



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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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.

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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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Date July 27, 1973

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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

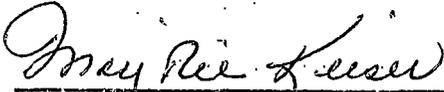
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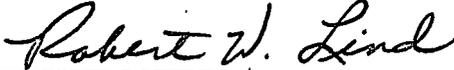
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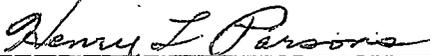
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ABSTRACT

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, legis-

lators, 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 Ser-

vices 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 independent 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 pro-rating. 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.), (DesChane, 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 principally 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) know-

ledge 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).

History of Counselors of the Cascade County Counseling Service

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.

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