their cooperation concerning the client's adjusted budget and repayment schedule. A complete set of files is made up for the client to record amounts outstanding, creditors' names and addresses, repayment schedule, name of bank, dates and content of interviews and disbursements (DesChane, 1970 and Larson, 1972).

Al Larson has instituted a "follow-up" form procedure which is beneficial in reminding clients who do not keep their appointed counseling schedule. Immediate follow-up of this kind has produced positive results for both clients and creditors. A telephone call, or letter to out-of-town clients, the day after their unkept appointment usually helps to get them into the counseling office soon. This tends to keep people on the program longer with increased regularity (Larson, 1972).

Mr. Larson noted that a few of the people who come for debt counseling require only budget counseling and/or need guidance from a different kind of counselor. Consequently, he refers them to finance companies or banks, clergymen or marriage counselors, family planning, welfare, legal aid services, or Expanded Nutrition programs (Larson, 1972).

CHAPTER IV

RESULTS

The effectiveness of the Consumer Credit Counseling Service is determined by the degree to which it achieves the desired result. In this study, the degree of effectiveness achieved by the Consumer Credit Counseling Service of Cascade County, Inc., was evaluated by the clients, cooperating businesses, the board of directors, and the counselors.

The Consumer Credit Counseling Service of Cascade County, Inc., Great Falls, Montana was the second such service established in Montana, offering aid to debt-ridden families without increasing their financial burden (See Figure 1.). This service was established through the efforts of concerned businessmen and community leaders in an effort to reduce store debts and bankruptcies, and at the same time provide counseling in family money management.

Sample

The sample for this investigation comprised business contributors, participating clients, and C.C.C.S. Counselors. There were 58 local businesses contributing financial support to the counseling service. Of these, 51 responded to the questionnaire and others supplied information through the counselor. At the time of the survey 84 clients were using the counseling service; 66 (78.5%) of them responded to the seen in Appendices A, B, & C).

Client Questionnaire

On June 27, 1972, 84 questionnaires were mailed to the clients with the counseling service. Each questionnaire was accompanied by a letter requesting their cooperation and explaining the purpose of the study. There were 18 clients who did not respond.

Business Questionnaire

A total of 58 questionnaires were mailed to businesses who had creditors participating in the service. Each questionnaire was accompanied by a letter of explanation and a request for cooperation in the study. Four of the businesses paid back 10 per cent of the monies paid to them through the counseling service and 54 of the businesses made contributions annually, or more frequently. The remainder of the businesses or individuals cooperating with the service did not contribute financially to the service. Because the self-addressed reply envelopes were coded, a follow-up letter or phone call could remind those not responding to the original request to complete the questionnaire. There were 7 businesses who did not respond for the following reasons: incorrect address; insufficient participation with the service for evaluation; or quantity of clients too few for them to evaluate, they stated.

CHAPTER IV

RESULTS

The effectiveness of the Consumer Credit Counseling Service is determined by the degree to which it achieves the desired result. In this study, the degree of effectiveness achieved by the Consumer Credit Counseling Service of Cascade County, Inc., was evaluated by the clients, cooperating businesses, the board of directors, and the counselors.

The Consumer Credit Counseling Service of Cascade County, Inc., Great Falls, Montana was the second such service established in Montana, offering aid to debt-ridden families without increasing their financial burden (See Figure 1.). This service was established through the efforts of concerned businessmen and community leaders in an effort to reduce store debts and bankruptcies, and at the same time provide counseling in family money management.

Sample

The sample for this investigation comprised business contributors, participating clients, and C.C.C.S. Counselors. There were 58 local businesses contributing financial support to the counseling service. Of these, 51 responded to the questionnaire and others supplied information through the counselor. At the time of the survey 84 clients were using the counseling service; 66 (78.5%) of them responded to the

MONTANA

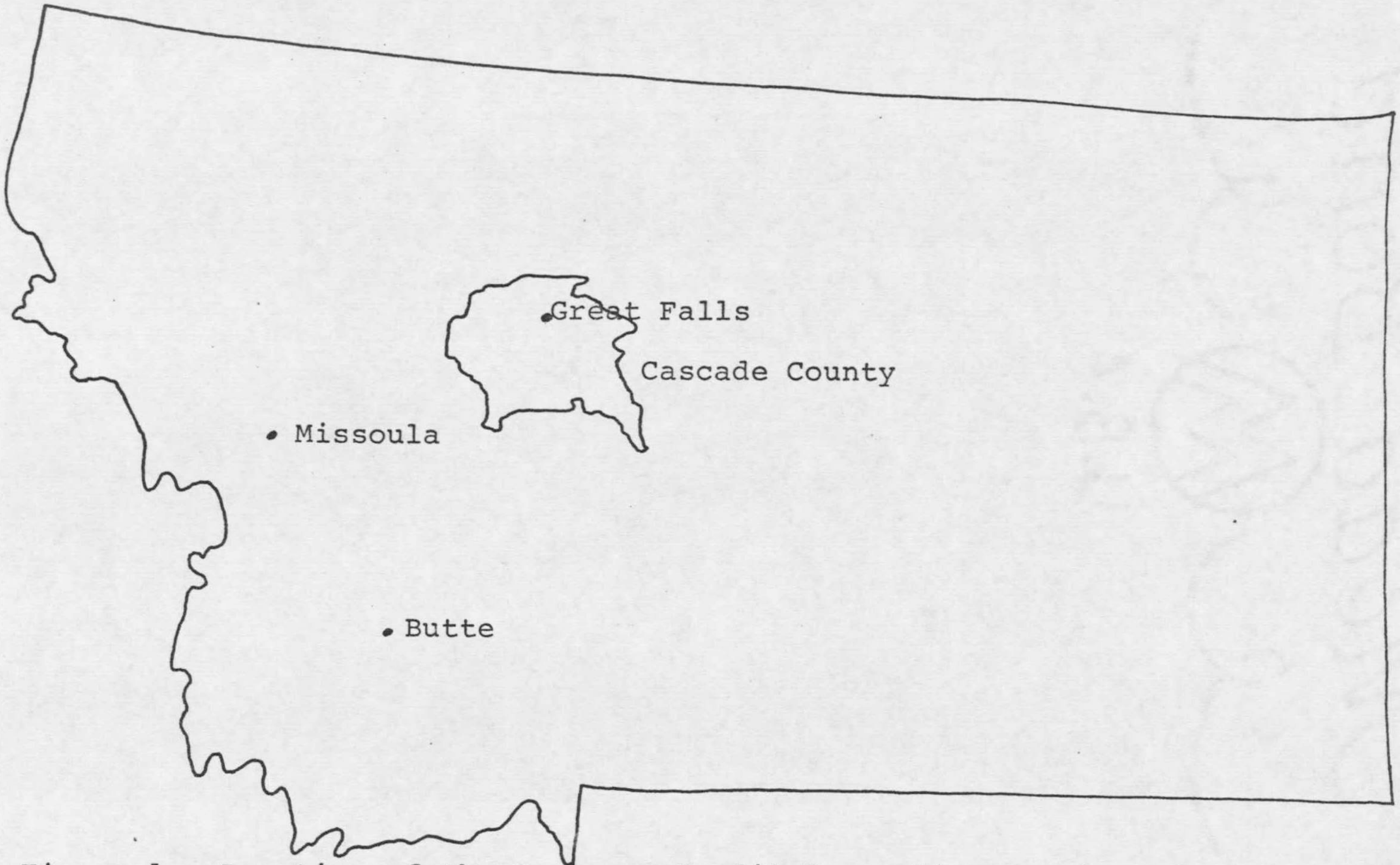

Figure 1. Location of the Consumer Credit Counseling Service of Cascade County

questionnaire. Fifty-five were married, eight were divorced or separated, two were widowed, and one was single. Eighteen counselees did not respond. From the counseling service staff, information was received from two counselors, a secretary, and eight members of the Board of Directors.

Business Respondents

There were fifty-one businesses that responded to the questionnaire and three others that wrote letters. Of those responding to the questionnaire, 45 (88.2%) considered the service successful, and those writing letters indicated the counseling service was effective. Only two of the responding businesses actually gave a negative response and four gave no comment. Of the other 45 businesses responding, many added comments indicating the service has been beneficial to the creditors as well as the debtors of the community and that it is being handled most effectively at the time of this study. Ten commented that it probably reduced the number of bankruptcies in the Great Falls area. In a study done by Thomas Jenkins, a member of the board of directors of the Consumer Credit Counseling Service of Cascade Co., Inc., it was observed that in 1970, forty-four per cent of the bankruptcies filed by residents of Great Falls (Cascade County) were for debts less than $5,000.00 (Jenkins, 1971). In the first six months of 1972, of the personal bankruptcies filed, 33.3 percent were for $5,000.00 or less (Bankruptcy Report, 1972). In both years, 70 per cent of those filing for bankruptcy of $5,000.00 or less were wage earners, but did not elect the Wage Earner Plan of Chapter XIII of the bankruptcy laws (U.S. District Court Records, 1972).

Three of the board of directors who were also credit grantors indicated a need for community-wide promotion of the Credit Counseling Service's function to benefit creditor and debtors, by making them aware of this alternative to bankruptcy. Jenkins noted in his study that the recovery rate on bankruptcies is practically nil, while an individual's entire debts may eventually be paid off through the counseling service (Jenkins, 1971).

There were a total of 58 businesses supporting the Counseling Service financially as of June, 1972. Fifty-four of these were subscribing to the service with an annual contribution of $25.00 or more. The remaining four were returning ten per cent of the amount collected for them by the counseling service (see Figure 2.). (Of this total, 51 (88%) responded to the questionnaire.)

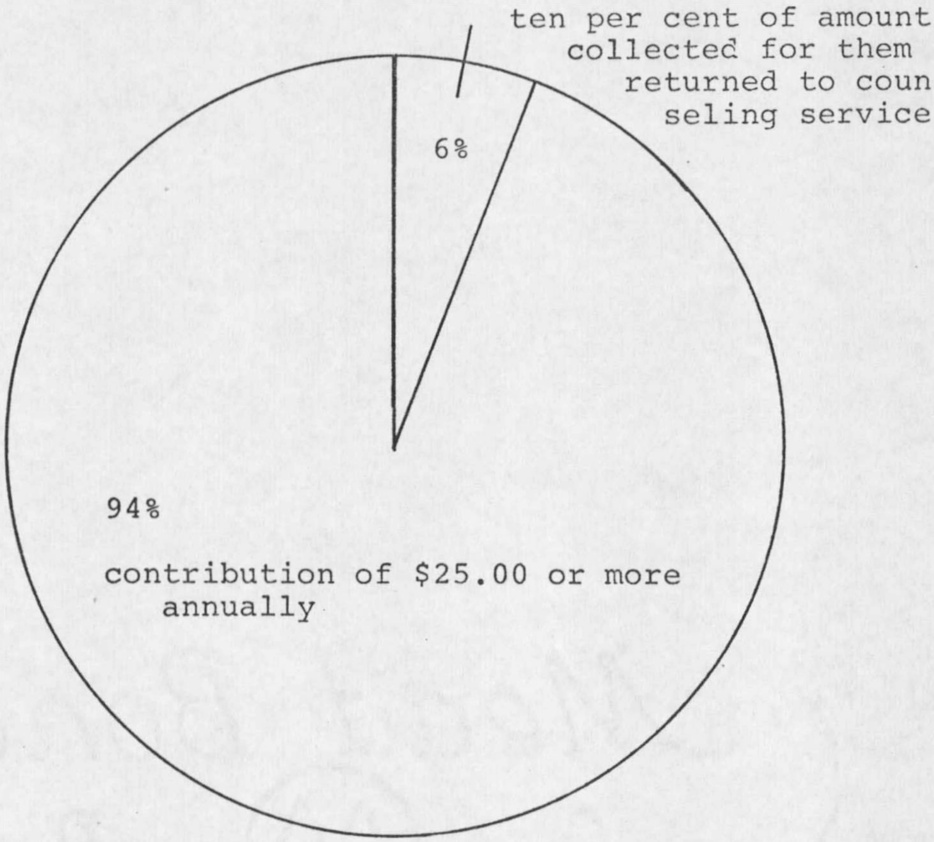

Figure 2. How Businesses Support the Consumer Credit Counseling Service of Cascade County, Inc.

Source of Learning of Counseling Service

The majority of the businesses (32, or 62.7%) learned of the service through contact with a member of the board of directors or employees of the service, or from one of the initiators. This was probably true because there was originally an advisory council of twenty-five, as well as the twelve board of directors. Also, the Cascade County Credit Association was the launching pad for this organization and naturally had the support of a number of businesses. Only six (11.8%) learned of the service through a brochure describing the service. Thirteen listed some other form, especially through a delinquent customer who sought help through the counseling service.

Krueger's (1970) study of the Butte C.C.C.S. stated that "eleven of the 27 businesses contributing to the service learned of the...service from its initiators." Contact with a board member, the credit bureau, or the brochure (from the counseling service) were the other forms of learning about the service (Krueger, 1970). Bryson's study of Missoula's Counseling Service showed 83 per cent of the businesses learned of the counseling service through initiators or board members (Bryson, 1971). Thus, in all three communities, the majority of the businesses learned about the counseling service by one of the initiators, or a board member.

Length With Counseling Service

Many of the businesses (52.9%) had been with the Counseling service of Cascade County, Inc., since its beginning in 1968. Each year there were other businesses that became associated with the counseling service. In 1972, 17 per cent had been members more than two years; 5.9 per cent for two years, and 19.5 per cent for one year or less. There were four who did not indicate the length of time with the service (See Figure 3.)

Similar results were found in the Missoula community. Sixty-six per cent of the businesses had been with the service since the beginning (in 1968,) and 12 per cent in each of the one and two year groups; four per cent were with them three years (Bryson, 1971). The Butte service had only been in existence eleven months when it was studied, so there was not the chance for growth. However, they were congruent with the other studies in that 92 per cent of the responding businesses were supporting the counseling service from its initiation (Krueger, 1970).

Arrangements for Reducing Debts or Payments

There were thirty-five businesses (68.6%) that reported making special arrangements for the debtors to make payments.

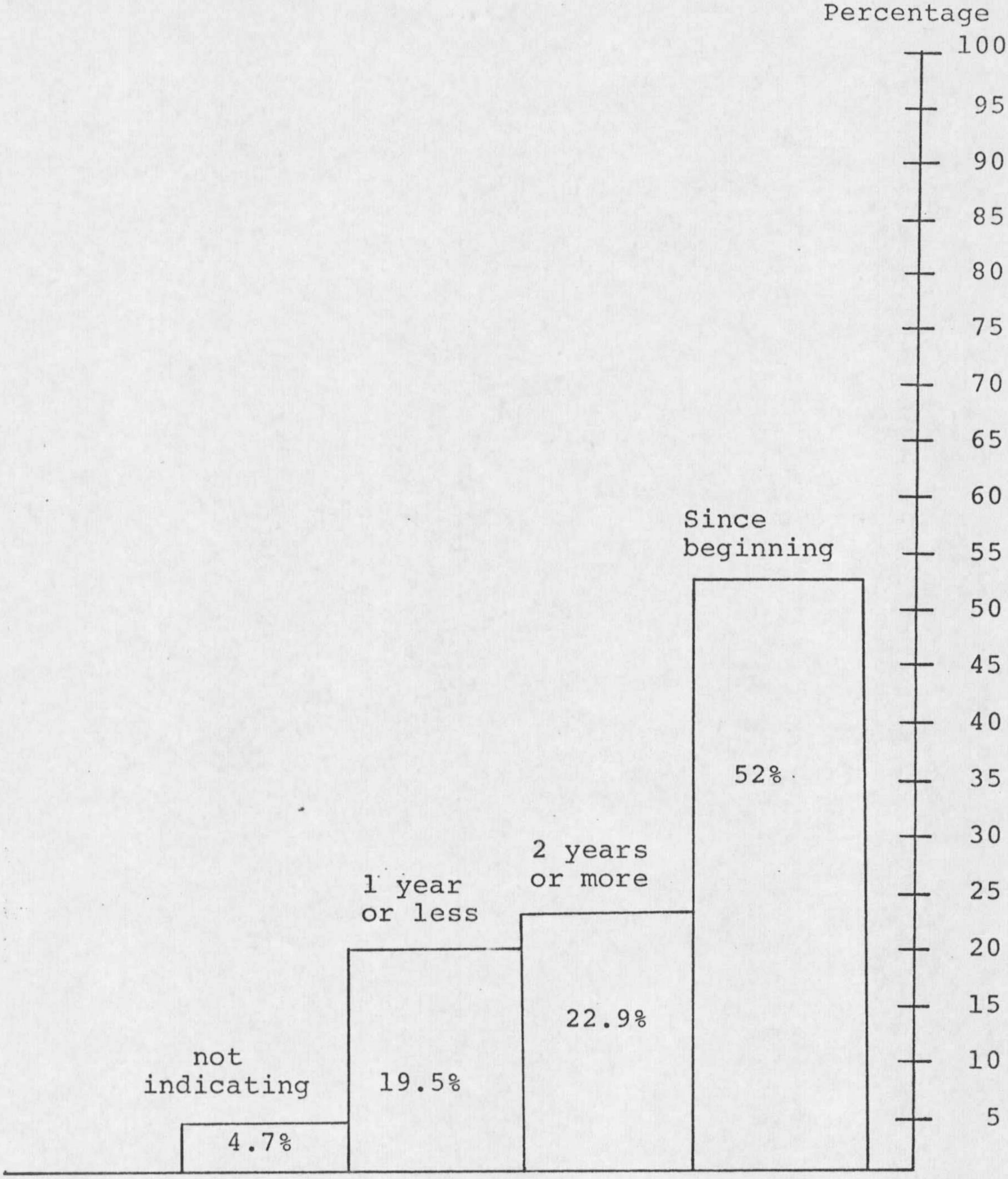

Figure 3. Length of Time Business Supported Counseling Service

Of these, 34 or (66.7%) indicated reducing the amount of the payments and extending them over a longer period of time. Other ways of helping the customer-debtor involved reducing the interest and/or the carrying charges (7.8%), five (9.8%) reduced the debt, and six (11.8%) eliminated the late charges.

TABLE II

METHODS OF ASSISTANCE IN DEBT PAYMENT USED BY THREE COUNSELING SERVICES IN MONTANA

ARRANGEMENTS	GREAT FALLS	MISSOULA	BUTTE
Reported special arrangements made	68.6%	68%	67%
Reduced interest or carrying charge	7.8%	13%	96%
Reduction of Debt	9.8%	*	*
Eliminate late charges	11.8%	13%	90%
Reduce amount of Payment	66.7%	66%	92%

* = information unavailable

The Missoula Counseling Service had almost the same percentage -- 68 per cent making special arrangements, and eliminating the late charges, 66 per cent (Bryson, 1971). In Butte, Krueger stated that 92 per cent made special arrangements for payment and 90 per cent eliminated the late charges. It should be noted that many of the Butte businessmen did not handle their own collections of delinquent accounts and may not have been aware of the steps taken in securing payment (Krueger, 1970). (See Table II).

Board of Directors

All of the board of directors who were interviewed personally or by telephone conversations indicated that they were aware of the counseling services' effective impact on the community, and its real help to the individuals involved. This is similar to the Butte and Missoula studies where all those associated with the management as well as the counselor (and businesses) expressed enthusiastic support for the counseling service (Krueger, 1970; Bryson, 1971). All commented upon the desirable economic contribution to the community and indicated that they felt it was equally helpful in guiding families to better money management and family relations, since money is in the number two position for causing family tension, problems, and separations.

Too, the board was planning effective programs to publicize the services of the counseling service for both clients and businesses. For continued support, additional business contributors are needed.

Clients Characteristics

Background Information

Although only 55 of the 66 respondents were married couples, the counseling service's files revealed that of the eight divorced and separated family situations, the debts were actually incurred while the couple was living together, or because of maintaining separate residences. The two widowed individuals had lost their spouses just prior to counseling, so again, the debts were incurred as a family unit. The one single participant was maintaining his own home. Consequently, the sample will be treated as "families". These respondents exhibited the following characteristics:

Age

The clients participating in the study ranged in age from 19 to over 50 years of age. The husbands' median age was 32 and the median age of the wives', 29.8 years. Sixty per cent of the men and 62.7 per cent of the women studied were between 19 and 35 years of age.

In the studies of two other Consumer Credit Counseling Services in Montana, at Butte, and Missoula, the median age for husbands was greater. The Great Falls men were 0.5 years younger than Butte men, and 1.5 years younger than Missoula men. The wives in the Butte study were 1.4 years older; in Missoula wives were 1.1 years younger than Great Falls respondents (Krueger, 1970; Bryson, 1971).

TABLE III

DESCRIPTION OF CLIENTS

CHARACTERISTIC	NUMBER	PERCENT
Age of husband		
19-25	9	15
26-30	15	25
31-35	12	20
36-50	18	30
Over 50	6	10
Age of wife		
19-25	17	29
26-30	12	20
31-35	8	14
36-50	17	29
Over 50	5	8
Husband's Education		
Grade school or less	9	15
Grades 9 through 11	8	14
High school graduate	20	34
College but not a graduate	15	25
Bachelors degree	3	5
More than 4 years of college	4	7
Wife's Education		
Grade school or less	5	8
Grades 9 through 11	13	21
High school graduate	28	44
College but not a graduate	14	22
Bachelors degree	2	3
More than 4 years of college	1	2
Employment Husband		
Full-time	51	85
Part-time	5	8
Unemployed	5	8

TABLE III Continued

CHARACTERISTIC	NUMBER	PERCENT
Employment Wife		
Full-time	7	11
Part-time	1	2
Unemployed (housewife)	55	87
Length of Marriage		
1-2 years	5	9
3-5 years	17	30
6-10 years	13	23
11-20 years	10	17
21-or more years	12	21
Number of Children		
no children	13	20
one	11	18
two	20	31
three	12	19
four	2	3
five	6	9
Family Income (Annual)		
Under $3,000	9	14
$3,000-$4,999	5	8
$5,000-$6,999	21	32
$7,000-$9,999	23	35
$10,000 and over	8	11
Amount of Indebtedness		
$100 - $999	3	5
$1,000 - $1,999	4	6
$2,000 0 $2,999	8	12
$3,000 - $4,999	18	28
$5,000 - $9,999	28	43
$10,000 and over	4	6

Education

Seventy-one per cent of the men and 71.5 per cent of the women had graduated from high school or attended college.

Fifteen per cent of the men had eighth grade education or less and eight per cent of the wives had not attended past the eighth grade.

Nearly twice as many men using the Great Falls counseling service as Butte men using that service had completed high school or attended college. Education levels were moderately higher in the Missoula study than Butte, but less than in the Great Falls study. (See Table IV.)

TABLE IV

COMPARISON OF EDUCATION LEVELS OF MEN IN BUTTE, MISSOULA, AND GREAT FALLS

Education	Butte+		Missoula#		Great Falls	
	H*%	W%	H%	W%	H%	W%
High school graduate &/or some college	36	44	61	53	71	71.5
Grade school or less	24	18	15	14	15	8

* H = Husbands +(Krueger, 1970) #(Bryson, 1971)
W = Wives

When the chi-square analysis was applied to the data, no significant relationship was found between the amount of indebtedness and the education of the husbands. (Appendix E.)

<u>Employment</u> -- <u>Men</u>

Fifty-one (85%) of the 60 men in the study worked full-time, five were employed part-time, five were not working due to retirement or unemployment. (One elderly retired man did part-time work to supplement social security.) Strike unemployment was mentioned seven times under "causes of indebtedness" but there were no strikes at the time of the study (See Table III).

Since the study was done in June, (1972) a maximum of seasonal labor jobs as well as year-round jobs could have accounted for the relatively high percentage (85%) of employed. Two of the respondents were retired due to age and one was a retired serviceman with an invalid wife (hardship discharge).

The majority of the men were blue collar workers 28 (46.7%), 20 (33.3%) were white collar, 5 (8.3%) were executive and 2 (3.4%) were military personnel (See Figure 4.).

In Missoula, 5 per cent (4) of the 73 men reported unemployment. Strikes in Butte left only 11 per cent employed of the participants in Krueger's study (Krueger, 1970). Of the Great Falls men, only 8 per cent had no employment (See Table V).

Employment - Women

Being a housewife was stated as the most common occupation of the feminine respondents 55 (87%) in the Great

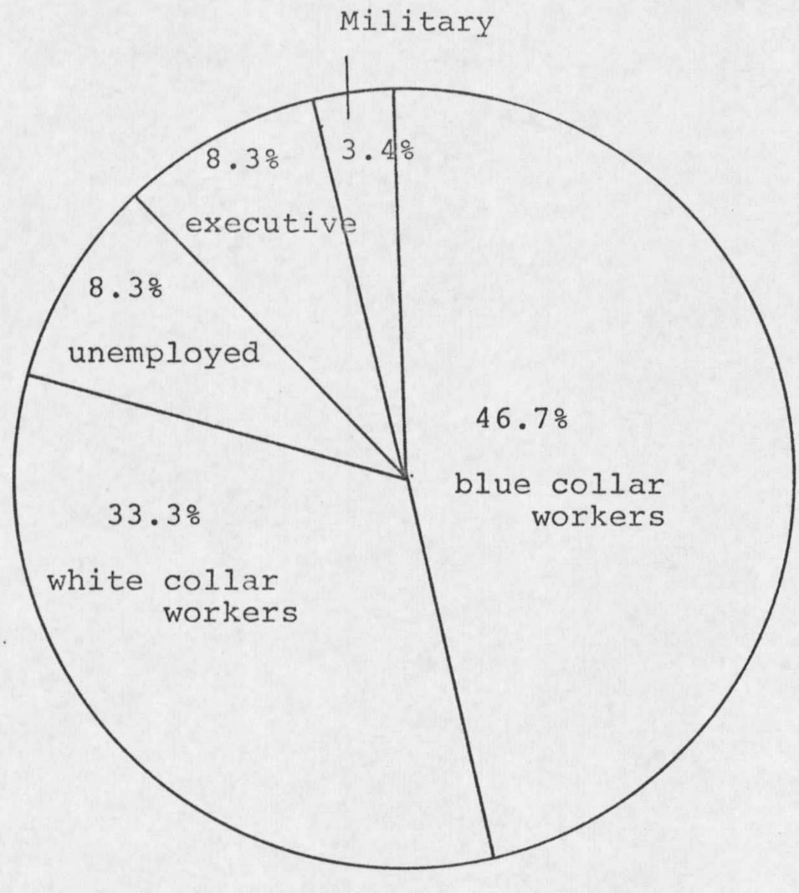

Figure 4. Occupational Distribution -- Men

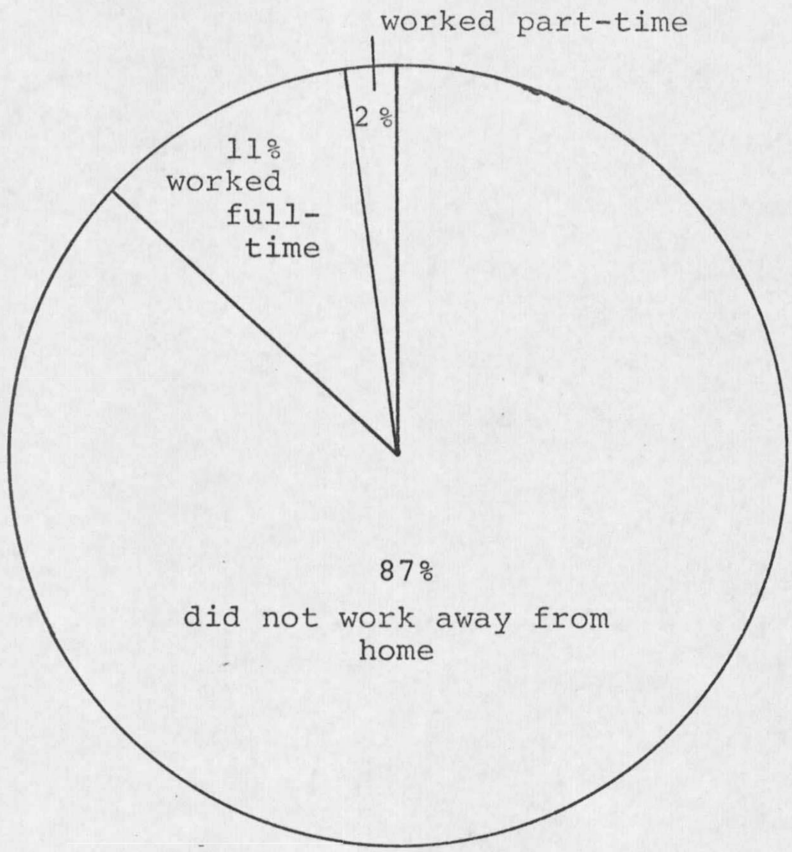

Figure 5. Employment of Women

Falls study. Only 7 (11%) of the women worked full-time, and 1 (2%) worked part-time (See Table III). (See Figure 5.).

Of the three counseling services studied in the state of Montana, Great Falls women held the smallest percentage of jobs. Eighty-one per cent of the Butte women were housewives (Krueger, 1970), and sixty-one per cent of the Missoula participants were housewives. Of the Missoula women, 25 per cent were full-time workers, and 14 per cent worked part-time (Bryson, 1971). Of Butte women, 10 per cent were employed full-time, and 9 per cent part-time (Krueger, 1970). (See Table V).

TABLE V

COMPARISON OF EMPLOYMENT IN THREE MONTANA CITIES

EMPLOYMENT	GREAT FALLS		MISSOULA		BUTTE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Men						
Full-time	51	85	69	95	10	11
Part-time	5	8	4	5		
Unemployed	5	8			81	89
Women						
Full-time	7	11	18	25	9	10
Part-time	1	2	10	14	8	9
Housewives	55	87	45	61	74	81

<u>Number of Children at Home</u>

An average of two children per family was found to be living at home. Of the 64 respondents to this question, twenty per cent had no children living at home. This is probably to be expected since six of the women and five of the men were over 50 years of age, and 18 men and 17 women were over thirty-six years of age. No family had more than five children living at home. Sixty-seven per cent of the families had three children or less at home and 12.5 per cent had four or five children living at home. These data would seem to indicate that large families were not a major factor in over-indebtedness. Census data indicates that the present mean number of children per family is 2.5 or 3. Thus, the families studied are within the national average (See Table III and Figure 5).

In the Butte and Missoula studies, the mean number of children per family was three. These two studies averaged one more child per family than Great Falls families. However, the Butte sample had only one widower, the Missoula study used only married couples, and 10 of the Great Falls sample included divorced, separated, and widowed people.

The chi-square test revealed no significant relationship between the number of children and the amount of debt or

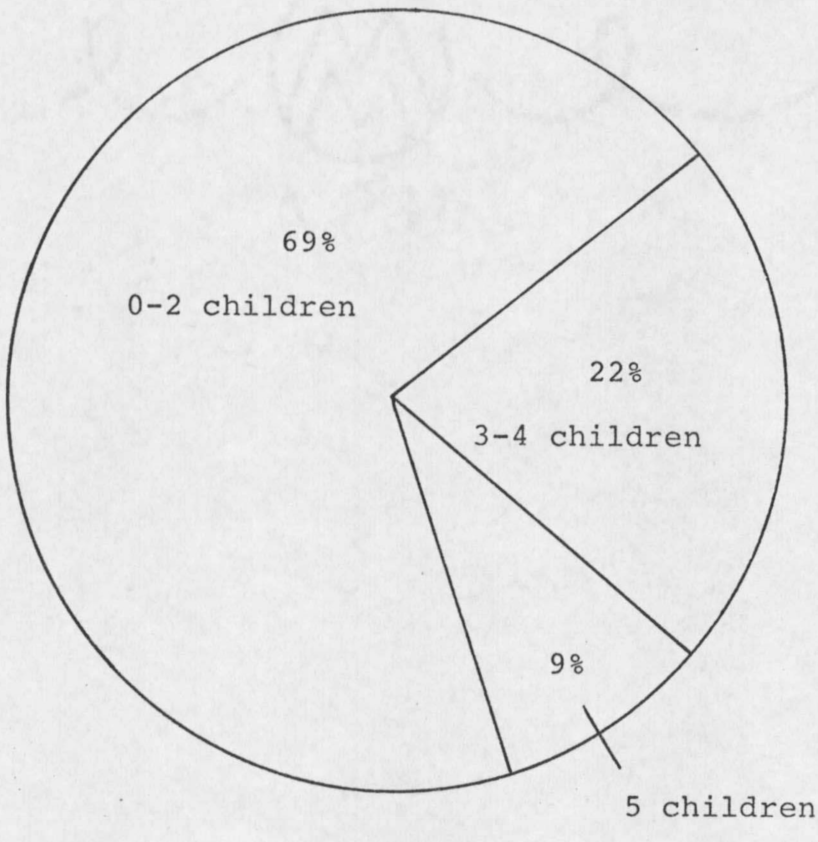

Figure 6. Number of Children Living at Home

between the education level of the wife and the number of children at home (Appendix E).

Marital Status

The length of marriages varied from 1 year to over 21 years with a median of 6.3 years for the 57 clients that had been married. More than one-third (39% or 21) couples had been married less than five years and 22 (38%) had been married for more than ten years. Thirteen (23%) were married six to ten years.

Two of the eight clients that were separated responded to the question on length of marriage as well as the 55 married couples. (One individual was unmarried.)

Missoula couples were married a median of 8.7 years, or 2.4 years longer than the Great Falls couples (Bryson, 1971). Krueger's study (1970) of the Butte counseling service showed the longest periof of marriage with a median of 11.5 years, or 5.2 years longer than the Great Falls families. Two of the Butte clients reporting were divorced (Krueger, 1970). The Missoula study did not use data from unmarried individuals (Bryson, 1971).

When the chi-square test was applied, a significant relationship was found between the length of time married and the amount of debt. The shorter the marriage, the greater the degree of indebtedness (Appendix E). This follows the normal trend that families' needs for housing, household goods, and the arrival of children all in the first few years of marriage creates a strain on the income. This is compounded by the fact that income (or earning power) is less during this same period of the family life cycle.

Annual Income

Incomes of the clients reporting ranged from less than \$3,000 to \$14,999 for 1971. Two-thirds (66.6% or 44) of the incomes were between \$5,000 and \$9,999. Eight (12%) of the families had an income over \$10,000 and 9 (14%) of them had less than \$3,000 on which to live. Eight of the clients were either retired or unemployed (See Figure 7.).

The mean income was \$6,924. The 1970 census figures list the mean income for Montana families for 1969 as \$8,171; (the median income for the same year was \$8,512 in Montana) (U.S. Department of Commerce, 1971). This indicates that the clients using the credit counseling services had a lower mean income level than the average family within the state.

The Great Falls and Missoula families had similar income levels. In Missoula, 63 per cent had yearly incomes between \$5,000 and \$9,999 (Bryson, 1971). However, the Butte study revealed a considerably lower income level due to the high rate of unemployment (80%). In Butte, 70 per cent of the client families had incomes of $3,000 to $6,999. None had incomes over $10,000. When both the husband and wife were employed the Butte families had an average income of $5,233 (Krueger, 1970).

There was a significant relationship between the amount of income and the amount of indebtedness of the families when the chi-square test was applied to the data. The greater the income, the greater the degree of indebtedness. It indicates that the more money they made, the more they spent, but not in a prudent manner. Apparently poor money management as well as a desire to satisfy immediately many of their wants and needs contributed to over indebtedness. Bryson (1971) found a relationship between the amount of income and the amount of indebtedness in the Missoula sample also. The same conclusions were drawn. No significant relationship was found, however, between the education level of the husband and the amount of income (Appendix E).

Sixty-eight per cent of the Missoula clients listed installment buying as the major cause of indebtedness, with medical reasons (37%) second and unemployment (29%) third (Bryson, 1971).

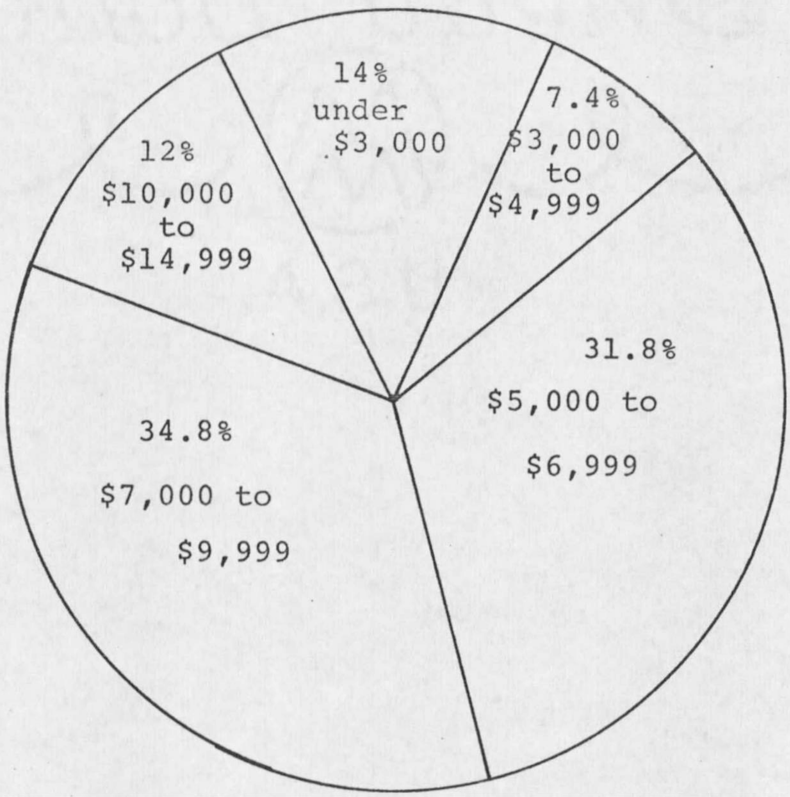

Figure 7. Annual Family Income

Amount of Indebtedness

The participants of the study had a range of indebtedness from $100 to over $10,000. This did not include mortgage on homes. The average indebtedness was $6,537. Forty-three per cent (28) of the responding clients had indebtedness of $5,000 to $9,999. Twenty-eight per cent (18) had debts of $3,000 to $5,000. Only four (6%) of the group had debts totaling over $10,000 or more. Fifteen (23%) had debts less than $3,000 (See Table III and Figure 8.). Of the 66 respondents to the questionnaire, 16 (24%) had at some time previously filed for bankruptcy.

In the study done by Krueger (1970) in Butte and the one done by Bryson (1971) in Missoula, the average indebtedness was reported between $3,000 and $4,999. The largest number of respondents in Butte (37%) and in Missoula (47%) were in this category. The Great Falls, clients showed a significantly larger amount of indebtedness of 43 per cent in the $5,000 to $9,999 category. Both the Butte study and the Missoula study reported 15 per cent indebtedness over $5,000.

Causes of Indebtedness

Of the six specific choices for the respondents to check, the three most often checked were installment buying (29 or 23%), medical (28 or 22%), and unemployment which made up a

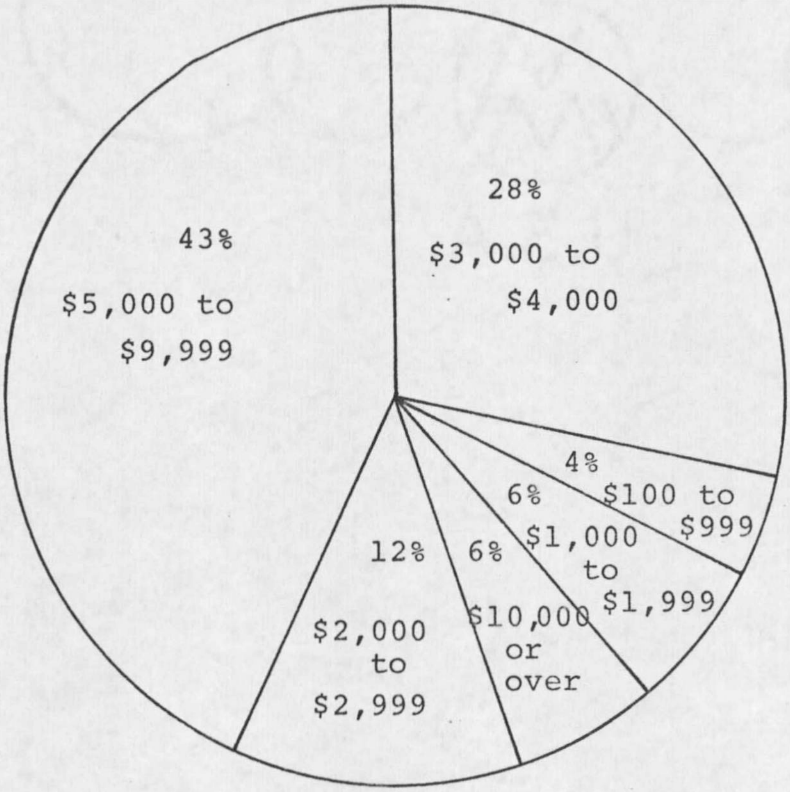

Figure 8. Amount of Indebtedness

total of 22 per cent (28) of the causes of indebtedness. Of the unemployed number, only 7 (5.5%) were due to strike unemployment.

Of lesser importance in causing indebtedness were such things as "other" (including divorce), pregnancy 9, furthering education 5, and death 4 (See Table VI and Figure 9).

TABLE VI

CAUSES OF INDEBTEDNESS

CAUSE	NUMBER	PERCENT
Installment buying	29	23
Medical	28	22
Unemployment (including strike)	28	22
Other	24	19
Pregnancy	9	7
Furthering education	5	4
Death - Funeral Expenses	4	3

As has already been mentioned, the Butte couples listed unemployment (79%) as the major factor for their over-indebtedness. However, medical problems ranked second (53%), and installment buying (46%) third (Krueger, 1970).

<u>Length of Unemployment.</u> Less than one-fourth of the clients (22%) reported any unemployment. For these 28, the length of unemployment varied from one month to more than one year. Eleven of them (29%) had been without work for 10

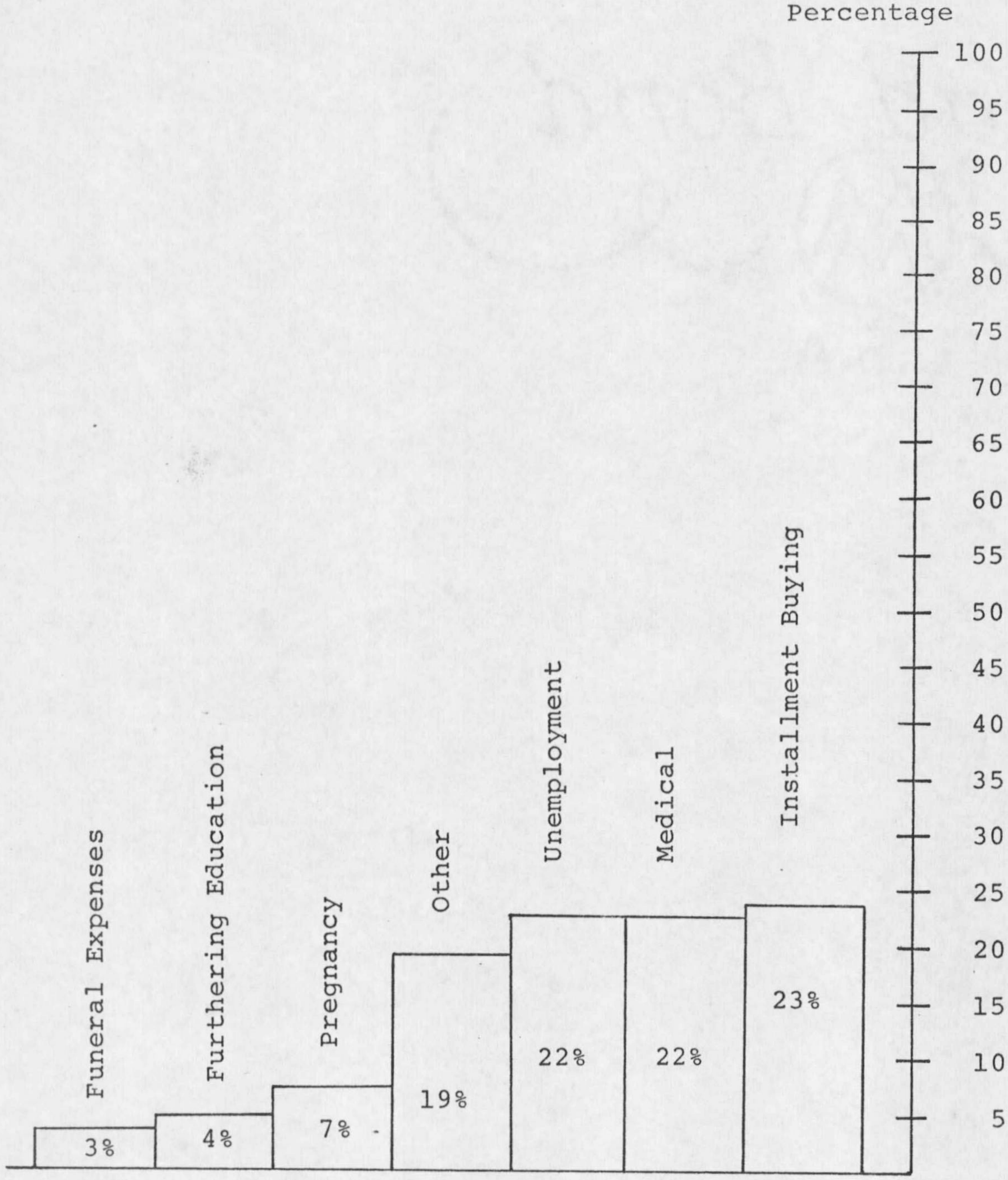

Figure 9. Causes of Indebtedness

months or more, 6 (16%) were unemployed from 6 to 9 months, 9 (24%) listed 4 to 6 months, and 12 (31%) from 10 to 90 days (See Table VII).

Butte's unemployment picture was considerably larger with a total of 89 per cent of the husbands (clients) being unemployed for 10 to 12 months (45%) (Krueger, 1970). Missoula had 40 per cent of the clients showing some unemployment. However, only 12 per cent (9) had been without work for more than 10 months (Bryson, 1971).

TABLE VII

LENGTH OF UNEMPLOYMENT

TIME LENGTH	NUMBER	PERCENT
10 months or over	11	29
6-9 months	6	16
4-6 months	9	24
1-3 months	10	26
10-30 days	2	5

Services Used While Unemployed. Of the 66 participants responding in the study, less than half of them indicated using any services to assist their financial stress. The most common source of assistance was food stamps (15 families or 48%). Workman's unemployment compensation was used by 8 of the client families. Welfare, aid to dependent children and "other" charity sources were mentioned a total of eight times (See Table VIII).

TABLE VIII

SERVICES USED WHILE UNEMPLOYED

SERVICES	NUMBER	PERCENT
Food Stamps	15	48
Unemployment Compensation	8	26
Welfare	3	10
Other Assistance	3	10
Aid to Dependent Children	2	6

Butte clients used all of the same services (aids) for unemployed that the Great Falls clients used although some qualified for Labor Union Benefits. They too, most often mentioned use of food stamps (64%) and (42%) resorted to welfare (Krueger, 1970).

In Missoula, the client families made use of unemployment compensation the most (18%) of all the sources of aid. Only two mentioned using food stamps and four used welfare (Bryson, 1971).

__Referrals to the Counseling Agency__

Most of the people using the counseling service had learned of it through personal contacts. Finance companies referred the greatest amount -- 35 per cent (23). Friends and relatives referred 12 (18%). Seven (11%) were sent to the counseling service by their creditors and 18 (27%) mentioned miscellaneous sources (See Table IX).

Twenty-three per cent of the clients using the Butte Consumer Credit Counseling Service were referred by finance companies (Krueger, 1970). In Great Falls, finance companies were responsible for the greatest number of referrals too. Others (19%), friends (16%), attorneys (12%), creditors (10%), referred many to the agency (Krueger, 1970).

TABLE IX

REFERRALS TO THE COUNSELING SERVICE

SOURCE	NUMBER	PERCENT
Finance company	23	35
Other	18	27
Friends and relatives	12	18
Creditor	7	11
Attorney	3	5
Minister, Doctor or Dentist	2	3
Legal Aid Office	1	1

Means of Liquidating Debts

Many clients resorted to several means of reducing their indebtedness. The two most frequently reported were cutting down on the food budget (30 or 28%), and giving up recreation (27 or 25%). Eighteen (17%) women went to work outside the home and 8 (7%) took in ironing or did baby sitting in their homes for extra cash. Borrowing from relatives (8 or 7%) and other miscellaneous things (5 or 5%) were mentioned (including selling some assets such as a vehicle, coin collection or machines,) (See Table X and Figure 10.).

Reduced spending on food and recreation was the highest percentage (51%) in the Missoula study also. There, forty-seven per cent (34) of the women took a second job or worked at home for extra cash (Bryson, 1971).

Butte families in financial stress used the same methods in nearly the same proportions as did the Great Falls and Missoula families (Krueger, 1970).

TABLE X

MEANS OF LIQUIDATING DEBTS

MEANS USED	NUMBER	PERCENT
Cut down on food budget	30	28
Gave up recreation	27	25
Wife went to work	18	17
Husband took a second job	12	11
Borrowed from relative	8	7
Wife took in extra work	8	7
Other	5	5

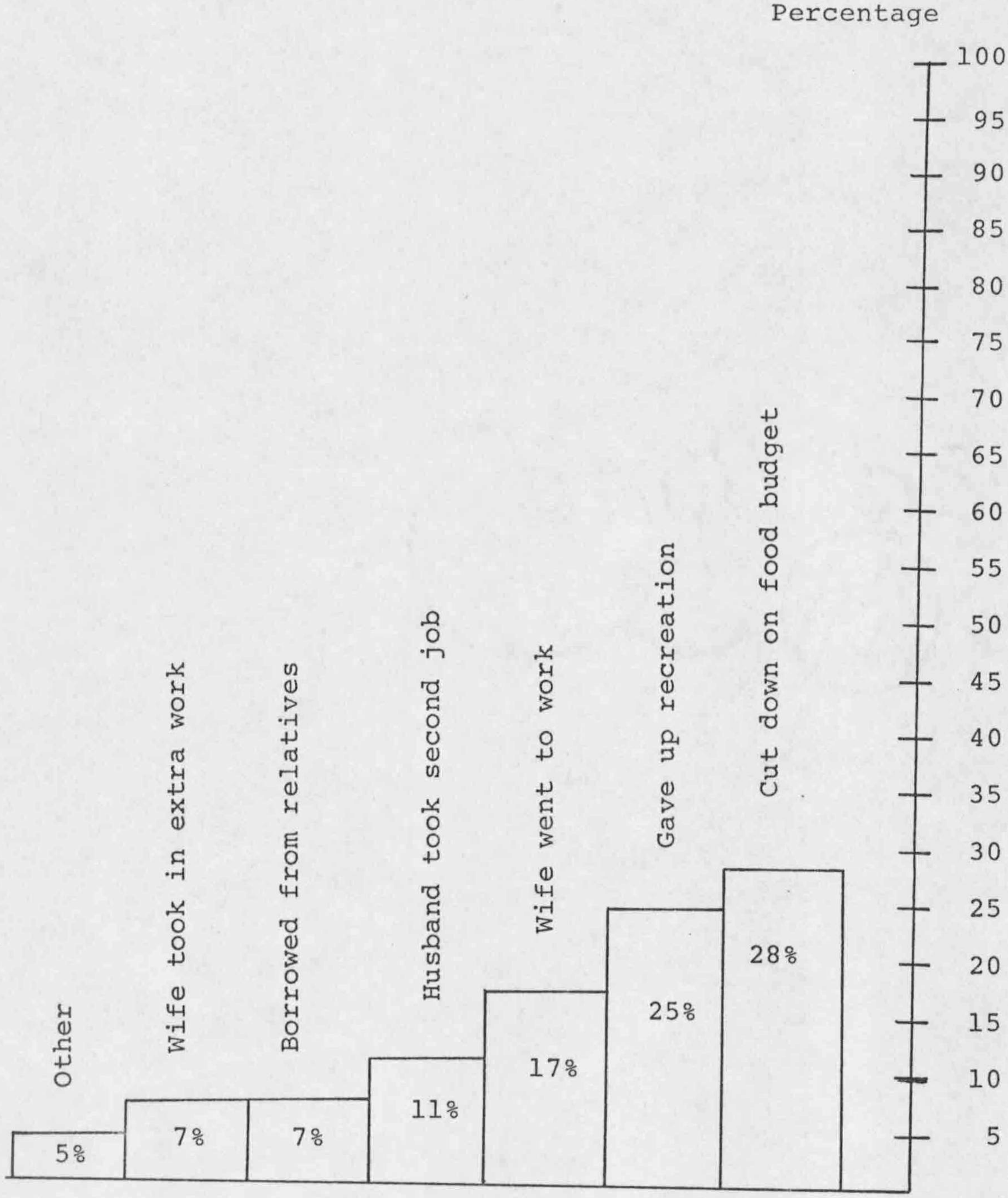

Figure 10. Means of Liquidating Debts

Number of Creditors

Clients using the Consumer Credit Counseling Service of Cascade County, Inc. had credit extended to them from less than 5 to more than 21 creditors. The median was 13.3 creditors per family. Twenty-nine per cent of the families paid debts to 16 to 20 creditors. Twenty-five per cent were owing 11 to 15 creditors. In both the highest and lowest category there were 7 (11%) owing less than 5 or more than 21 creditors (See Table XI).

The chi-square test revealed a significant relationship between the amount of debts and the number of creditors. It appears that the greater the dollar value in debts, the larger the number of creditors.

TABLE XI

NUMBER OF CREDITORS

CREDITORS	NUMBER OF CLIENTS	PERCENT
16-20	19	29
6-11	17	25
11-15	16	24
5 or under	7	11
21 or more	7	11

Length of Counseling

The Consumer Credit Counseling Service of Cascade County, Inc., had been in operation for over four years (50 months) at the time of the study. In June 1972, there was a total of 84 active clients. Of the 66 (78.5%) participating in the study, 12 (18%) had used the service for more than two years, 29 (47%) had been associated with it from 12 to 24 months and 23 (35%) had used the service less than one year (See Table XII). (Two clients did not indicate the length of time with the counseling service.)

TABLE XII

LENGTH WITH COUNSELING SERVICE

LENGTH OF TIME	NUMBER	PERCENT
24 to 36 months (or more)	12	18
13 to 23 months	20	33
7 to 12 months	9	14
1 to 6 months	23	35

In Missoula, 14 (19%) had used the service more than two years, 23 (32%) used it from one to two years, and 36 (32%) used it less than twelve months (Bryson, 1971). Butte clients did not have an opportunity to use the counseling service more than 11 months since the service was less than one year old (Krueger, 1970).

Clients View of the Effectiveness of the Counseling Service

The clients attitude toward the counseling service was exceptionally favorable. An overwhelming majority, 94 per cent (61) stated that they would recommend the counseling service to others with financial problems. Ninety per cent (60) reported that the counseling service had assisted them in improved money management practices. This indicates that they were satisfied with the service and that they had experienced improvement in handling their finances.

Most clients also checked positive responses to other questions on client education by the counselor. Seventy-two per cent (43) indicated a greater understanding concerning borrowing money and 47 per cent (39 of 58 responding to the question) stated that the counselor had provided an increase in their ability to use different types of credit and install-buying. The aim of the Great Falls, counseling service is not only to assist families and individuals in liquidating existing debts, but to prepare them for successful management of their finances in the future. Through the counseling service and an increase in money management education programs, more families can meet with financial success.

The responding clients showed a definite interest in improving money management ability through education. Forty-one per cent indicated a need for more counseling in money management, especially in budgeting (20), insurance and investments (14), borrowing (6), and banking (3) (See Table XIII).

TABLE XIII

COUNSELING ACHIEVEMENTS

ACHIEVEMENT	NUMBER	PERCENT
Would recommend counseling service to others	61	94
Greater understanding of money management	60	91
Greater understanding of borrowing	43	71
Greater understanding of credit	39	67
Would attend money management class if available	42	65

In the Butte study, 98 per cent (4% more than in the Great Falls report) indicated that they would recommend the counseling service to others (Krueger, 1970). The Missoula study also had a greater percentage (99%) recommending the service to others than did the Great Falls service's clients (Bryson, 1971). Approximately ninety-five per cent of the Butte group and seventy-nine per cent of the Missoula group, stated they had a greater understanding of credit. These are approximately twenty-five per cent greater than the Great Falls respondents. Nearly half of all three groups of clients indicated a strong need and desire to learn more about money management through classes (if available) (Krueger, 1970; Bryson, 1971).

Improvement of the Service

Nearly all of the business participants in the study, all of the members of the Board of directors, the two counselors, and the majority of the clients stated that the service was effective. Only a few comments for improvement were given by some of those closely associated with the counseling service.

Clients

Clients offered several suggestions for possible improvement of the service. Twenty-four per cent (16) suggested that more money management education be provided for the clients. Seven did not want to pay a monthly service fee (of $5.00). Three individuals wrote in the comments about the need for more counselors or additional help for the one (male) counselor. Two stated that a full-time secretarial assistant to the counselor would be beneficial in saving time. Two wrote in the need for greater publicity to reach the debtor in financial trouble plus the need for better knowledge within the business community of what the counseling service was trying to do for the clients and the community. Staying open one evening a week or on Saturdays was mentioned by two clients as an improvement (or convenience).

Business Participants

The two most frequent suggestions for improvement involved 1) better publicity and 2) more comprehensive knowledge of the function of the Credit Counseling Service for the client families and the creditors.

Board of Directors

All of the directors were very enthusiastic about the contribution of the counseling service to the community. They expressed a sincere desire to improve publicity and expand the service.

Because the first year's records were not maintained as accurately and many families need only budget counseling (requiring no file and only one or two visits), a complete number of clients who have used the counseling service is unavailable. However, 152 clients were using the service in 1971, and it increased to 203 clients by December, 1972 (Larson, 1973).

The board members agreed to sponsor radio and newspaper advertisements. (These were instituted in Autumn 1972). Other publicity might be effective in making it known, such as TV educational programs and other free media, were suggested to publicize the service.

More support by the business community was also mentioned, especially financial support. Getting more creditors to recommend the service was also mentioned.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

SUMMARY

Increased installment buying and the use of credit had caused some families to become over extended. When families are unable to meet their financial obligations, tension is a primary result. Consumer Credit Counseling Services or other non-profit budget or debt counseling services provide a workable solution for both the debtor and the creditor. Counseling services assist the clients with money management and debt reduction and the business community absorbs less of the loss.

The topic of this study was to evaluate the Consumer Credit Counseling Service of Cascade County, Inc., Great Falls, Montana and to determine its degree of effectiveness. The purpose of the C.C.C.S. of Cascade County is to aid families that already have debt problems by:

1. Counsel and advice on money management and budgeting.
2. Aid families in setting up a realistic budget repayment plan for the liquidation of debts with creditors' cooperation.

In order to evaluate the Counseling Service in Great

Falls, a structured questionnaire was sent to clients, businesses participating with the service, and the members of the board of directors. The counselors were also interviewed.

Eighty-four questionnaires were mailed to clients using the counseling service. Sixty-six (78.5%) returned the completed questionnaire.

The 58 business contributors provided information directly through the questionnaire or by letter.

The former president of the board of directors, the vice-president, and the treasurer of the board were personally interviewed. All board members were mailed a questionnaire. One former board member (manager of the Credit Bureau in Great Falls) and one of the initiators of the service were also interviewed.

Although there is no description for a "typical" debtor, the "average" client-debtor appears as follows:

The "average" Great Falls debt-ridden couple had been married 6.3 years with two children living at home. The average annual income was in the $5,000 to $9,000 category with a mean of $6,924. The men had a high school education and were 32 years of age with full-time employment. The women also had a high school education, were 29.8 years old and did not work away from home.

When the chi-square analysis was applied to the clients responses there was a significant relationship between the length of marriage and the amount of indebtedness, and between the amount of income and the amount of indebtedness. There was also a significant relationship revealed by the amount of debt and the number of creditors. However, no significant relationship was found between the education level of the husband and the amount of income; the number of children and the amount of indebtedness; the wife's education and the amount of indebtedness; or the education level of the wife and the number of children at home.

The client questionnaires indicated that poor money management in installment buying (23%) and medical expenses (22%) were the greatest factors causing over-indebtedness. Unemployment was listed as a cause for twenty-two per cent also.

Clients' evaluation of the counseling service indicated a great degree of effectiveness in that ninety-four per cent would recommend the service to others. Greater understanding of money management (91%), borrowing (71%), and credit (67%) reveal the counseling service's effectiveness also. The method used by the Great Falls counseling service whereby the clients must make out the budget, checks, and confer monthly with the counselor, served as an educational experience in money management for the client. This also provided an opportunity for reinforcement and encouragement from the counselor.

Fifty-four businesses supporting the counseling service program stated that the counseling service was an economic benefit to the community. Ninety per cent considered the counseling service effective in re-education of clients monetary habits.

None of the board members had a negative comment concerning the service. However, they were attempting to reach the over-burdened debtor before he turned to bankruptcy or debt consolidators. Efforts were also being made to familiarize the business community with the services available to creditors and debtors and expand the service accordingly.

CONCLUSIONS

The findings of this study provide evidence that the Consumer Credit Counseling Service of Cascade County is a highly successful means of relieving over-indebtedness and thus a vital part of the economic community. Families and individuals, businesses and financial institutions all benefited from the service.

While a large portion of the credit for the success of the service is due the counselors, the business participants supporting the service, are invaluable to its operation and continuation. Without the board's initiation, supervision, constant concern, and dedication, the counseling service would not have realized the growth and achievements that it had. These same factors will largely influence the future of the counseling service also.

RECOMMENDATIONS

Improvement of the Study

Factors which would improve this study or future studies of a similar nature might include the following:

1. A study including former clients (those who had liquidated their debts through the counseling service) responses to the evaluation of the effectiveness.
2. Personal interviews would probably reveal more information.
3. It would be worthwhile to use a control group (those that are handling their finances satisfactorily) and compare their responses with clients of the counseling service in order to evaluate the counselor and the service.

4. A follow-up study of the clients that had satisfactorily completed the liquidation of their debts through the counseling service and their present money management practices would also be informative.

5. A more complete study of bankruptcies in the Great Falls area could also indicate the Consumer Credit Counseling Service's effectiveness.

<u>Related Studies</u>

1. To learn more about the needs and habits of the family that has acute financial stress, a study of families that are coping with their money management satisfactorily would be helpful. Special needs and characteristics of the over-indebted family might emerge.

2. A study of the Consumer Credit Counseling Service in Billings, Montana, would provide more information about the Montana debtor.

3. A re-study of the Great Falls credit counseling service, now that the (present) counselor has become established would be enlightening. (He had been counselor for only three months.) Also, more comprehensive information could be collected for

continual evaluation by re-studying the Butte and Missoula counseling services at a future time. Comparisons with past studies and current conditions would provide more complete information.

5. A study of the bankruptcies in the state from 1960 to the present might further reveal the effectiveness of the several consumer credit counseling services or changes or improvements which need to be implemented.

Community Education

While certain families are directed to the counseling service after their financial situation has become acute, it is conceivable that other families also lack adequate knowledge to effectively manage their money. This study indicates a serious need for greater emphasis on Consumer Education at all levels in our schools. This study (and others) show that the majority of the clients were high school graduates. So, it is especially practical to make available to all high school students courses in money management. Evening and adult education classes on credit, budgeting, and savings and investments should also be provided.

APPENDIXES

APPENDIX A

LETTERS TO CLIENTS AND QUESTIONNAIRE

CONSUMER CREDIT COUNSELING SERVICE

GREAT FALLS, MONTANA

Dear __________,

May I interrupt your busy schedule for just a few moments? Those of us in Great Falls, who have associated with the Cascade County Consumer Credit Counseling Service feel very proud of its success and accomplishments. We realize, however, that in order to evaluate our program adequately, and to find strengths and weaknesses, we need the opinions of every family who has received counseling assistance.

As part of your obligation to the counseling service, we are requesting that you complete the enclosed form and return it in the self-addressed envelope <u>as soon as possible</u>. It is not necessary to place your name on either the questionnaire or the envelope. Remember, to obtain a true and helpful picture, it is extremely important that we receive <u>all</u> questionnaires,

Thank you very much for your cooperation.

Sincerely yours,

Al Larson
Counselor

CLIENT QUESTIONNAIRE

Section I

1. Marital Status
   ______ married
   ______ divorced or separated
   ______ single
   ______ widowed

2. If married and living together, length of marriage
   ______ 2 years or less
   ______ 3-5 years
   ______ 6-10 years
   ______ 11-20 years
   ______ 21 years or more

3. Number of children living at home
   ______ none
   ______ one
   ______ two
   ______ three
   ______ four
   ______ five
   ______ six
   ______ seven
   ______ eight
   ______ nine or more

4. Age of husband (if living at home)
   ______ 18 or under
   ______ 19-25
   ______ 26-30
   ______ 31-35
   ______ 36-50
   ______ over 50

5. Age of wife (if living at home)
   ______ 18 or under
   ______ 19-25
   ______ 26-30
   ______ 31-35
   ______ 36-50
   ______ over 50

6. Years of schooling completed by husband
   ______grade school or less
   ______1-3 years of high school
   ______high school graduate
   ______college training but not a graduate
   ______college graduate (bachelor's level)
   ______more than 4 years of college

7. Years of schooling completed by wife
   ______grade school or less
   ______1-3 years of high school
   ______high school graduate
   ______college training but not a graduate
   ______college graduate (bachelor's level)
   ______more than 4 years of college

8. Husband's employment
   ______full time
   ______part time
   ______more than one job

9. Wife's employment
   ______full time
   ______part time
   ______more than one job

10. Family income for 1971 or Annual family income
   ______Under $3,000
   ______$3,000-$4,999
   ______$5,000-$6,999
   ______$7,000-$9,999
   ______$10,000-$14,999
   ______$15,000 or over

11. Occupation ____________________ ____________________
   husband wife

Section II Please describe your situation when you decided you needed financial help by checking the one answer in each category that most clearly explains your situation.

12. Amount of indebtedness (exclude house mortgage)
______ $100-$499.00
______ $500-$999.00
______ $1,000-$1,999
______ $2,000-$2,999
______ $3,000-$4,999
______ $5,000-$9,999
______ $10,000 or over

13. Approximately, how many people did you owe this money to?
______ 5 or under
______ 6-11
______ 11-15
______ 16-20
______ 21 or more

14. Did the counselor contact your creditors and reduce any of your debts?
______ yes
______ no If answer is no, omit question 15.

15. How many debts did he reduce?
______ five or more
______ three to four
______ one to two

16. What caused your indebtedness?
______ unemployment
______ strike (unemployment)
______ medical
______ installment buying
______ furthering education
______ pregnancy
______ death (funeral expenses)
______ other, (write in) ______________________________

17. If you were unemployed, approximately how long?
______ 10-30 days
______ 1-3 months
______ 4-6 months
______ 6-9 months
______ 10 months or over
______ other, (write in) ______________________________

18. If you were unemployed, check if you used any of these services:
______welfare
______food stamps
______Workman's Unemployment Compensation
______Aid to Dependent Children
______other, (write in) ______________________________

19. Did you ever file for bankruptcy?
______Yes
______No

Section III Tell us about your association with the counseling service.

20. Who referred you to the Consumer Credit Counseling Agency?
______Legal Aid Office
______Attorney
______finance company
______friend or friends
______relatives
______creditor
______minister
______Doctor or Dentist
______other, (write in) ______________________________

21. Did you do any of the following to increase your budget? If so please check the one(s) which you did. If not, please omit 21.
______Wife went to work
______Children helped by babysitting, paper routes, etc.
______Borrowed from relatives
______Wife took in ironing, sewing, or did babysitting
______Gave up recreation
______Cut down on food budget
______Husband took a second job
______other, (write in) ______________________________

22. Do you feel that the Consumer Credit Counseling Service has
(a) Assisted you in improved money management?
______Yes
______No

(b). Given you a greater understanding of the differences between borrowing from banks, loan companies, credit unions, and others, from whom you borrow money?

______Yes
______No

(c) Given you a greater understanding of the different types of purchasing on credit (installment buying, 30 day credit, etc.)?

______Yes
______No

23. Do you feel that you need more counseling in the various areas of money management?

______Yes
______No If answer is no, skip question 24.

24. If answer is yes, check the areas in which you would like additional assistance

______budgeting
______borrowing, interest rates, agencies, etc.
______banking facilities available for your use
______Insurance, (life, home, car, theft, fire, etc.)
______investments, (bonds, stocks, etc.)

25. Would you attend a class on money management if made available?

______Yes
______No

26. What is the length of time you have been under their guidance?

______number of months

27. Would you recommend the counseling service to others?

______Yes
______No

28. Are there some suggestions that you feel would improve the counseling service?

______More education in money management and credit buying for clients
______Wouldn't have to pay the monthly fee
______Have more counselors so wouldn't have to wait for an interview

______No suggestions
______Other, (write in) ______________________________

Section IV (only former clients completed these 7 questions in addition to the first 28 questions asked actual clients.)

29. What was the length of time you were under the guidance of the debt counselor?
______number of months

30. When you were on the program of debt repayment, the counseling service worked out a plan for spending your monthly income with you. Which of the following best describes the plan you now use?
______use the same plan as started with the counseling service
______use a new plan which you started
______use no plan at all

31. Are you currently in debt? (exclude house mortgage)
______Yes
______No

32. Do you currently have:
______a savings account
______life insurance for the head of the household
______stocks or bonds

33. What is your amount of indebtedness now?
______less than $500
______$500 to $999
______$1,000 to $1,999
______$2,000 to $2,999
______$3,000 to $4,999
______$5,000 or over

34. What do you think caused your indebtedness now?
______unemployment
______strike
______medical expenses
______installment buying
______furthering education
______pregnancy
______other, (write in) ______________________________

35. Do you consider your present debts to equal "over-indebtedness"?

_______ Yes

_______ No

APPENDIX B

LETTER TO BUSINESSMEN AND QUESTIONNAIRE

CASCADE COUNTY CONSUMER CREDIT
COUNSELING SERVICE

GREAT FALLS, MONTANA

Dear __________,

May I interrupt your busy schedule for just a few moments? Those of us in Great Falls, who have associated with the Cascade County Consumer Credit Counseling Service feel very proud of its success and accomplishments. We realize, however, that in order to evaluate our program adequately, and to find strengths and weaknesses, we need the opinions of every one who has been associated with it.

A graduate student from Montana State University is cooperating with the counselor's permission in obtaining information for evaluation research data. We are requesting that you complete the enclosed form and return it in the self-addressed envelope as soon as possible. It is not necessary to place your name on either the questionnaire or the envelope. Remember to obtain a true and helpful picture, it is extremely important that we receive all questionnaires.

Thank you very much for your cooperation.

Sincerely yours,

Al Larson
Counselor

Sereta Taylor
Montana State University

BUSINESS QUESTIONNAIRE

1. How did you learn about the service?
   ______personal contact of board or employees of service.
   ______by brochure describing service.
   ______one of the initiators.
   ______other ______________________________

2. How long have you subscribed to the service?
   ______since it began
   ______one month
   ______half year
   ______year
   ______other (specify)

3. How has it helped you?
   ______reduced store debt
   ______other ______________________________

4. Have you made any special arrangements for reducing debts or payments because of requests from the service?
   ______Yes
   ______No

5. If yes, what type of arrangement is this?
   ______Reduce the payments and extend them to a longer time
   ______Reduce the interest.
   ______Reduce the carrying charge.
   ______Reduce the debt.
   ______Eliminate the late charges.

6. Do you consider the service successful?
   ______Yes
   ______No

7. If no, why not? ______________________________
   ____

8. What can be done to improve the service? ______________
   ____
   ____

Follow - up letter

CONSUMER CREDIT COUNSELING SERVICE

GREAT FALLS, MONT.

Dear __________,

A short time ago a questionnaire concerning a study that is being done on the Consumer Credit Counseling Service in Great Falls, was sent to you. This study is being done by a graduate student from Montana State University and it is very important <u>to receive each questionnaire</u> in order to complete the thesis study.

Could I remind you again to return the questionnaire if you have not already done so? Please return it in the self-addressed stamped envelope. As I told you before, you need not put your name on the questionnaire.

Sincerely yours,

Al Larson
COUNSELOR

APPENDIX C

BOARD OF DIRECTOR'S QUESTIONNAIRE

BOARD OF DIRECTORS QUESTIONNAIRE

1. How do you personally feel about the Cascade County Consumer Credit Counseling Service?
   ______it is good for the community
   ______it is helpful both for clients and creditors
   ______it helps the dignity and self worth of the individual
   ______it holds some families together
   ______it keeps them from bankruptcy
   ______others ______________________________

2. What suggestions do you have for the improvement of the service?

   ____

   ____

3. How were you chosen to serve on this board?

   ____

4. How many are on the board?______

5. How often do you meet?______________________

6. Where do you meet?__________________________

7. When are the meetings held?_________________

8. How long?___________________________________

9. Are these regularly scheduled meetings planned in advance or are there some that are called for special purposes? ____________if for special purposes, what are some of these (generally, of course)

10. How is the counseling service financed?____________

11. Do you think the Debt Counseling Service is successful?

    ____

12. Any additional comments?____________________

13. Serving on this board of directors is without charge, or salary? ______yes ______no.

APPENDIX D

FORMS USED BY COUNSELING SERVICE

CONSUMER
CREDIT
COUNSELING
SERVICE

of Great Falls, Montana
Room 220½, Box 2343
Barber-Lydiard Bldg.
600 Central Avenue 59401
Phone 761-8721

Name ______________________________
Address ____________________________
Wife ________ No. Children __________ ______________________
Employer ___________________________
Wife's Employer ______________________
Your Phone Number ________________ Date __________ 19 ________

ASSETS	CREDITS				
Cash in Bank	List Names & Addresses	Total Bal-	Monthly Payment	Adjusted monthly Balance	Cred-itors O.K.
Cash on Hand					
Stocks and Bonds					
Other Investments					
Auto: Make					
Year Type					
Home:					
Purchase Price					
Improvements					
Estimated Value					
Other Real Estate					
	BE SURE EVERY ACCT. YOU OWE IS LISTED				
TOTAL ASSETS	TOTALS				

MONTHLY EXPENSES	MONTHLY INCOME
Rent	Husband's salary (Net)
Food and Milk	
Fuel	Wife's Salary (Net)
Clothing	
Insurance	Commissions
Lights, Water, Phone, Gas	Bonus
Car Expense	Dividends and Interest
Miscellaneous	Other Sources
TOTAL MONTHLY EXPENSES	TOTAL MONTHLY INCOME

(Copy of Form Used by Counselor to Estimate a Budget of Clients)

CONSUMER CREDIT COUNSELING SERVICE OF CASCADE COUNTY

AGREEMENT

AGREEMENT made and entered into on this ________ day of __________, 19______, by and between the undersigned debtor(s) and the undersigned Consumer Credit Counseling Service, hereinafter referred to as CCCS, as follows:

(1) It is agreed that the "Schedule of Debts" attached hereto and by reference made a part hereof is a complete list of every debt to be consolidated, contains the creditors' names and addresses and discloses the approximate total of all such debts.

(2) It is agreed that the debtor(s) shall deposit with CCCS, payments as follows:

$_______ on _________________ $_______ on ______________________

and the sum of $________ on the ______________ of each and every ________________ thereafter until the entire amount shown on the attached "Schedule of Debts", or any list subsequently added thereto upon agreement between the parties, plus allowable fees, has been paid in full. Approximately _____________ such regular payments of $__________ will be required to pay in full the aggregate indebtedness reflected on the "Schedule of Debts" and service fees to be charged by CCCS, however, it is understood that such amounts may be exclusive of the interest or carrying charges that may be added by the creditors. The Debtor(s) represents that the payments described above are reasonably within his (their) ability to pay.

(3) It is agreed that the debtor(s) shall pay the CCCS, \$5.00 upon the signing of this Agreement and \$5.00 per month thereafter to help defray the cost of postage and stationery used in connection with the CCCS services.

(4) It is agreed that the CCCS will use the payments in accordance with the "Prorated Plan of Distribution" which is attached hereto and by reference made a part hereof.

(5) It is agreed that the debtor(s) shall have the right to examine his (their) account in the CCCS office during office hours.

(6) It is agreed that this Agreement shall not be cancelled by the CCCS without the debtor's written authorization while the debtor(s) is employed and his (their) salary is subject to any wage assignment made to the CCCS.

(7) It is agreed that a copy of this Agreement executed by the CCCS shall be delivered to the debtor(s) immediately after the debtor(s) executes it.

(8) This Agreement shall not be effective until the debtor(s) has (have) made the first payment to the CCCS for distribution to his (their) creditors.

Executed at Great Falls, Montana, the day and year first above written.

Schedule of Debts

CONSUMER CREDIT COUNSELING SERVICE
OF CASCADE COUNTY

220½ Barber-Lydiard Building
Great Falls, Montana 59401

Total $ __________

By ______________________________
Authorized Agent

DEBTOR(S)

(Signed) ______________________________

(Signed) ______________________________

CONSUMER CREDIT COUNSELING SERVICE

OF CASCADE COUNTY, INC.

A Non-Profit Community Service

P. O. Box 2343 -- Phone 761-8721

Great Falls, Montana 59401

Your customer, ____, has applied to us for help. Due to his indebtedness, the only solution seems to be a pro-rate plan for liquidation as follows:

Debtor states balance owing of $__________. Total obligations are $__________, payable to ______ creditors. Your monthly payment will be approximately $__________, and you may expect it about ________________. Please verify the amount owed by completing the enclosed questionnaire.

If we do not hear otherwise from you, we will assume your acceptance of the plan.

DEBT COUNSELING SERVICE OF CASCADE COUNTY

P. O. Box 2343 - Phone 761-8721

600 Central Plaza
Great Falls, Montana 59401

Date________________

(1) Having accepted the services of the Debt Counseling Committee, we the undersigned hereby agree to ask for no new credit without the consent of the committee during the period of this arrangement.

(2) Should an emergency arise to consult the chairman of the committee at once and that failure to meet the payment schedule without the consent of the committee shall cancel the agreement and all creditors will be advised to proceed as they see fit to collect their account.

(3) To permit this to be placed in the Credit Bureau file during the period of this agreement.

Signed______________________
husband

____
wife

CONSUMER
CREDIT
COUNSELING
SERVICE

of CASCADE COUNTY
P.O. Box 2343 - Phone 761-8721
Room 220½ - 600 Central Plaza
Great Falls, Montana 59403

Client ______________________________ Date ____________________

Please be advised the client listed above has made no effort to follow through on the program which was set up at this office. You are hereby advised to proceed in any manner you deem necessary to collect the amount due you.

Sincerely yours,

A.L. Larson

Counselor

CONSUMER
CREDIT
COUNSELING
SERVICE

a non-profit

COMMUNITY SERVICE

TO HELP PEOPLE
HELP THEMSELVES

In solving their debt problems

Consumer

CREDIT COUNSELING SERVICE

CASCADE COUNTY, INC.
BOX 2343
Room 220½ Barber-Lydiard Bldg.
600 Central Avenue
Great Falls, Montana
Phone 761-8721

TO AID DEBTOR -
CREDITOR -
EMPLOYER -
COMMUNITY

(Copy of Brochure)

WHAT IT IS

The Consumer Credit Counseling Service of Cascade County, Inc., as its name implies, is primarily a counseling service. It is neither a charity organization nor a lending institution.

The Service's policies are determined and directed by a Board of Trustees whose members represent broad community interests, with diversified business and professional backgrounds.

It is supported by contributions from consumer lenders of all types. Also merchants who sell goods and services on credit, and other community-minded firms, organizations and individuals.

WHY THIS SERVICE

Under our present-day economy of mass production and consumption, emphasis has been placed upon installment buying of everything from homes to high-chairs .. travel to tinker-toys .. food plans to fishing rods .. automobiles to boats and airplanes.

During the past several years with America's continuous expansion and growth, most everyone seems inclined to buy on "pay later" plans. Most of our citizens, of course, were right.

Their judgment was good. They bought wisely. They accumulated assets.

Some, however, planned poorly, or did not plan at all. Most of these people desire to avoid bankruptcy, and sincerely welcome an opportunity to discharge their obligations in an honorable manner - even though it may entail considerable sacrifice on their part.

Therefore, while this economy and its practices have produced for our citizens the world's highest standard of living, some problems have also been created often through no fault of their own, that affected their ability to pay.

Many families find themselves over-burdened with debt -- struggling to satisfy their creditors and to make ends meet. This results, generally, in worry, jeopardy of job and reputation, and frequently the disruption of the family as a unit.

Although the Service has no funds for paying other peoples' bills, it usually can be helpful in such situations, particularly where the individual may not be able to do it himself, owing to a lack of cooperation by one or more creditors.

It is an effort on the part of credit grantors to correct an error in judgment on the part of either the buyer or seller which might have caused the problem in the beginning, or to assist conscientious people, when, through no fault of their own, there have been changes in conditions affecting their ability to pay. Such conditions often result from emergencies in the form of accidents, prolonged illness and temporary loss of all or a part of the family income.

In so doing, creditors are not only exerting a humanitarian effort to cure a "sick" account, but from a strictly selfish angle are saving losses from bankruptcy, as well as restoring over-extended customers to a condition where they can make further purchases intelligently.

WHAT IT DOES

The Service has a two-fold purpose:

1. TO AID FAMILIES WHO ALREADY HAVE DEBT PROBLEMS either by
   a. Advice and counsel on budgeting and family money management.
   b. Developing and carrying out a common plan for orderly debt liquidation, within their means, and with the cooperation of their creditors.
2. TO TRY TO PREVENT DEBT PROBLEMS FROM ARISING by fostering education on the wise (and unwise) use of credit: on budgeting and family money-management.

HOW IT WORKS

Briefly, these are the usual steps:

1. Client comes in our office - referred by a member, a creditor, an attorney, a union, an employer, a social service agency or an individual.
2. Our office furnishes client necessary form to fill out, showing his financial situation.
3. This form usually completed at home by client, then returned to office. Manager makes appointment for counseling.
4. Counseling Manager prepares individual budget. Meets with husband, wife and committee for counseling.
5. Client contacts all creditors showing them the revised payment schedule as set up by the Counselor and the Creditors Committee. The Creditor is asked to approve payment as scheduled.
6. When all creditors agree, plans made for handling monthly payments.
7. An individual trust checking account is then opened with bank of client's choice.
8. Client visits office personally each month and makes out checks due respective creditors. Our counselor then

counter-signs checks and mails to creditors.

9. During counseling period clients learn to live within a budget and handle own affairs.

APPENDIX E

CHI-SQUARE TESTS FOR INDEPENDENCE

There is a relationship between the education level of the husband and the amount of income.

AMOUNT OF INCOME

EDUCATION LEVEL	$6,999 or less	Over $7,000	Total
	No.	No.	No.
11 years or less	33	4	37
12 years or more	22	6	28
Totals	55	10	65

Degrees of freedom: 1

Chi-square value: 2.19

Required at the .01 level of significance: 6.64

There is a relationship between the length of marriage and the amount of indebtedness.

	AMOUNT OF INDEBTEDNESS		
	Under $5,000	Over $5,000	Total
LENGTH OF MARRIAGE:	No.	No.	No.
5 years or less	9	22	31
more than 5 years	23	12	35
Totals	32	34	66

Degrees of freedom: 1

Chi-square value: 9.612

Required at the .01 level of significance: 6.64

There is a relationship between the wife's education and the amount of indebtedness.

AMOUNT OF INDEBTEDNESS

LEVEL OF EDUCATION	Under $3,000	Over $3,000	Total
	No.	No.	No.
11 years or less	8	37	45
12 or more years	6	11	17
Totals	14	48	62

Degrees of freedom: 1

chi-square value: 3.1412

Required at the .01 level of significance: 6.64

There is a relationship between the amount of income and amount of indebtedness.

FAMILY INCOME:[a]	AMOUNT OF DEBT Under $3,000	Over $3,000	Total
	No.	No.	No.
Under $5,000	9	5	14
Over $5,000	7	45	52
Totals	16	50	66

[a] Family income for 1971 was used.

Degrees of freedom: 1

Chi-square value: 15.51

Required at the .01 level of significance: 6.64

There is a relationship between the number of children and the amount of indebtedness.

NUMBER OF CHILDREN	AMOUNT OF INDEBTEDNESS Under $5,000	Over $5,000	Total
	No.	No.	No.
0 - 2	25	20	45
3 - 5	7	13	20
Totals	32	33	65

(one client single; no children)

Degrees of freedom:	1
Chi-square value:	3.252
Required at the .01 level of significance	6.64

There is a relationship between the education level of the wife and the number of children at home.

	NUMBER OF CHILDREN AT HOME		
	0 to 2	3 to 5	Total
EDUCATION LEVEL OF WIFE	No.	No.	No.
11 years or less	10	6	16
12 years or more	30	14	44
Totals	40	20	60

Degrees of freedom:	1
Chi-square value:	1.778
Required at the .01 level of significance:	6.64

There is a relationship between the amount of debt and the number of creditors.

Amount of Debt	NUMBER OF CREDITORS 11 or Under	Over 11	Totals
	No.	No.	No.
$2,999 or less	10	5	15
$3,000 or more	13	37	50
Totals	23	42	65*

*(one not responding)

Degrees of freedom: 1

Chi-square value: 8.382

Required at the .01 level of significance: 6.64

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