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A study of permissive loans in Red
Cross cases, July 1950-June 1951, at
Boston Metropolitan Chapter.

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BOSTON UNIVERSITY
SCHOOL OF SOCIAL WORK

A STUDY OF PERMISSIVE LOANS IN
RED CROSS CASES
JULY 1950 - JUNE 1951
AT BOSTON METROPOLITAN CHAPTER

A thesis

Submitted by

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(A.B., Virginia Union University, 1948)

In Partial Fulfillment of Requirements for
the Degree of Master of Science in Social Service

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TABLE OF CONTENTS

CHAPTER	PAGE
LIST OF TABLES	11
I INTRODUCTION	1
Purpose	1
Method and Scope	2
Limitations	3
II THE AGENCY AND ITS FUNCTIONS	5
Description of Agency	5
Agency Functions	7
III GRANTS OR LOANS	12
When Loans Are Advisable	12
Repayment by Allotment	14
IV STATISTICAL DISCUSSION OF CASE MATERIAL	16
Reasons for Which Loans Were Made	16
Persons to Whom Loans Were Made	18
Closing Status of Loans	19
Method of Repayment	20
V CASE PRESENTATIONS: CANCELLED LOANS	25
Five Sample Cases with Discussion	25
Summary	31
VI CASE PRESENTATIONS: PARTIALLY REPAID LOANS	32
Five Sample Cases with Discussion	32
Summary	39
VII CASE PRESENTATIONS: LOANS REPAID IN FULL	41
Five Sample Cases with Discussion	41
Summary	47
VIII SUMMARY AND CONCLUSIONS	48
Summary of the Study	48
Conclusions	52
Recommendations	53
BIBLIOGRAPHY	55
APPENDIX	56

LIST OF TABLES

TABLE		PAGE
I	Reasons for Loans at Red Cross	16
II	Persons Making Requests.	18
III	Closing Status of Loans.	19
IV	Method of Repayment.	20
V	Closing Status of Loans According to Groups Making Requests.	21
VI	Closing Status of Loans According to Reasons for Requests.	22
VII	Use of Chapter Form 926 in Loans to Servicemen.	23
VIII	Statistical Work Sheet	61 - 64

CHAPTER I
INTRODUCTION

Purpose

This thesis is a study of permissive loans made to clients by the Home Service Department, Boston Metropolitan Chapter of the American Red Cross. Permissive loans are made directly to the clients who accept total responsibility for repayment. Most of these loans are repaid in full, according to a worker-client agreement which was reached at the time of the loan. A few of these loans are partially repaid and cancelled when it appears that the client can not repay it in full or when he demonstrates unwillingness to fulfill the obligation. The remainder of these loans are cancelled without any repayment by the client. The investigator thought it would be of value to the agency to study the worker's examination of the client's request in the light of the closing status of the loan.

This thesis aims to determine:

- (1) the reason for the request and by whom it was made,
- (2) the client's estimated willingness and financial ability to repay at the time the loan was made,
- (3) whether the worker's examination of the client's request revealed his ability to repay,
- (4) whether the loan was made according to agency

policy.

Method and Scope

The agency operates on a fiscal year plan, July through June. The investigator, in keeping with this, chose the fiscal year July, 1951 through June, 1952 as the period from which to select the cases for study. This particular period was chosen because it was the agency's most recently completed one.

The cases in which loans were made are listed on a financial work sheet according to the month in which the loan was made. This record was complete for the fiscal year July, 1951 through June, 1952. The investigator prepared an alphabetized list containing all cases in which loans were made during the period under study. This list totaled sixty-four cases.

Fifty-three cases from the original sixty-four were finally available for study. Nine cases were located in the branch office of the Boston Metropolitan Chapter of the American Red Cross. One case was initially a grant and was listed as a loan when the client made restitution. Another case was an authorized loan, repayment being guaranteed by another chapter. This case was listed as a permissive loan when the chapter making the authorization failed to repay. Consequently, eleven of the sixty-four cases are not included in this study.

Some of the cases studied were active before the request for a loan was made, or were known to the agency for other reasons at an earlier date. A few of the cases have remained active or have been re-activated since the date of the loan for various purposes. In such cases, the investigator examined the interviews as recorded concerning the request for the loan and the closing status of the loan.

The cases were studied with the aid of the schedule in the Appendix. The major material for the study was derived from abstracts of the records by the investigator. These abstracts are summaries compiled with the pertinent facts of the case in view of the objectives of the study.

Limitations

At the time the cases were studied, some of the loans had been repaid in full. Others were in the process of being repaid. The investigator assumed that it was permissible to conclude that the loan would be repaid in full, since repayments were being received on a regular basis according to the plan agreed upon in the case record. This seemed valid since the partially repaid loans had been cancelled and a notation of the action included in the record. The loans that were cancelled without repayment were so designated in the records.

There is an apparent lack of literature in the field of social work concerning loans. Therefore, the investigator can not make a comparison of the findings in this study with

the current thinking in this field. The American Red Cross, however, has policy as established by the national organization. This policy is being used, without question as to its soundness or validity, to substantiate the findings in this study.

CHAPTER II
THE AGENCY AND ITS FUNCTIONS

Much has been written about the history of the American Red Cross. The Home Service program grew to importance during the war years of 1917 and 1918.¹ It began in 1916 when the National Guard troops were stationed at the borders of Mexico.² Today, each chapter of the American Red Cross maintains a home service department.

The Boston Metropolitan Chapter, Home Service Department offers a program of service on a twenty-four hour basis to Boston and eighteen suburban communities. This work is carried on through the main office, located at 17 Gloucester Street, Boston, Massachusetts and one branch office in Somerville, Massachusetts.

At the time of this study, the Home Service staff is composed of a director, a chief case work supervisor, two family service supervisors, one communications supervisor, ten case workers, three full time case aides, two part-time case aides, twenty-six volunteer social welfare aides, eleven clerical workers and three case work students from graduate schools of social work.

¹ Foster R. Dulles, The American Red Cross: A History, p. 164.

² The American National Red Cross, "American Red Cross Home Service", Bulletin, ARC 1214, p. 2.

The primary responsibility of the Home Service Department is to serve active members of the armed forces, veterans and their dependents. During time of war, service to active servicemen and their dependents takes precedent over that to veterans and their dependents.

Home Service includes counseling in personal and family problems, assistance in presenting and developing applications for government benefits, assistance with communications on behalf of members of the armed forces and their families, providing reports and social histories requested by commanding officers of the armed forces and by the Veterans Administration, providing information concerning government regulations and legislation and community resources, giving referral service through which applicants to the Red Cross may be informed and assisted in the utilization of other available resources, and providing financial assistance on the basis of need in conformity with the policy of the national organization.³

The above information gives a general idea of the functions of the Home Service Department. It also calls attention to the fact that home service operates within a framework of policy as established by the national organization.

The national organization has prepared and distributed to Home Service Departments in various chapters statements of policy. Since this study is based on case records handled by the workers in a specific fiscal year, the investigator is presenting national policy that was in effect during that particular period.

³ The American National Red Cross, "Introduction to the Red Cross", Bulletin, ARC 543, p. 85.

To members of the armed forces and their dependents, the following policy has been established.

1. Counseling in personal and family problems. This service is an integral part of all other functions of Home Service.
2. Reporting and Communications Service, including:
 - a. Assistance to servicemen and their dependents by providing reports and social histories needed by the military authorities.
 - b. Guidance concerning direct communications between servicemen and their dependents.
 - c. Information transmitted or requested through Red Cross channels when direct communication will not meet the need.
3. Assistance in Applying for Government Benefits, including supplying information concerning government regulations and legislation.
4. Referral Service, through which applicants to the Red Cross may be informed of and assisted in the utilization of other available resources.
5. Financial Assistance,* on the basis of need, will be provided:
 - a. By the use of chapter funds for basic maintenance needed by wives and children of members of the armed forces during the period pending first receipt of family allowance or allotment, and during periods when such payments as may be due are delayed or interrupted.

*In providing financial assistance for members of the armed forces and their dependents, for veterans and their dependents, and dependents of deceased servicemen and veterans, it is expected that cases currently active with another agency will remain with that agency, with the chapter making available the services other than financial assistance.

Citizenship, settlement, or residence is not a prerequisite for assistance of any kind from Home Service.

- b. By the use of chapter funds or by referral to other local resources for basic maintenance needed by other dependents of members of the armed forces during such periods.
- c. By the use of chapter funds or by referral to other resources for emergency needs of wives and children of members of the armed forces, which arise at any time during the period of military service.
- d. After responsibility has been assumed for a program of assistance for dependents of members of the armed forces as defined above, and for disabled veterans and their dependents, and the dependents of deceased servicemen and veterans, (. . .), each chapter within its own resources and with due regard for all other resources and for local needs, may develop a program of financial assistance on the basis of need for members of the armed forces and any of their dependents, under circumstances other than those defined above.⁴

This same release outlines the services provided veterans and their dependents, as well as, dependents of deceased servicemen and veterans. The first four services are almost identical to those already cited for active servicemen and their dependents. In providing financial assistance, however, there is a variation.

5. Financial Assistance.⁵

Recognizing that the responsibility of the American Red Cross is to assist in meeting needs arising from disabilities due to military service:

- a. Financial assistance, on the basis of need, will be provided by the use of chapter funds or by referral to other resources for basic maintenance

⁴ The American National Red Cross, "Home Service Program", Letter, SAF-V 28.7, pp. 2-3.

⁵ Ibid., p. 2.

or emergency needs of disabled veterans and their dependents and of the dependents of deceased servicemen and veterans during the period pending a adjudication of the first application to the Veterans Administration for service-connected disability or service connected death benefits.

- b. After responsibility has been assumed for a program of assistance for members of the armed forces and their dependents, disabled veterans and their dependents, and for dependents of deceased servicemen and veterans as defined above, each chapter, within its own resources and with due regard for all other resources and for local needs, may develop a program of financial assistance on the basis of need for any veterans and their dependents, and for any dependents of deceased servicemen and veterans, under circumstances other than those already defined.

Explanation of Terms Used

1. The term "members of the armed forces" includes all personnel on extended active duty in one of the military forces of the United States; that is, the Army, the Navy, the Air Force, and the Coast Guard. When members of the National Guard or of the Organized Reserves are on extended active duty under federal orders and are being paid from federal funds, their dependents are eligible for services from Home Service as are dependents of other active servicemen.
2. The term "veteran" includes all personnel who have served at any time in any of the components of the military forces of the United States; that is, the Army, the Navy, the Air Force, and the Coast Guard. The American Red Cross extends the same service to the dependents of deceased servicemen and veterans as to living veterans and their dependents.
3. The terms "servicemen" and "veterans" include both men and women.
4. "Basic maintenance" includes such regularly needed essentials as food, shelter, fuel, clothing, household utilities and necessities and incidental medical supplies and services.
5. "Emergency needs" covers needs, other than basic

maintenance, such as medical and hospital care, transportation, burial, and others essential to health and welfare, that are urgent and require immediate attention as distinguished from those that are desirable but do not require immediate attention.

6. "The period pending the first receipt of family allowance or allotment" refers to the period between submission of the first application for such benefits and either the receipt of the benefit following favorable action or notice of disallowance of the application by the Family Allowance Division.
7. "Periods when such payments as may be due are delayed or interrupted" refers to delays or interruptions incidental to the processing of the application by the Family Allowance Division, and does not apply to situations that result from failure of the applicant to submit such required information as change of address.
8. "The period pending adjudication of the first application to the Veterans Administration for service-connected disability or service-connected death benefits" refers to the period between the submission of the first application for such benefits to the Veterans Administration and either the receipt of the first payment following favorable adjudication or notice of the disallowance of the claim by the Veterans Administration.

In Red Cross cases, one often finds the terms "Q" Allotment and "E" Allotment. The "Q" Allotment refers to the family allowance provided dependents of active servicemen. It must be established by the serviceman. This allotment is made up by a contribution from the serviceman's pay and a contribution from the government. The amount of this allotment is dependent upon the rank or grade of the serviceman,

6 Ibid., pp. 3-5.

as well as, the number of dependents, three or less. The "E" allotment is a voluntary allotment that the serviceman may initiate from his pay, without supplementation by the government, to dependents, relatives or to the American Red Cross in repayment of loans.

CHAPTER III

GRANTS OR LOANS

Financial assistance is but one of the services offered by Home Service to its clientele. Often this financial assistance is given to help servicemen and their dependents pending receipt of some government benefit. It is remembered, however, that Home Service, according to the national organization, must aid the families of servicemen during any emergency that might arise while the head of the family is in active service. When possible, it is expected that the clients will be referred to the appropriate community resources.

As the subject of this study suggests, Home Service not only makes grants in times of need, but also makes loans to its clients. What then, is the method of deciding between a grant and a loan?

(. . .) The decision as to whether an applicant, otherwise eligible, will be given financial assistance will be based upon consideration of the needs of the individual or family in relation to resources available to them. The decision as to whether such assistance will be a grant or a loan will be based upon consideration with the family of its ability or inability to repay. Individual circumstances must be considered in each case. Chapters should be ready to give needed financial assistance when it can not be repaid as well as when repayment is possible.

Assistance from chapter funds should be given as a grant if expected government benefits and other income will be sufficient only to meet the family's future needs and outstanding obligations and repayment of American Red Cross assistance will cause hardship

or be impractical. Repayment at the sacrifice of a reasonable margin for health and minimum security should not be expected. No family should be asked to take a loan instead of a grant on any assumption that a loan, in and of itself, contributes to the development of personal independence or the maintenance of self respect. It is contrary to American Red Cross principles and to established principles of relief-giving to encourage or allow a family to become indebted beyond its means to repay. A loan made on an unsound basis can only add to the family's anxiety over financial matters or may cause them to defer facing the limitations of their present and future income. A large percentage of veterans applicants may require grants since government benefits, unless supplemented by other income or by a large accrued payment, are seldom sufficient to provide for more than current needs.

Financial assistance may be given as a loan if expected government benefits and other income will be sufficient to meet the family's future needs as well as repay the chapter. In these instances, it is a better plan for the family to agree to repay the money than to accept a grant.

A combination grant and loan should be given if it appears that the family has potential resources sufficient to repay a part but not all of the assistance needed. The home service worker and the family together should determine the appropriate amount to be given as a loan. This is preferable to giving the full amount as a loan with the hope of collecting as much as the family is able to pay.

All loans should be handled on a businesslike basis, and the recipient should understand and agree to the plan for repayment. Reasonable efforts to secure repayments should be made. If repayment is not made as planned, the family should be visited after a reasonable interval or a tactful follow-up letter should be written. Extreme care should be taken not to embarrass the individual or family from whom repayment was expected. It is not good practice for a chapter to carry an uncollectable loan for a long period. The family may feel under pressure to repay when they can not. Also, they may be reluctant to approach the chapter for other appropriate services because of embarrassment over inability to meet the obligation they have assumed. Therefore, the decision of an

uncollectable loan would not be delayed.¹

It is apparent from looking at the national policy that financial assistance is given clients, otherwise eligible for Red Cross services, based upon need in relation to resources available to them. Whether or not this assistance is to be a loan is dependent upon ability or inability to repay.

Since many of the loans made by the Boston Metropolitan Chapter, Home Service, were repaid by voluntary allotments, the investigator considers it important to point out the established policy for repayment of loans to the American Red Cross by allotments.

(. . .) Through agreements reached between the Army and the Air Force and the American Red Cross, men in these branches of service [as well as Navy, Marine Corps and Coast Guard personnel] may also repay Red Cross loans by allotments as of August 16, 1949.
(. . .).

(. . .) Allotments for repayment of Red Cross loans will not be accepted from the military personnel by field directors or by chapters to run less than 3 months or more than 12 months or in amounts less than \$5.00 per month. If it is apparent that a serviceman will be unable to repay a loan in a period of 12 months, a grant should be made for a part of the financial assistance being rendered.

In providing financial assistance to dependents of military personnel, chapter workers will take into consideration the needs of the dependents and their resources and also, through the field directors or through the family's own correspondence with the man,

¹ The American National Red Cross, "Chapter Home Service Financial Assistance - Grants and Loans", Letter, SAF - V 52.1, pp. 1-2.

ask for the serviceman's participation in planning the assistance needed and in making the decision concerning ability to repay. (. . .).

When a loan rather than a grant appears advisable because the dependents expect to receive government benefits or other income in an amount more than necessary to meet the family's future needs, the dependent should be responsible for repayment of the loan rather than the serviceman. Particularly in cases involving basic maintenance pending first receipt of family allowance (. . .), responsibility for repayment should rest with dependents. (. . .).

A serviceman away from his duty station who has agreed after discussion with a chapter Home Service worker to repay a chapter loan by allotment will be asked by the chapter worker to visit the field director at his installation. At the same time, the worker will forward details of the agreement to the field director and request that he assist the serviceman to make an allotment in favor of the chapter. The field director will inform the chapter of the monthly amount of the allotment, the number of months it will run, and the month the allotment will become effective. (. . .).²

² The American National Red Cross, "Repayment of ARC Loans by Allotment - Chapter Instructions", Letter, SAF - V 70.1, pp. 1-2.

CHAPTER IV
STATISTICAL DISCUSSION OF CASE MATERIAL

As previously stated, this study includes fifty-three cases in which permissive loans were made to the clients. These loans totaled \$2,646.34. The median loan was \$40.00 and the average loan was \$49.93. The clients repaid \$1,920.84 or 72.58 per cent of the total money lent. This indicates that \$725.50 or 27.42 per cent of the money lent has been cancelled. From a financial point of view, the Boston Metropolitan Chapter seems willing to absorb this loss when necessary, but the question is raised as to whether or not this is sound case work.

Before attempting to answer this question, perhaps consideration should be given to the reasons for which the loans were made.

TABLE I
REASONS FOR LOANS AT RED CROSS

Reason	No.	Per Cent
Basic Maintenance	26	49.05
Transportation	12	22.64
Rent	6	11.36
Furniture Purchase	2	3.75
Moving Expense	2	3.75
Auto Repair	1	1.89
Camp Fee	1	1.89
Clothing	1	1.89
Medical Expense	1	1.89
Painting Apartment	1	1.89
Total	<u>53</u>	<u>100.00</u>

Table I indicates that the most frequent request for loans was for purposes of basic maintenance. The cases grouped into this category include all loans made to provide food and shelter on an emergency basis for residents of this community as well as to provide the same needs for individuals while traveling. Transportation loans include all loans made to meet the cost of transportation. Often, these cases indicated that the worker considered maintenance needs in making these loans. The major emphasis, however, was on transportation.

The loans for rent were usually made to enable the clients to make advance payments on unoccupied living quarters. They are not included as basic maintenance because they were made to meet a specific purpose. The loans for furniture were made to purchase an item for an infant in one case and to make a down payment for household furnishings in the other. The loan for clothing was made to enable a serviceman to purchase a few items because his luggage was lost in airplane transfer. The other categories as presented in the table are self-explanatory.

TABLE II
PERSONS MAKING REQUESTS

Groups	No.	Per Cent
Servicemen	26	49.05
Wives	20	37.74
Veterans	4	7.55
Mothers	2	3.77
Veteran's Wife	1	1.89
Total	53	100.00

These requests for loans were made by servicemen, wives of servicemen, servicemen's dependent mothers, veterans and in one case, a veteran's wife. The latter four groups initiated the requests personally. Included in the group of servicemen are several cases in which the serviceman initiated the request through a Field Director at a military installation, asking that a loan for a specified amount or a particular purpose be made to a dependent living in Boston. When this was the case, it seemed that the Field Director had worked out a plan of repayment with the serviceman and the chapter worker was accepting of these plans.

It is apparent that servicemen and their wives made over 85 per cent of loans during the period under study. Servicemen as a group received nearly 50 per cent of the loans made by the chapter.

The investigator divided the cases into three groups

according to the closing status of the loans.

TABLE III
CLOSING STATUS OF LOANS

Status	No.	Per Cent
Repaid in Full	30	56.60
Partially Repaid	7	13.21
Cancelled	16	30.19
Total	53	100.00

The first group, Repaid in Full, includes those cases in which the client returned the entire amount of the loan to the chapter and those cases in which repayments are being received on a regular basis according to the accepted plan. The Partially Repaid group includes all cases in which some repayment was made by the client before the loan was cancelled. The third group includes all cases in which no repayment was made by the client after receiving the loan.

Only thirty of the fifty-three loans made by the workers during the period covered by this study were repaid in full. Keeping in mind that the agency received 72.58 per cent of the total amount of money loaned in repayment, one wonders how this was accomplished with only 56.60 per cent of the clients making repayment in full. This seems to indicate that the workers have been more successful in handling the request for sums of money greater than the average loan of

\$49.93.

Of the thirty loans that were repaid in full, according to the worker-client agreement, twenty-two were repaid by allotment. Five of the loans in this category were repaid by cash. Table IV indicates that repayment by allotment seemed satisfactory to the clients and the agency.

TABLE IV
METHOD OF REPAYMENT

Method	<u>Repaid in Full</u>		<u>Partially Repaid</u>	
	No.	Per Cent	No.	Per Cent
Allotment	22	73.33	4	57.14
Cash	5	16.67	3	42.86
Check	1	3.33		
Allotment & Cash	1	3.33		
Cash & Check	1	3.33		
Total	30	99.99	7	100.00

Table IV raises one outstanding question. One wonders what plan for repayment was made in the sixteen cases in which no repayment was made. In eleven of them, repayments were to have been in cash. Two clients agreed to repay by allotment and in three cases, there was no discussion of a plan for repayment.

TABLE V
 CLOSING STATUS OF LOANS
 ACCORDING TO GROUPS MAKING REQUESTS

Group	Total No.	Status		
		Repaid No.	Cancelled No.	Part Repaid No.
Servicemen	26	19	3	4
Wives	20	7	10	3
Veterans	4	2	2	0
Mothers	2	2	0	0
Veteran's Wife	1	0	1	0
Total	53	30	16	7

Tables V and VI present a clearer picture of the closing status of the loans. Table V indicates that servicemen, mothers and veterans have repaid in full more often than wives. The wives, who initiated twenty requests for loans, failed to make any repayment in ten cases. This does not include the veteran's wife whose loan was cancelled without repayment.

TABLE VI
CLOSING STATUS OF LOANS
ACCORDING TO REASONS FOR REQUESTS

Reason	Total No.	Status					
		Repaid		Cancelled		Part. Repaid	
		No.	Per Cent	No.	Per Cent	No.	Per Cent
Basic Maintenance	26	13	50.00	10	38.46	3	11.54
Transportation	12	9	75.00	2	16.67	1	8.33
Rent	6	2	33.33	2	33.33	2	33.33
Furniture	2	1	50.00	0	0.00	1	50.00
Moving Expense	2	1	50.00	1	50.00	0	0.00
Auto Repair	1	1	100.00	0	0.00	0	0.00
Camp Fee	1	0	0.00	1	100.00	0	0.00
Clothing	1	1	100.00	0	0.00	0	0.00
Medical Expense	1	1	100.00	0	0.00	0	0.00
Painting Apartment	1	1	100.00	0	0.00	0	0.00
Total	53	30		16		7	

Table VI gives an over-all picture of the closing status of the loans in regard to the purposes for which they were made. Of the five single requests, four were repaid in full. Fifty per cent of the loans made for basic maintenance, furniture and moving expenses were repaid. Other than the single categories, loans for transportation were repaid in full most often. One outstanding fact from this table concerns the loans made for rent. These loans were repaid in only 33.33 per cent of such cases. A more detailed interpretation of these facts will be found in the final chapter.

In making loans to clients, the workers have for their use a special form, developed in the agency to allow the

client to state his intentions in writing. This contributes to the business-like management of the loan. This form, included in the Appendix, was prepared with servicemen in mind.

As stated in Table II, twenty-six requests for loans were made by servicemen. This group included three cases in which the serviceman initiated his request through a Field Director. Consequently, twenty-three servicemen were seen in the agency by the workers at the time of their request for loans. Chapter form 926 was executed in fourteen of these cases. In nine similar cases, the workers failed to ask the servicemen to use the form. This indicates that in these instances, the workers have accepted the verbalized plan for repayment without presenting an opportunity for the servicemen to state their intentions in writing.

TABLE VII

USE OF CHAPTER FORM 926 IN LOANS TO SERVICEMEN

Sub-groups	Used		Not Used	
	No.	Per Cent	No.	Per Cent
Personal Requests	14	53.84	9	34.62
Special request from Field Director. (Form signed by person receiving money)	1	3.84	2	7.70
Total	15	57.68	11	42.32

With reference to Table V, nineteen servicemen repaid their loans in full, four partially repaid their loans, and three failed to make any repayments. Eight servicemen who did not use form 926 repaid their loans in full. Of the three loans to servicemen that were cancelled, two servicemen did not execute form 926. In the group of partially repaid loans, only one serviceman failed to sign the form.

With this information in mind, chapter form 926 does not seem to be a contributing factor to the closing status of the loans. It does present an opportunity to the serviceman to state his intentions over his signature.

All cases indicated that the persons receiving the loans signed a statement for the amount of money received. This statement was prepared by the national organization and is known as "Home Service - Financial Assistance - Requisition and Receipt."¹

¹ Home Service Form 102 9-15 5m.

CHAPTER V

CASE PRESENTATIONS: CANCELLED LOANS

This chapter is devoted to the discussion in some detail of five sample cases studied in which the loans were cancelled without repayment.

Case 4

This case was originally opened when the wife requested information concerning the serviceman, whose ship was due to arrive in Boston. The serviceman had contributed regularly from his pay to supplement his wife's "Q" allotment. Before going to sea six weeks ago, he discussed possibilities of increasing the allotment but was told it was not worthwhile. The wife was not requesting financial assistance believing she could manage if the serviceman would arrive within a week. The worker verified the arriving date of the serviceman's ship and notified the wife. The serviceman's wife was pregnant and accepted the suggestion for prenatal care at Chelsea Naval Hospital.

One month later the wife requested a loan in order to move to Maine, her home state. It seemed that the serviceman's ship was going to sea and the wife wished to join her mother, believing she could manage better from a financial point of view. The request was for \$25.00. Her brother was on his way home from Pennsylvania with a friend in a truck. They promised to help her move if she could purchase the gasoline. The wife further stated she would repay the chapter since the serviceman was increasing the allotment and her living expenses would be cheaper. The worker asked permission to verify the living arrangements in Maine and learned the mother was willing to accept her. The loan was given with the understanding payments were to be made directly to the Boston Chapter.

Three months later, the worker asked the Maine Chapter to contact the wife concerning repayment of the loan. The Maine Chapter replied that the wife wished to repay but her expenses were greater as she

no longer lived with her mother. The client did not wish the loan cancelled.

Four months later, the worker asked the Maine Chapter to contact the wife again concerning repayments. The wife did not respond to letters and her mother felt the serviceman might be contacted as his ship was in Boston. The worker contacted the Field Director who asked the Chaplain to speak to the serviceman regarding the loan. The serviceman sent word he would come to the office. The worker asked the Field Director to contact the serviceman again, to make an appointment for him to discuss repayment of the loan. The Field Director stated the serviceman's wife had initiated several requests for money from the serviceman, indicating she had a difficult time managing.

The serviceman did not respond and since the wife was having a difficult time managing, the loan was cancelled.

The worker in this case verified the living arrangements in Maine before making the loan. It seemed also, that with the increased allotment and living expenses, the serviceman's wife would be able to repay the loan. The investigator wonders, however, if the serviceman was in accord with plans since no effort was made to contact him. Also, it seems that the worker's attempt to contact the serviceman seven months after the loan was made was a breach of policy since the wife had accepted full responsibility for the loan. Cancelling the loan seemed to be in keeping with agency policy since the wife indicated inability to repay.

Case 18

This case was opened when the agency was requested by the Field Director at a military hospital in Texas to notify the veteran's wife that her husband was on the "danger list" and her immediate

presence was desired. Upon learning of the situation from the worker, the wife expressed a desire to go to Texas. She had no funds and requested an appointment to discuss a loan, attempting first to get an advancement in pay. The employer advanced \$50.00 and the agency made a loan of \$100.00 so that the client might purchase a one-way ticket to Texas and have funds for basic maintenance while there. The client felt she could repay the loan easily, using the veteran's disability compensation of \$60.00 a month or in event the veteran died, the \$50.00 "E" allotment which the veteran's stepson sent each month from his military pay. While the wife was traveling to the veteran's bedside, the worker was notified that he had died.

Since the client had only a one-way ticket, the agency authorized the chapter in Texas to provide \$75.00 for the return trip. This made the total loan \$175.00. Upon her return to Boston, the wife accepted an appointment to discuss repayment after the worker contacted her through the mail. At this time, the worker learned that the client was employed as a cook, earning a small salary, that the client was three months behind in utility bills and that the foster son had made no arrangements to send the \$50.00 "E" allotment to her. The client felt she might be able to repay with "widow's benefits", which she had applied for. Two months later, the loan was cancelled by a letter to the client, explaining the action being taken and leaving her free to repay at a later date should she desire. This action was taken because the client earned a salary that hardly met her basic needs. Attempting to repay would cause her to suffer undue hardships.

This case demonstrates the importance of examination of the client's financial ability to repay. The client expressed willingness to repay, but the resources she planned to use for repayment were not being received by the client at the time of her request. The job was the client's sole resource and the investigator wonders why the employer did not advance enough for the trip. A deeper exploration of the client's

resources might have indicated her financial situation before the loan was made. The investigator wonders if the client would have made other plans had she recognized with the worker her financial plight. Cancelling the loan seemed helpful to the client as repayment might have created more difficulty because she was not able to provide adequate basic maintenance with her salary.

Case 32

This case was opened by the serviceman's wife who requested financial assistance, pending receipt of her "Q" allotment and her return to work. The serviceman had no funds with which to help. The worker discussed hardships the serviceman's wife might have attempting to repay the loan and gave basic maintenance in terms of grants. The client mentioned not being able to send her seven year old daughter to camp. The following week the client found a job and discussed taking a loan in order to send the child to camp. The worker telephoned several settlement houses to discuss free camp but no resources were available. The loan of \$31.50 was made and the grant was given to cover basic maintenance needs. It was agreed that no repayment would be made for one month.

After three months, the worker wrote the client regarding repayments. The client came to the office expressing financial difficulty. She had stopped working as the job was "too hard" and she was without funds. A grant for basic maintenance was given. The following week, the client called, stating the serviceman was home and she had a job. She planned to start repayment soon. The last follow-up letter was returned by the Post Office because the addressee had moved and left no forwarding address. Since the client could not be located and evidenced no further intentions of repaying, the loan was cancelled.

This loan was not made to meet an acute or emergency need but rather to help a child have a wholesome experience.

The worker accepted the plan for repayment as it seemed the client could repay without creating a hardship. Circumstances changed when the client lost her job. The investigator wonders would the client have felt free to seek additional assistance had the worker not written the followup letter. The outstanding loan did not hinder the worker in making grants for basic maintenance. When the client evidenced no desire to repay, the loan was cancelled in keeping with the national policy.

Case 51

This case was opened by the serviceman who sought financial assistance in order to pay rent. His child according to the serviceman, had flushed \$80.00 down the toilet. It seemed the child played with wallets whenever he could and he destroyed the money before the serviceman discovered what the child was doing. The serviceman's relatives could not help. The worker suggested a grant since it seemed the serviceman and his family were living on a limited budget. The serviceman insisted upon a loan saying he would not "feel right" if he accepted it as a grant. He said he could repay in a few monthly installments. The worker explained how to make the "E" allotment through his Field Director and made the loan of \$30.00. The worker then contacted the Field Director asking him to help the serviceman make the "E" allotment. The Field Director replied immediately stating the serviceman was paying expensive medical bills and suggested the loan be cancelled as repayment would create financial difficulty. The worker consequently cancelled the loan.

The worker in this case recognized the hardships the serviceman was having and suggested a grant to meet the rent rather than a loan. The worker failed to inquire as to how

his income was being spent and did not give the serviceman an opportunity to discuss his outstanding debts. Probably, had the serviceman mentioned his debts, the worker might have had a sounder basis for suggesting a grant. In cancelling the loan, the worker was within policy, in that the debt might have created a financial hardship.

Case 60

This case was opened by the serviceman's wife who entered the office requesting an emergency appointment. She told the worker she had lost her wallet with \$50.00 in it and was without money. Her rent was paid, but she had no food in the house. Also the serviceman was at sea and she could not contact him. She expected her "Q" allotment, the only source of income in about two weeks and would like to repay. When questioned about how she would do this, the serviceman's wife was not certain but "would do this somehow". The worker suggested she repay at \$5.00 or \$10.00 per month and the plan was accepted.

The worker learned that she had not called the department store concerning the lost wallet. With her permission, the worker called while the client was in the office. The receptionist at Red Cross had informed the worker that a man was keeping the children in the waiting room and the worker asked if the man was a friend or her husband. The client described this man as someone she met on the street who had agreed to keep the children for her. The worker recorded his doubts of the client's sincerity but made the loan of \$25.00 for the week and an appointment for the following week. A second loan for basic maintenance was given to cover three days as the client expected to receive the allotment check. The worker sent two follow-up letters and the client failed to respond. Consequently, the loan was cancelled.

This case indicates that the worker made the loan while in doubt of the client's willingness to repay. The worker

could not contact the serviceman immediately since he was at sea and it is agency policy to assist in an emergency. Since the client requested a loan and did not know how she would repay, the investigator wonders if that in itself was not a clue for more exploration. Cancelling the loan was in keeping with national policy.

Summary:

These cases indicate a need for exploration of the client's requests, in order to determine client-willingness to repay as well as financial ability to do so. In Case 4, the worker did not obtain the co-operation of the serviceman in the over-all planning. This might have helped in repayment since it appeared the serviceman was a responsible person. Case 18, as well as Case 51, points out the importance of full exploration before the loan is made. There seems to be a tendency for the workers to accept plans for repayment based on resources that are not realistic. Case 32 illustrates that repayment depended upon the client's ability to get a job. Case 60 illustrates the worker's making a loan when repayment was in doubt. Although the worker questioned the client's sincerity, he made the loan without further exploration.

CHAPTER VI

CASE PRESENTATIONS: PARTIALLY REPAID LOANS

This chapter is devoted to the discussion of five cases in which some attempt was made by the clients to repay the loans. Before these clients repaid the loans in full, however, they discontinued repayments. It was then necessary for the workers to cancel these loans in keeping with national policy.

Case 23

The serviceman's wife and two small children were in Oregon, requesting a transportation loan from the local chapter in order to join the serviceman in Boston. The Oregon chapter planned to make the loan if the serviceman had living quarters for them in Boston. The serviceman had located an apartment but had no funds with which to make an initial payment on the rent.

He requested a loan of \$35.00 in order to pay the first month's rent. The worker questioned the serviceman about his funds and learned that he had been overpaid by the military at a previous date, and was receiving only \$12.00 per month. This was to be effective for three more months.

The worker questioned the serviceman's desire to have his family join him at this time. The wife was pregnant and expecting to deliver the third child in five months. It was at this point that the serviceman related his plans for a discharge request based on the number of dependents after the birth of the third child. The serviceman planned to make his home in the Boston area and get a job as a truck driver.

The serviceman did not wish his wife to use her "Q" allotment for transportation, as she would have no funds upon which to live upon arrival. The worker asked about the serviceman's ability to

handle two loans. The serviceman felt he could repay for the loan for rent by "E" allotment, saying that the wife would repay the transportation loan from the "Q" allotment. When questioned further concerning his ability to repay the loan, the serviceman insisted he would repay with the allotment or with funds from his wife.

Since the Oregon chapter was making the transportation loan, the worker made the \$35.00 loan to the serviceman, instructing him to visit the Field Director to register the allotment in repayment at \$5.00 per month as the serviceman stated he wished to do.

The worker sent a letter to the Field Director requesting assistance in helping the serviceman file the allotment. After three months, the Field Director succeeded in helping the serviceman carry through with the allotment. Three \$5.00 repayments were received and the payments stopped. There had been no further action on the case as the balance was cancelled.

Perhaps the most outstanding factor in this case is the financial condition of this serviceman. At the time of the request, he was receiving only \$12.00 per month and expressed a desire to repay a loan of \$35.00 by making an allotment for \$5.00 per month. Though the worker questioned his ability to repay a loan, the loan was made.

This serviceman indicated a desire to apply for a dependency discharge at the birth of his third child. From this, it seemed that the serviceman was not planning to remain in military service for an extended period of time. There was little evaluation of the serviceman's willingness to repay. Perhaps had the worker questioned the matter concerning the overpayment by the military, more light might have been shed on this. Did the serviceman accept this

overpayment, feeling he had received something for nothing? The registering of the allotment after three months seems to indicate that the serviceman followed through with his plans for repayment when his indebtedness to the military had been cleared up. Since only three payments were received after this time, it seems also, that the serviceman followed through with his plans for discharge. This, however, can only be considered a supposition and can be learned only after further communication with the military through the Field Director at the serviceman's base.

Case 40

This case was opened by the serviceman, who was at home on regular leave. He requested a loan of \$50.00 to help his family, which consisted of his mother and a school age brother. The serviceman had used his funds to purchase food and had no relatives who were able to help. The serviceman's father had deserted the mother "years ago". The mother was not considered the serviceman's dependent, and the worker pointed out that it was the duty of the father to support the mother.

The serviceman expressed willingness to repay by allotment, emphasizing that the family was without food and the rent was due. The worker received the serviceman's permission to wire the Field Director who replied he would assist in collecting it if made.

The worker then made the loan of \$50.00 to the serviceman since he promised to repay. The worker further emphasized that it was not agency policy to do so in such cases, and also it could not be repeated. The worker suggested that the serviceman's mother apply to Public Welfare if the need continued.

The Field Director was sent a letter containing the facts of the case and assisted the serviceman in making an allotment to the chapter in repayment.

This allotment of \$10.00 was to be continued for five months.

Only three payments were received. Then there was a period of three months in which no payments were received. The balance was cancelled because it was considered uncollectable by the worker.

This case demonstrates the flexibility in the interpretation of agency policy. The mother and brother of the serviceman were not eligible for help, but because of the serviceman stressing his willingness to repay, the worker made the loan, suggesting that the mother apply to Public Welfare should the need persist. A grant probably would not have been approved since the assistance was for non-dependents.

Since the serviceman followed through with his plan for repayment, the investigator wonders why the worker did not send a letter to the Field Director when the repayments stopped. The worker did not discuss with the serviceman the length of time he expected to remain in service. This seems important since the deductions from the serviceman's pay for allotments stop at the time of discharge from military service. Further investigation by the worker seemed indicated before cancelling the unpaid balance.

Case 42

An officer's wife entered the agency requesting financial assistance. She had lived on a military base with the officer until he was shipped overseas. The officer gave her what funds he had and promised to send more when paid. The couple had two pre-school

age children. The wife was living with relatives but planned to find an apartment as soon as the officer sent funds. The worker learned that the officer planned to send his family \$200.00 per month and suggested to the wife, in the light of this, that the financial assistance be considered a loan. The worker stated repayments could be made on a monthly basis so as not to cause difficulty. The wife accepted this plan without setting a definite amount for the monthly payments.

The worker was given permission to contact the officer through the overseas Field Director concerning the possibility of his sending funds immediately. The officer could not send funds at that time but promised to send his wife the \$200.00 as planned when paid by the military. The wife was assisted financially two weeks for a total of \$57.50.

The wife received the allowance from the officer and repaid \$11.00 to the agency through the worker during an interview. The wife talked of her desire to purchase clothing for herself and children. She also had located an apartment and was getting accustomed to the new neighborhood. The worker suggested that she repay in smaller amounts, since she wished to buy clothing. A month later, another repayment of \$11.00 was made. Again, the worker suggested she make smaller payments. After this, the client failed to keep her appointment. The worker wrote two follow-up letters but the client failed to respond. Consequently, the unpaid balance was cancelled.

The worker, in this case, suggested a loan since the client was an officer's wife and would receive an allowance large enough to meet her needs and handle a loan. The loan was not handled in a businesslike manner since no definite plan was made for repayment. The worker, by suggesting that the client make smaller payments without considering a budget with the client, played down the importance of the obligation the client had accepted.

The client seemed to have accepted the worker's

permissiveness and failed to continue repayments. Since the officer was brought into the planning, the investigator wonders if it would have been of value to have informed him that the wife was being aided with loans. It was in keeping with agency policy to cancel the unpaid balance since the client did not respond to the follow-up letters.

Case 45

This case was opened when the serviceman and his wife entered the office requesting financial assistance. The wife was unemployed and maintained herself with the "Q" allotment. She had used her allotment for transportation to Boston from her home town in Maine in order to be with the serviceman while his ship was in Boston. The remainder of the allotment was spent for food and rent. The serviceman had no funds as he had contributed his pay toward their upkeep.

The serviceman requested \$25.00 in order to purchase food and to pay a week's rent. In discussing plans for repayment, the serviceman stated that his wife would repay from the "Q" allotment which she received each month. The worker discussed the allotment plan of repayment, wondering if the serviceman would consider repaying from his pay. The serviceman maintained his desire for his wife to repay from the "Q" allotment. The wife stated she would make repayment.

It was understood that the wife would make a payment when she received the allotment. After not hearing from the wife the following month, the worker wrote a follow-up letter concerning repayment of the \$25.00 loan. The wife failed to reply. The following month, however, the wife wrote a letter containing \$5.00 in repayment. The serviceman's ship had returned to sea and the wife had returned to Maine. She expressed her intentions of sending another payment the following month.

After not hearing from the wife, the worker contacted the Maine Chapter asking that a worker contact the wife concerning plans for repayment.

The Maine Chapter contacted the wife and discovered that she was having a difficult time managing with her allotment. The worker felt that to repay the loan would create more difficulty. In replying to the Boston Chapter, this worker suggested that the unpaid balance be cancelled.

This case consists of a loan for basic maintenance. The worker attempted to get the serviceman to accept responsibility for repayment of the loan by allotment from his pay. In doing this, the worker did not mention the difficulty the wife might have in attempting to repay from the "Q" allotment. The worker failed to inquire as to how long the couple planned to remain in the Boston area. Since the serviceman mentioned that his wife had recently come because his ship was in Boston, further questioning seemed indicated. It appears that the couple had planned to live together in Boston until the serviceman's ship returned to sea.

The worker followed through the attempt to contact the wife regarding repayment. Upon learning that she had moved to Maine, the worker sought the aid of the Maine Chapter regarding repayment plans. The worker accepted the suggestion of the Maine Chapter, which found the wife having difficulties financially, and cancelled the unpaid balance of the loan. This was in keeping with the agency policy.

Case 62

The wife of a serviceman requested financial assistance. She had lost her wallet and was faced with eviction if she could not pay her rent. The worker learned that the serviceman was at sea and

also, there were no relatives who might help in this emergency.

The client worked in a department store, earning \$24.00 per week and received a "Q" allotment from the serviceman each month. She felt she could repay a \$30.00 loan in two monthly installments of \$15.00 each. The worker learned that the wife had recently begun work. The wife had not worked sooner because of an illness described as internal trouble. The wife felt she would have no further trouble from her illness on the present job. The pay from the job was to meet food needs, and repayment on the loan was to begin upon receipt of the "Q" allotment.

The worker wrote a follow-up letter when the client failed to make the repayment as planned. This letter was returned by the Post Office because the wife had moved, leaving no forwarding address.

Two months later, the wife mailed \$5.00 in repayment. She stated she had been ill and had been unable to work as planned. Again, nothing was heard from the client. The worker wrote several follow-up letters and the final one was returned. The worker telephoned the address and learned that the client had returned to Texas. Since the client failed to respond and had moved out of the state, the unpaid balance of the loan was cancelled.

It seems that the illness that the client described in a casual manner, interfered with her plans for repayment of the loan. The client was depending upon her ability to work in order to repay the loan. Since illness prevented her from working, cancelling the loan was helpful as it relieved her of an outstanding debt. Perhaps the worker might have cancelled the loan upon receipt of the \$5.00 payment since the client stated she had been ill.

Summarizing, these five cases have been presented as a sample in which the loans were partially repaid and cancelled before the client repaid in full. These cases point out the

need for the worker to examine thoroughly, the client's plan for repayment.

In Case 23, the client expressed a desire to apply for a discharge from military service while discussing his financial plight. No discussion of a grant was made although it seemed indicated. Case 40 was partially repaid by a serviceman who fulfilled his obligation by making the allotment to the chapter. This unpaid balance was cancelled without follow-up as to why the final payments were not received. Case 42 might have been more successful had the serviceman been involved in repayment and the worker had been more businesslike in handling the loan.

CHAPTER VII

CASE PRESENTATIONS: LOANS REPAID IN FULL

This chapter is devoted to those cases in which the loans were repaid in full. Five sample cases are presented.

Case 14

This case was opened by a serviceman who was being transferred from one military base to another. He was at home on a "delay enroute", allowing him to have a week at home before reporting to his new assignment. The serviceman found his father in need of immediate hospitalization and the family in dire need. The serviceman wished help in having the military release \$600.00 which he had in "Soldier's deposit". The serviceman wished to pay for the hospitalization and leave funds with his mother and younger sister. He was using the funds he had for their upkeep but these funds were becoming exhausted.

The worker telegraphed the Field Director at the military base from which the serviceman was being assigned and learned that his records were not there. The worker then telegraphed the Field Director at the base to which the serviceman was reporting. He verified the existence of the \$600.00 but stated that the military could not release the money to the serviceman until he reported for duty.

The worker suggested that the serviceman discuss his problem with the social service department at the hospital and try to plan to make payments at a later time. The serviceman accepted this but stated his funds were exhausted and he had no way to meet the maintenance needs of his family. The family was not eligible for assistance from the agency because they were not established dependents of the serviceman.

The serviceman requested a \$100.00 loan to meet the emergency situation, stating he would repay by allotment. He planned to send the \$600.00 to his mother when he returned to his military base. The loan was made since the situation seemed desperate and there was no doubt as to the existence of the

\$600.00. The serviceman was instructed to see the Field Director who would assist him in making the allotment. The worker told the serviceman that a letter explaining the situation would be sent to the Field Director. The serviceman executed chapter form 926, stating his intentions of repaying at the rate of \$10.00 per month for ten months.

The serviceman followed through with his obligation and the loan was repaid in full.

The serviceman in this case demonstrated a strong sense of responsibility for his parents. Not only was he anxious to help his family, but he demonstrated his resourcefulness in saving \$600.00 from his military pay. The existence of this savings was established before the loan was made, and the serviceman expressed his intentions of repaying both verbally and by executing chapter form 926. He was able to make repayments without creating an acute financial difficulty. This case demonstrates a flexible interpretation given to the agency policy, since the loan was made to help non-dependents. The worker could have denied the assistance as a grant.

Case 21

This case was opened when the mother of a totally disabled veteran sought help in establishing her dependency upon the veteran. Having accomplished this, the mother accepted casework help with her feelings surrounding her son's condition. During this period, the mother maintained herself with the \$80.00 which she received monthly as a dependent of the disabled veteran.

The hospital informed the mother that her son could come home for a trial visit. The mother, living in a one room flat, asked for a loan in order

to rent an apartment. She felt she could repay because the veteran would receive disability compensation when released from the hospital. The worker verified this with the hospital before making the loan. The worker discussed with the mother the need for more furniture and household furnishings and the mother maintained her desire to have a loan, feeling confident that she could repay. Since the mother stated she would repay as able, no form 926 was executed.

The client continued to accept casework help and after several months, repaid the loan in full.

This loan was made by the worker who doubted the mother's ability to repay the loan. There was no discussion of how the mother would manage should the veteran be returned to the hospital. It seems that the loan was in keeping with the treatment plan and that the worker was willing to cancel the loan if the mother's financial condition was altered. Since the mother was not able to make definite plans for repayment, it seems a grant was indicated. Discussion of repayment might have taken place after the son was released from the hospital and after the mother had had an opportunity to determine her ability to repay on a more definite basis.

Case 52

This case was opened by a veteran who sought a loan for transportation to California to meet his war bride, who could not speak English, and accompany her to New England. The veteran explained that he was a student under Public Law 346, and had not received any subsistence allowances. He further stated that the military owed him over \$3,000.00 for services rendered as a civilian. He had tried to get the matter settled but was having difficulty. The serviceman stated that he had tried every resource in Boston but had found all doors closed to

him. He had come to Red Cross as a final resource.

The worker asked permission to check with the military concerning possibilities of his receiving his pay, and also, other social agencies.

The worker verified through National Red Cross that the back pay was due the veteran and it would take several months before payment could be made. Travelers Aid, Army Emergency Relief, and a banker were telephoned concerning possibilities of helping this veteran. These agencies refused.

The worker reported her findings to the veteran and inquired further as to why he left his wife overseas. The veteran stated he was evacuated under unusual circumstances by the military. He was accused of being psychotic and confined. After spending two days in a mental hospital, he was released to his brother. He employed a lawyer to investigate his case and according to the veteran, he was still technically employed by the military. The veteran explained that a "jealous co-worker" was the cause of the entire situation. The worker asked permission to write the hospital for a report. This was granted. Also, the lawyer called to verify what the veteran had said.

The hospital reported that the veteran was admitted under a diagnosis of "acute psychosis" but was discharged two days later. The report stated that the diagnosis was an old one and should not be considered as being final.

The worker told the veteran that the agency would make the loan since the situation was acute, and worked on the plan with the veteran. The veteran decided to have his wife come to Boston alone, since the agency would have a Traveler's Aid representative meet her and help in any way possible. The veteran promised to repay when his settlement with the military was made. A loan of \$200.00 was made for air transportation since it was more convenient for the non-English speaking wife.

As pre-arranged, the wife was met at the time of arrival by an interpreter and aided in her cross-country flight.

A month later, a follow-up letter was sent to

the veteran concerning payment. He replied that his back pay had not been received and that he would repay when he received it. Later, the veteran mailed a check for repayment in full.

In this case, the worker explored available community resources and verified the existence of and the efforts to collect the accrued pay. It seems that the veteran was willing to repay and would have the funds with which to do so. The worker was successful in helping the veteran accept a less expensive plan that still proved satisfactory. At first, the veteran wished to meet his wife and accompany her to Boston. With the aid of another social agency, assistance was offered the wife who made the trip unaccompanied.

Case 4

This case was opened by a serviceman's wife who requested a loan for transportation in order to join the serviceman at his military base in the far west. The wife had planned to save money for the trip from her "Q" allotment but she had been unable to do so, as the allotment was spent in meeting the maintenance needs she and her four months old child required. When asked if the serviceman was able to send funds, the wife stated that the serviceman had located an apartment and was paying the rent.

The worker asked permission to verify the existence of the apartment. Since the wife stated the serviceman would repay by allotment, the worker also asked permission to have the Field Director discuss it with the serviceman. The Field Director verified the existence of the apartment and stated that the serviceman was willing to make an allotment to the chapter for a period of twelve months not to exceed an amount of \$10.00 per month.

In discussing this with the wife, the worker learned she was willing to use a part of the "Q"

allotment for the transportation. The worker wondered if this might create a financial difficulty and suggested that a telegram be sent to the chapter out west to see if it would offer financial assistance should the need arise. This was done and the chapter out west accepted the plan.

The worker helped the wife plan the trip by train. The wife deposited \$65.00 with the worker who purchased the ticket. The agency made a loan of \$93.84 in order to pay for the ticket in full.

The worker notified the Field Director of the action taken and informed him as to when the wife would arrive. The Field Director assisted the serviceman in making the allotment to the chapter and the loan was repaid in full.

The worker in this case involved the serviceman in the planning for the loan. Before making the loan, the worker was assured that the serviceman had adequate housing and that he was willing to make repayment. It seemed also, that the serviceman planned to remain in service at least one year longer as indicated in the plan for repayment of the loan in twelve monthly payments. The client was assured of financial assistance on an emergency basis if needed by the Red Cross.

Case 36

This case was opened upon receipt of a letter from an overseas Field Director. The Field Director stated that the serviceman had requested that his wife be given a loan of not more than \$50.00. The serviceman was accepting responsibility for repayment by allotment. The serviceman had been asked by the wife to send funds but he was unable to do so.

The worker telephoned the wife informing her that the agency had been requested to assist her and made an appointment. In the office interview, the wife expressed surprise that the serviceman had

initiated the request. The wife had written the serviceman's Commanding Officer because the serviceman had stopped sending her funds from his pay. She was not able to manage on the "Q" allotment. The wife believed the serviceman stopped sending funds from his pay because she had purchased furniture without consulting him.

The wife was behind in bill but had paid her rent and had purchased food. The loan of \$50.00 was made in keeping with the Field Director's letter.

The Field Director was notified of the action taken and the serviceman initiated the allotment, repaying the loan in full.

This case demonstrates the co-operation existing between the Field Director and the agency. The Field Director assessed the serviceman's willingness and financial ability to repay the loan before making the request to the chapter. Since the wife was experiencing a difficult time because the serviceman had failed to send funds from his pay, financial assistance seemed indicated. Again the importance of involving the serviceman in the plan for a loan is demonstrated.

In general, these cases show more careful exploration of the client's ability to handle a loan. When the request was made by the wife, the serviceman was included in the planning. In several cases, the existence of funds which were considered resources were verified before the workers made the loans.

In two of these five cases, chapter form 926 was used. When the form was not used, it seemed that the plan for repayment was not definite. This form however, seems an important tool in executing the loan in a businesslike manner.

CHAPTER VIII

CONCLUSIONS

This study of cases in which permissive loans were made to the clients by Home Service, Boston Metropolitan Chapter of the American Red Cross was undertaken in an attempt to study the workers' examination of the request in the light of the closing status of the loans. Financial assistance is but one of many services offered servicemen, veterans and their dependents. This study, consequently, was made of only one service and does not take into consideration the vast majority of cases in which financial assistance is not needed. Further, this study deals with but one phase of the program of financial assistance in Home Service.

Because Home Service follows a policy as outlined by the national organization, the investigator presented that policy considered pertinent to the understanding of the cases studied. In general, this policy stated that financial assistance was to be given servicemen and their dependents and disabled veterans and their dependents. This same policy allowed Home Service to follow its program with due regard to the agency resources and community resources. In making loans, the national organization stated it should be done when the income would allow the client to make repayment without sacrificing a standard of "health and minimum security". It considered it good policy to make a combination

grant and a loan when it was apparent that the client could repay some but not all of the financial assistance requested.

A sample of fifty-three cases was selected on the basis of permissive loans made by Home Service during the fiscal year July, 1950 through June, 1951. These cases divided themselves into three groups according to the closing status of the loans. Group I was represented by sixteen cases in which the loans were cancelled by the agency without any payment on them by the clients. Group II was represented by seven cases in which the clients made some repayments on the loans but did not fulfill the obligation to repay in full. Group III was represented by thirty cases in which the clients fulfilled their obligation by repaying the loans in full according to an agreed plan.

A description of the fifty-three cases studied was given with focus on the reason for the loans, the persons requesting them, their closing status according to the persons making them and according to the purpose for which they were made.

The most frequent request for loans was for purposes of basic maintenance, transportation, and rent. Servicemen initiated 49.05 per cent of all requests, and their wives requested 37.74 per cent of the fifty-three loans. Servicemen's mothers, veterans, and a veteran's wife initiated a total of 13.21 per cent of the request for loans. In general, these loans were made to meet an acute need that could

be satisfied with financial assistance.

Seventy-five per cent of the loans for transportation and 50 per cent of the ones for basic maintenance were repaid in full. In general, the loans that were singular requests, being somewhat different from the more frequent requests, were repaid in full. From an over-all point of view, 56.60 per cent of the loans were repaid in full, 13.21 per cent was repaid partially and 30.19 per cent of the loans were cancelled without any repayment.

This picture seems brighter perhaps with the realization that 72.58 per cent of the money involved in the fifty-three cases was recovered by repayments from the clients.

In general, the workers in these cases showed more careful examination of the clients' requests when they were for relatively large sums of money. Only two loans for amounts over \$33.00 were cancelled without repayment of some form by the clients. In the same light, the workers exhibited a tendency of laxity in their examination of the clients' willingness and ability to repay in loans for amounts less than \$35.00. This was especially true when the loans were made for basic maintenance.

In Group I, Cancelled Loans, the workers demonstrated little understanding of the clients' financial ability to repay. In general, the loans for basic maintenance in this group should have been grants, rather than loans. There were ten such cases. This would have been within the

framework of national policy. In the light of this, cancelling these loans was the final alternative left the workers. In four of these cases, however, the loans were made after extensive examination of the clients' willingness and financial ability to repay. At the time of the loan, these factors seemed ample to allow repayment by the client. Exogenic factors, as long term illness or loss of employment, can alter one's circumstances enough to warrant cancelling a loan.

This perhaps is more apparent in Group II, Partially Repaid Loans. Changes in circumstances prevented three clients from completing repayment after it was begun. In this group, as in Group I, some of the loans were made when it was apparent that the client was setting up a difficult situation by accepting the obligation of a loan. From this, the investigator concludes that in a few cases, loans were made when the ability of the client to repay was in a state of doubt.

Group III, which included the 56.60 per cent of the cases studied, represented those cases in which the loans were repaid in full by the clients. Not only did the workers in these cases demonstrate a more intensive examination of the client's willingness and ability to repay, but in general, the workers exhibited more detailed planning with the clients for repayment. This plan was decided upon before the client received the loans. In this group of cases, when the request

was initiated by wives, the workers involved the servicemen in the over-all plan when possible. The workers in these cases demonstrated a sound grasp of agency policy and made the loans on a practical basis.

Since servicemen as a group repaid loans more often than their wives, it seemed important to involve the servicemen when possible. Also, servicemen repay in general by the allotment method. This points out the importance of knowing how long the servicemen plan to remain in service. In several instances, the servicemen filed the allotments to the chapter, but the full amounts of the loans were not received. Perhaps this meant that the serviceman had been separated from active service. This could be established with a follow-up letter to the Field Director.

The workers did not use chapter form 926 as often as it might have been used. In this study, the use of the form could not be considered a contributing factor to the closing status of the loans. It does, however, give the client an opportunity to state his intentions of repaying over his own signature.

From this study, the investigator concludes that more careful examination of the clients' willingness and financial ability to repay loans are the two most important factors, as seen in the light of the closing status of the loans. This is not meant to imply that all loans will be repaid in full if special attention is given these factors. It is

intended to convey the idea that when loans are made with detailed knowledge of the client's realistic resources, a higher percentage should be repaid in full. The few exceptions might be in cases in which exogenic factors prevented the clients' ability to fulfill their obligations as planned.

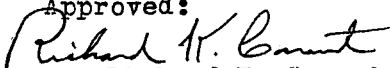
The investigator is cognizant of the heavy case load handled by the workers in the agency. Since plans for an increased staff are being made at the present time, this situation will perhaps be alleviated. This would allow more time for the exploration of the clients' requests without the mounting pressure of the other cases the workers are carrying.

In view of the findings of this study, the investigator would like to suggest:

1. That time in a regular staff meeting be devoted to a discussion of the policy regarding loans, especially for new workers.
2. That a chapter form, similar to chapter form 926, be worked out by the staff for persons other than servicemen, who plan to repay by monthly payments.
3. That in making loans, some idea of the clients' income, expected income and expenditures be included in the workers' understanding of the request.
4. That when possible, the workers learn the amount of time the serviceman plans to spend in service before discharge.

5. That when possible, the serviceman be involved in planning loans to meet the emergency needs of their wives.
6. That a similar study be made in the near future of cases in which grants were made to determine whether or not some of them might have been loans.
7. That a follow-up study, similar to this one be made in the near future to determine if the same factors are evident.

Approved:


Richard K. Conant
Dean

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A P P E N D I X

SCHEDULE

1. Serviceman's name: _____
 - A. Date entered service: _____
 - B. Time remaining in service: _____
2. Request made by whom: _____

Occupation _____ Learned at intake _____ Later _____

Wage _____ Learned at intake _____ Later _____
3. Reason for request: _____
4. Amount loaned: \$ _____
5. Worker's understanding of the client's situation:
 - A. Is financial assistance necessary to meet client's acute need?

_____ Yes _____ No
 - B. Is the request within agency policy?

_____ Yes _____ No
 - C. Client's source of income: _____
 - D. Total income:

_____ Known _____ Unknown
 - E. Why has client sought agency help at this time? _____
6. Client's verbalization of the method of repayment: _____
7. Worker's verbalization of the method of repayment: _____

CHAPTER FORM 926

AMERICAN NATIONAL RED CROSS¹
 BOSTON METROPOLITAN CHAPTER
 Boston, Massachusetts

I, _____, have obtained a loan of \$ _____ from the Boston Metropolitan Chapter, American Red Cross, for _____. I have agreed to repay this loan at the rate of \$ _____ a month by allotment to the Boston Metropolitan Chapter.

Signed _____

Full name, rank or rate, serial number. Name of ship or station.

To be signed in triplicate - 1 copy for the serviceman; 1 for the serviceman to give the field director; 1 for chapter files.

(926)

¹ This form is reproduced with the permission of the agency director.

In the following tabulation of the cases studied, the investigator has listed the loans according to the amount of money loaned. Under the column Case No., the investigator has used the number which corresponds to original alphabetized listing. Unless otherwise stated, under the column, Request by Whom, the wives are wives of active servicemen. Likewise, mothers are mothers of active servicemen.

TABLE VIII
STATISTICAL WORK SHEET

Case No.	Reason For Loan	Request By Whom	Amount of Loan	Amount Repaid	Amount Cancelled	Repayment Method	Form 926?
52	Trans.	Vet.	\$200.00	\$200.00	\$ 0.00	Check	No
18	Trans.	Vet. Wife	175.00	0.00	175.00	None	No
28	Trans.	Sevnm.	140.00	140.00	0.00	Allot.	Yes
14	Maint.	Sevnm.	100.00	100.00	0.00	Allot.	Yes
2	Maint.	Sevnm.	100.00	100.00	0.00	Allot.	Yes
44	Maint.	Sevnm. thru F.D.	100.00	100.00	0.00	Allot.	No
55	Maint.	Vet.	95.00	95.00	0.00	Cash & Check	No
3	Trans.	Wife	93.84	93.84	0.00	Allot.	No
34	Maint.	Sevnm.	88.00	88.00	0.00	Allot. & Cash	Yes
47	Rent	Sevnm. thru F.D.	72.00	0.00	72.00	None	No
13	Furn.	Sevnm.	70.00	46.00	24.00	Allot.	Yes
8	Trans.	Wife	60.00	60.00	0.00	Allot.	Yes

Case No.	Reason For Loan	Request By Whom	Amount of Loan	Amount Repaid	Amount Cancelled	Repayment Method	Form 926?
57	Med. Exp.	Scvnm.	\$ 55.00	\$ 55.00	\$ 0.00	Allot.	No
42	Maint.	Wife	51.50	22.00	29.50	Cash	No
15	Cloth.	Scvnm.	50.00	50.00	0.00	Allot.	No
27	Rent	Mother	50.00	50.00	0.00	Cash	No
30	Trans.	Wife	50.00	50.00	0.00	Allot.	No
36	Maint.	Scvnm. thru F.D.	50.00	50.00	0.00	Allot.	Yes
63	Maint.	Scvnm.	50.00	50.00	0.00	Allot.	No
40	Maint.	Scvnm.	50.00	30.00	20.00	Allot.	Yes
59	Trans.	Scvnm.	50.00	50.00	0.00	Allot.	Yes
37	Trans.	Wife	48.00	24.00	24.00	Allot.	Yes
21	Rent	Mother	45.00	45.00	0.00	Cash	No
17	Furn.	Wife	45.00	45.00	0.00	Allot.	No
50	Maint.	Wife	40.00	40.00	0.00	Allot.	No
46	Trans.	Wife	40.00	40.00	0.00	Allot.	No
41	Trans.	Wife	40.00	40.00	0.00	Allot.	No
20	Moving Expense	Scvnm.	35.00	35.00	0.00	Allot.	No

Case No.	Reason For Loan	Request By Whom	Amount of Loan	Amount Repaid	Amount Cancelled	Repayment Method	Form 926?
23	Rent	Scvnm.	\$ 35.00	\$ 15.00	\$20.00	Allot.	Yes
9	Maint.	Scvnm.	35.00	35.00	0.00	Allot.	Yes
60	Maint.	Wife	33.00	0.00	33.00	None	No
32	Camp Fee	Wife	31.50	0.00	31.50	None	No
22	Auto Repairs	Scvnm.	30.00	30.00	0.00	Cash	No
43	Trans.	Wife	30.00	0.00	30.00	None	Yes
25	Maint.	Scvnm.	30.00	0.00	30.00	None	Yes
7	Maint.	Scvnm.	30.00	30.00	0.00	Allot.	Yes
51	Maint.	Scvnm.	30.00	0.00	30.00	None	No
62	Rent	Wife	30.00	5.00	25.00	Cash	No
64	Maint.	Vet.	28.50	0.00	28.50	None	No
45	Maint.	Scvnm.	25.00	5.00	20.00	Cash	No
4	Moving Expense	Wife	25.00	0.00	25.00	None	No
11	Rent	Wife	25.00	0.00	25.00	None	No
38	Maint.	Wife	23.00	0.00	23.00	None	No
48	Maint.	Scvnm.	22.00	22.00	0.00	Allot.	Yes

Case No.	Reason For Loan	Request By Whom	Amount of Loan	Amount Repaid	Amount Cancelled	Repayment Method	Form 926?
49	Maint.	Scvnm.	\$ 20.00	\$ 20.00	\$ 0.00	Allot.	Yes
16	Trans.	Scvnm.	20.00	20.00	0.00	Cash	No
29	Redecora- tion	Scvnm.	20.00	20.00	0.00	Allot.	Yes
56	Maint.	Scvnm.	20.00	20.00	0.00	Cash	No
12	Maint.	Wife	15.00	0.00	15.00	None	No
39	Maint.	Wife	15.00	0.00	15.00	None	No
24	Maint.	Wife	13.00	0.00	13.00	None	No
31	Maint.	Yet.	10.00	0.00	10.00	None	No
58	Maint.	Wife	7.00	0.00	7.00	None	No