

How do non-profit credit counseling companies fund their services?

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Non-profit credit counseling companies provide counseling and education services for free and if a Debt Management Plan is indicated, it is provided at a very low cost. There are several options for funding a non-profit credit counseling operation. All of them are restrictive and make it difficult for most companies to continue to provide this essential service to debt-burdened consumers.

Twenty years ago, creditors contributed about 15% to the credit counseling company and consumers paid nothing. Today, that contribution is just under 5% (and that is for those creditors who pay anything). Many creditors contribute nothing at all. The agencies must charge fees to consumers, search for grants, and provide other permissible services (e.g., housing counseling, bankruptcy counseling, and bankruptcy pre-discharge education) to be able to continue the service.

Fees charged to consumers remain low and are limited by AICCCA standards and certain State laws. Further, no fees are charged at all if the consumer cannot afford to pay them. No one who comes to an AICCCA member agency is denied service based upon his or her ability to pay a fee.