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FINANCIAL COUNSELING

(By Mary Ann Hewitt, Extension Home Economist, Cooperative Extension Service, Montgomery County, Md.)

The Montgomery County Cooperative Extension Service started a volunteer financial counseling program in 1967. We have an average of 80 volunteers a year who counsel at least one family a year. Many counsel up to five families. Montgomery County is one of the metropolitan Washington counties. We have a median income of \$26,000 and a high educational level. Montgomery County has one-third of all the college graduates in the State of Maryland. Yet 10 percent of our population is low income.

Our program is divided into four parts: (1) Recruiting volunteers and families, (2) training volunteers, (3) program administration, and (4) follow up or evaluation.

RECRUITING VOLUNTEERS AND FAMILIES

Over the years we have utilized many methods of recruiting our counselors. I would like to start by saying that we have many people who call and ask to be a counselor. Many of our counselors are active church members and are fulfilling a dual volunteer role. As you may have guessed, we recruit through churches. Our county has a community ministers association. Annually, we go and give a report and ask that an announcement be run in their church bulletin requesting financial counseling volunteers. Many volunteers are recruited by word of mouth from families and other volunteers. This is a program that a volunteer can see behavior change occurring almost immediately. We have a counselor who has been presented with a jar full of cutup credit cards. The two major newspapers in the metropolitan area run recruiting announcements in their community bulletin board section. Also, local county papers have picked up announcements. We make signs and distribute them through our library system and the county government. Our county has a volunteer bureau and we recruit through them.

RECRUITING FAMILIES

When the financial counseling program started 13 years ago, it was geared toward the low-income population. Originally, the income guideline was poverty level. Gradually, that increased to \$10,000 then to \$15,000 and now it is \$25,000. That is very high to many of you but not to our county where the median income is \$26,000.

Our families are recruited using many of the same methods as we used for the volunteer recruitment with the exception of any mass media. We are careful not to advertise in major papers because we

realize that we do not have the resources to handle the demand. Through the churches we recruit families; by word of mouth through the minister or the social concerns committee. Over the years we have established an informal network within the county government. The Office of Consumer Affairs, information and referral, and social workers within the various departments of county government refer families to us. Our best recruiting technique is word of mouth by pleased families.

VOLUNTEER TRAINING

The training consists of 6 to 8 hours of instruction. We have varied the number of times we meet for training and concluded it really makes no difference. We have done it in one session, two 4-hour sessions, and two 3-hour sessions. At the end of the training session we present the counselors with a handbook. We emphasize how to counsel. Good counseling techniques are the basis for a good financial counseling program. Think about these questions:

1. Do you have some sort of savings program? Example; piggy-bank, payroll savings or some kind of saving ritual.
2. If you have a savings program why have you established one?
3. If you do not have a savings program what is your reason for not saving?
4. How many credit cards do you have?
5. Do you need these credit cards? Why?

How do you feel about me asking you these questions: Defensive, withdrawn, none of your business are some of your feelings I am sure. Why would we think a person in financial difficulty would feel any different. We are the so-called experts but how many of us would feel free to open our financial picture to someone else?

How to set up a budget identifying family goals and values is a large task for the counselor. Many families feel that the solution to their problem is the form that they keep their records. They do not want to start at the beginning and make financial goals.

A pitfall for many counselors is being a mother or father. A counselor must help the family learn to make financial decisions, not make them for the family. People love to have "experts" make financial decisions for them.

It is very important that the counselor is well aware of all community services to the family. In Montgomery County the agent who started this program compiled and printed all the services available to county residents. Four years ago the county government started printing the information in pocket size form. A counselor must also know how to refer the client to one of these community services.

Many of our families are in trouble because of credit cards; therefore, we teach our counselors the art of negotiating with creditors. In the counselor's handbook there are sample letters to be used when corresponding to creditors. Questions that come to many of your minds; who writes, signs, and types the letters? The family! We stress the fact that our purpose is educational. This is the main difference in our program and other financial counseling programs. In some cases counselors must help amend the sample letter to fit the need of the family. Most often the counselor helps the family compose the letter but always

the letter goes out in the name of the family. We do not assume any financial responsibility for the debt. We have had a very high success rate with creditors renegotiating the debts of our families. Another big pitfall for counselors is wanting to give the family money. Our policy is never to do this. It only provides another crutch for the family. Our policy clearly states that our purpose is financial counseling no other kind. We only work with the financial problem of the family. Seldom do we work with alcoholics, mentally disturbed, et cetera. We clearly state to the counselor our expertise is financial counseling. We have started using a contract with our financial counselors. In return for our training and handbook, they agree to take at least one case.

PROGRAM ADMINISTRATION

The administration of the program is fairly simple. Clients call our office admit they have a problem, and ask for help. No one can call for them. Believe it or not we have had parents call for their children who are over 26 years of age and tells us that the child has a problem. Our philosophy is much the same as Alcoholics Anonymous that admitting the problem is step 1. After the family has called we fill out an intake sheet on them which tells us their financial story. Some of the information we ask for is how many people share the income, what their income is, what their fixed expenses are, who they owe, how much, and how late they are with any bills. Often they have not gathered this information and must get back with us. Many people call us for money, when we explain to them our service, they are no longer interested.

The meetings could take place in a public library, church, et cetera. A question I am sure you are wanting to ask is: How often does the counselor and family meet? This varies individually with each case. We recommend in the beginning that the two meet as often as family gets paid. The extension agent acts as a consultant to the counselor once the match has occurred. In Montgomery County we have a followup system with our counselors. We call each counselor 1 month, 3 months, and 6 months after the assignment is made. Counselors call us freely whenever they have a question, problem, or concern. Our policy clearly states that cases should be closed after 6 months. Again, this varies with each individual case. We have had a case that lasted 2 to 3 years. In this case the counselor did not want to turn the family lose. We have found that as we have raised our income levels, we have closed cases faster. The lower income family often needs more individual attention. Some of our counselors only want to work with lower income families, some only want to work with those who are at the higher end of our income guidelines.

We keep a card file on each counselor with notations as to their preference. Sex can have an influence on the case. For example a single male parent did not relate well to a female counselor.

EVALUATION

Our evaluation consists of three questions: (1) Have you paid your bills on time? (2) Have you added to your debt load? (3) Have you saved?

We call the family 6 months after the case is closed and ask these questions. Again, at the end of the year we call. We started this evaluation system in September 1979. There have been over 50 percent of the families at the end of 6 months who answered yes to the above three questions. We are still phasing in the evaluation at the end of a year and only have had eight families to evaluate. Of those eight families three have moved and five answered yes to the evaluation questions. One of the programs we have in our area is the difficulty in obtaining hard data because so many families move. This type of program lends itself to substantiate behavior change.