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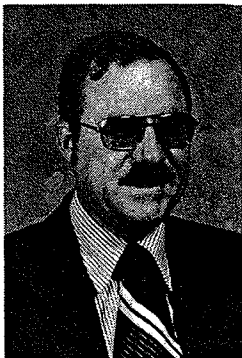
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GROUP INTERVIEWS — AN EFFECTIVE APPROACH TO COUNSELING STUDENTS CONCERNING LOAN RESPONSIBILITIES

John G. Bannister

Anna M. Griswold

When the National Defense Student Loan Program was created under Title II of the National Defense Education ACT in 1958, there was little mentioned about loan collection methods and procedures in the Act or in the initial United States Office of Education guidelines. For the first time many institutions had available large sums of money to be utilized for student assistance purposes. Unfortunately, few colleges and college administrators had any previous experience in the making or collecting of student loans. In 1965 a Con-



Left: John Bannister is the Executive Director of the Tennessee Student Agency in Nashville and was formerly Director of Student Aid at Memphis State University. He is a past president of the Tennessee Association of Student Financial Aid Administrators and has served on the executive committee of the Southern Association of Student Financial Aid Administrators.

Right: Anna Griswold is Financial Aid Counselor and Scholarship Coordinator with the Student Aid Office at Memphis State University.

gressional subcommittee on education released a report stating that NDSL delinquencies were approaching 17 percent nationally. This figure was astounding but really should not have been surprising.¹ About this same time, the U.S. Office of Education established its now infamous "One Hundred Club" and developed a manual which detailed billing and collection procedures for NDSL accounts in an attempt to help institutions improve a condition which had brought the program under close Congressional scrutiny. A specific requirement in the new collections manual and subsequent guidelines called for a mandatory "exit interview" for all NDSL borrowers.²

Background

Just prior to the date the U.S.O.E. guidelines on loan collections were issued, Memphis State University had reviewed its NDSL accounts and found that in most instances those accounts in arrears were cases in which contact had been lost with the borrower. Furthermore, in most of these cases, the information originally collected from the former students had been insufficient to assist in locating these borrowers. For example, students often made it a practice to list members of the faculty as references. More often than not, these faculty references were more difficult to locate than the borrowers and usually they could only report that the borrower was a student in a particular class two or three years ago. Generally the faculty member had had no contact with the borrower since that time. This revelation led to the establishment of procedures whereby only *bona fide* references, such as persons who had known the student borrower and his family for a number of years, were acceptable as references for loan purposes. More importantly, this program review revealed the real problem: It was found that most NDSL recipients with whom difficulty was experienced in collections were not students who went on to graduate but those who attended only one year or one semester and never returned. Pattillo and Wiant in a study of loan recipients through the Texas Opportunity Loan Program also found that students who graduate are more likely to repay their loans.³ One helpful technique in this situation is an exit interview. However, students can be required to report for an exit interview but if they never show up, and many do not, there is really little recourse if the student does not plan to re-enroll or transfer to another institution.

These then were our problem borrowers, students who left Memphis State without an established repayment schedule or an understanding of the National Defense Student Loan Program obligations. Although all loan recipients are furnished written materials at the time of the award notice explaining

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1. U. S. Department of Health, Education, and Welfare, Office of Education, "Report on Collections of National Defense Student Loans." Washington: U. S. Government Printing Office, 1965, p. 2.
 2. National Defense Student Loan Program Manual, Appendix 17. "Guidelines for Loan Collections." April, 1969, p. 8.
 3. Pattillo, L. Baker and Harry V. Wiant, Jr., "Which Students Do Not Repay College Loans?" *The Journal of Student Financial Aid*, May, 1972, Volume 2, Number 2, p. 34.

loan obligations, experience has indicated that not much of the printed information supplied is ever read. Therefore, in an attempt to deal effectively with student borrowers and specifically the "short termers", procedures were established requiring all new loan recipients to report each year for an initial interview prior to or sometime during the first semester of attendance. This procedure provides an initial contact with the student and enables the financial aid counselor to give detailed explanations of loan responsibilities and expectations. It also affords the student an opportunity to ask questions and to clear up any misunderstandings which he may have. Generally, most students requested appointments during the summer months enabling interviews to be conducted prior to disbursement of any funds. Those students who did not respond to the request for the required interview within the first two weeks of the semester were contacted and urged to fulfill this requirement by scheduling a conference.

All initial interviews were originally conducted on an individual basis and normally were about fifteen minutes in duration. As the NDSL program and other loan programs increased, both in number of borrowers and in dollar volume each year, it was found that one staff person was devoting almost her total time to initial and exit interviews. Furthermore, when this activity was repeated numerous times, the counselor assigned to this responsibility lost some of her effectiveness because of the routine nature of these interviews. Therefore, it became necessary once again to examine loan procedures, specifically the method of conducting initial interviews. This evaluation led to the method which was implemented during the fall semester of 1972 which, now into its second year, has proved to be an efficient and highly effective means of assisting the student borrower to reach an awareness of his loan responsibilities.

Why Counseling for Student Borrowers?

W. J. Burns has advocated that, "the first contact with those who qualify for aid is most crucial. Once contact is made, a student generally feels more relaxed about seeking other forms of consultation. Frequently, he returns to precisely the same staff member who helped him with his financial problem initially."⁴ Gross has indicated that, "Financial counseling may be considered as counseling where a cooperative decision-making approach is utilized and the counselor is sensitive to the meaning of the presenting problem, financial aid information, and of money itself in the student's life. The goal of financial counseling is no different from other forms of counseling; that is, to help the student to greater self-awareness and more responsible action."⁵ It was these principles which led Memphis State University to establish a group interview process. Having a strong commitment and belief in the initial contact with first time student borrowers, the group counseling approach was implemented to fulfill the objective of making the student aware of his rights,

4. Burns, W. J. "The Partnership Between Financial Counselings and NDEA Loans," *The Journal of College Student Personnel*, June, 1963, p. 241.

5. Gross, Stanley J. "Financial Counseling Reconsidered," *The Journal of College Student Personnel*, March, 1962, p. 153.

privileges and his obligations. Unless the role of counselor is assumed and pursued with a genuine concern to advise and counsel students with regard to borrowing for educational purposes, the loan function is not at all unlike that of a creditor. As a profession whose primary dedication is to helping students, Financial Aid Administrators have an obligation to assist the student in reading and interpreting the fine print on the back of the promissory note. The aim should be for the student to understand better the responsibility he has taken on as a borrower.

How Does the Process Work?

The Office of Student Aid at Memphis State University has developed a very practical and helpful approach to counseling first time student loan borrowers through the group process. The purpose of the initial group interview is to provide the student with information early in his college enrollment and to collect the necessary data from the student which will permit easy follow-up for collection of his loan should he not complete his educational objective. At the initial interview, personal data which can later be used for tracer purposes is obtained and placed in the student's folder. Collection of the loan begins on the date the loan is approved and the note is executed. It should also be remembered that, "it must be impressed upon the student at this point that he is receiving a loan that must be repaid, rather than a grant or scholarship."⁶ Some students do not comprehend this distinction without a full explanation.

At the time of registration, all first time student loan borrowers are advised, upon reporting to obtain their financial aid check, that they must attend one session of several group conferences which have been scheduled within the coming week. Each borrower is provided written instructions advising the time, date, location and purpose of the interview. As students assemble for the counseling session, they are given the personal data form referred to above and are asked to complete it and turn it in at the end of the conference. Attendance at these sessions has generally been excellent. Consequently, efforts to prompt students to come in on an individualized basis, as had been done in the past, have almost completely been eliminated. Students seem to find it easier to walk into a group session than to have an individualized, scheduled conference for which many never really perceived a need. This provides the counselor with a lead into the session by helping the student to understand that such counseling sessions benefit both the student and the institution. The counselor had no initial expectations in terms of what response students might have to these sessions. It was found that responses varied from group to group, but the extent to which most students entered into the discussions was extremely gratifying. The meeting atmosphere was kept as informal as possible with the counselor focusing upon presenting pertinent facts regarding loan provisions and responsibilities. Students were

6. The National Association of College and University Business Officers. *Accounting, Recordkeeping and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs*, 1972, p. 13.

encouraged to raise questions at any point and it was felt that the group setting prompted greater concern and discussion than had been evident in the former individualized conferences. Many questions and comments came forth from the group which dealt with financial aid matters other than loans. This seems to be a positive indicator as to the value of group counseling.

How Effective Are Group Conferences?

In an attempt to determine the effectiveness of the group counseling sessions, one hundred seventy-five students were surveyed by means of a brief questionnaire in order to obtain their opinions concerning our approach to imparting information. There was a thirty-five per cent return of the questionnaire. These questions and the response to each are listed in the following table:

Student Evaluation of the Group Interview Process		
<i>Questions</i>	<i>Response</i>	
	<i>Yes</i>	<i>No</i>
1. Did you go away from the session with a clear understanding of your loan obligation?	60	1
2. Were any points covered about which you had previously had questions?	61	0
3. Were any points not covered which were of a concern to you?	5	56
4. Did you feel free to ask questions at any time during or after the session?	60	1
5. Do you feel that a continuation of these sessions with future first time loan borrowers is worthwhile and helpful?	58	3
6. Did your presence in the group interview session in any way make you feel that the confidence of your receiving a loan was being invaded?	4	57

To further elaborate on the findings evident from this table, several observations can be made. In the group setting, students who are hesitant to raise questions, benefit from those who are not hesitant to do so. A variety of questions came forth in an atmosphere of peer group discussion rather than a structured, authoritative information giving session. Generally, students participating in the group sessions seemed less anxious about borrowing for their education. Several asked about the exit interview and it is felt that these borrowers may approach the exit interview with less anxiety and perhaps be more receptive to its purpose. Of particular interest was the response to question six with regard to the possible violation of student confidentiality. Although four students who responded had some reservation about attending a group session to discuss their loan obligations, the positive responses to questions concerning the worthwhileness and benefits to the participants were encouraging. However, the fact that some students did have reservations concerning an invasion of their privacy, has led to consideration of an optional approach which would afford anyone who has strong objections to the group conference the opportunity to attend a private counseling session. While plans call for continuing initial interviews in a group setting, it is felt that because of the personal and confidential nature of the exit loan interview, these should be conducted on an individualized basis.

Also, further contacts during the school year with students who had participated in the group sessions seemed to indicate a more positive and responsible attitude in their relationships with the Student Aid Office. In renewing applications for assistance these students were prompt and precise in completing and submitting their applications. This may be partially due to the fact that the application procedure was discussed in the group sessions. Borrowing seemed to be perceived by students as more important and as a real responsibility.

Moreover, the effectiveness of the group interview approach accrued certain benefits to the Student Aid Office in terms of efficiency and management. The overwhelming task in administering initial interviews on an individualized basis was eliminated except for unique cases. Savings in terms of time and effectiveness for the counselor has been significant. In addition, the presence of the counselor during the group interview helped to create a positive contact between the student and the Student Aid Office. The level of effectiveness of the counselor did not wane because repetition of information was reduced in the group setting as compared to individual conferences.

Conclusion

The value of financial counseling in a group setting is evident in the description of one experience as presented in this paper. Trends in the Financial Aid profession indicate that the role of the financial aid officer as a counselor is increasing. We must seek continually to find more and better ways to counsel with our students. With increasing numbers of students turning to loans for the financing of postsecondary education and the availability of numerous educational loan funds, it is apparent that students are in need of professional counseling in terms of the responsibilities which they face as borrowers. The return which the institution will realize by instilling such responsibility in student loan borrowers will be invaluable in terms of loan collections. Learning to cope with such responsibility early in life can also be of great benefit to the student in preparation for the future.

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