

occurred to me that you might be able to make a helpful comparison with similar bills in two other states:

a. In Illinois a bill has been passed by the Senate which provides for the exemption of the wages of the head of a family of \$65 a week and \$50 for a single person. (The current exemption is \$45 for everyone.)

b. In Tennessee a bill to allow an exemption from garnishment for heads of families of \$50 or 50 percent of their weekly pay was given final passage and sent to the Governor. For persons other than heads of families, the exemption would be \$40 or 40 percent of the weekly pay, whichever is greater.

INSTALLMENT CREDIT PROBLEMS AMONG PUBLIC WELFARE RECIPIENTS

(By Milton J. Huber*)

One chapter in the economic life of the poor that has received little attention is the installment credit problems of public welfare recipients, particularly within the context of welfare department policy on the use of welfare funds. Milwaukee is no exception. A Milwaukee family, to receive assistance, commits itself not to use "any of the money granted me by the Department of Public Welfare for any item not included in the relief budget." There are no provisions in relief grants for repayment of old debts.

This policy raises some interesting questions for client, creditor, and agency: Since installment credit is essentially a contractual relationship between a debtor and a creditor, what happens when the borrower subsequently commits himself to another "contract" with the Welfare Department, which in effect "tables" his commitment to the creditor? Since a corresponding commitment not to expect payment is not solicited from the creditor, how does the latter react to the welfare client's new commitment? Does the creditor accept the situation and wait passively in the wings until the welfare client's case is closed? If not, how does the client respond to requests for payment, caught between two conflicting obligations? What happens in terms of penalties for late payment and accumulating interest to the unpaid balance of a debt while the family is on welfare? If the client is on welfare for any length of time, does the increased obligation resulting from added interest and penalties awaiting him upon the close of his case jeopardize his post-welfare adjustment? How soon after discharge from welfare does the creditor exact payment? Does the garnishment of wages from his new employer jeopardize his job and reduce his income to such a low level that additional supplementary welfare funds are required to provide the family with a minimal level of subsistence? To what extent are welfare workers alert to these aspects of a case, trained to handle them, and solicited by the clients to help resolve them? Summarily, do welfare departments have more of a stake in the credit problems of their clients than their present program and policies would suggest?

PROCEDURE

In search of tentative answers to some of these questions, the writer worked with five second-year graduate social work students at the UWM School of Social Welfare to study the problem as a group thesis in partial fulfillment of the requirements for graduation.¹ An interview survey was undertaken of general relief recipients who had been garnisheed by retailers or consumer finance companies upon obtaining jobs and leaving welfare during the two months of October, 1964 and May, 1965. These particular months were selected because agency case-closings were not influenced by seasonal variations, such as unemployment, holidays, and seasonal production. Also, these months provided a sufficient period of time between case-closings and the interviewing period for sample families to encounter credit difficulties.

Of the 634 general relief families whose cases were closed in Milwaukee County during the two months under study, 148, or 23.3 per cent, had had their wages

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¹Gerald Hickman, William Robertson, Edwin Sybeldon, Dennis Vinson, and James Wallus, *An Exploratory Survey of the Installment Debt Problems of Fifty Milwaukee Families With Public Welfare History*. Unpublished masters thesis. School of Social Welfare, University of Wisconsin-Milwaukee, Milwaukee, Wisconsin. May, 1966.