Report of the House Interim Committee on Consumer Protection and Credit Cards on College Campuses

December, 2001

December 13, 2001

The Honorable Jim Kreider, Speaker
State Capitol Building
Jefferson City, MO 65101

Dear Mr. Speaker:

The Interim Committee on Consumer Protection and Credit Cards on College Campuses, acting pursuant to your request, has met, taken testimony, deliberated, and concluded its investigation of the recent increase in credit card debt among college students in Missouri. The following members are pleased to submit the attached report:

Rep. Wes Wagner (Vice Chair)
Rep. Robert Behnen
Rep. Jane Cunningham
Rep. Meg Harding
Rep. Chris Liese
Rep. Blaine Luetkemeyer
Rep. Vicky Riback Wilson
Rep. Mark Wright

Sincerely,

Rep. Amber Boykins
Committee Chair

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Report of the House Interim Committee on Consumer Protection and Credit Cards on College Campuses

I. Introduction

> "In a very short time, thousands of eager students head off to their first year of college, where they will experience the many rituals of collegiate life: trying to figure out what classes to take, trying to figure out what parties to attend, adjusting to dorm life, meeting new friends, going to football games and...oh yes, getting their first credit card."
>
> -- "Is Your College Student Ready for a Credit Card?"[1]

Changes in law, technology and consumerism during the last 15 years have combined to make the ownership of a credit card by college students commonplace.[2] Banks now routinely offer credit cards to people with no income and no credit history, as long as they are in college and demonstrate some kind of ability to pay at least part of a credit card bill. But some students may not be ready for that kind of financial responsibility, and eventually find themselves in financial hardship.[3]

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[1] Nigel Taylor, "Is Your Student Ready for a Credit Card?," Consumer Affairs Dept. of the Institute of Certified Financial Planners, Article #24, 1999.

[2] Since 1978, federal law has prohibited states from limiting the interest rates that out-of-state banks charge. This ability to charger higher interest rates allowed banks to profitably pursue customers who presented a higher risk of default, including college students with little or no income. See "Credit Card Junkies at 18?", *Family Circle*, 10/1/01.

[3] See, generally, "Consumer Finance: College Students and Credit Cards", United States General Accounting Office, Report #GAO-01-773, June, 2001.

II. The Effects of Excessive Credit Card Debt

College students want credit cards for the same reasons as everyone else: they offer a convenient, non-cash method of payment, allow a person to keep a written record of their purchases and build up personal credit history. Further, many transactions in today's marketplace, such as renting a car or purchasing something by phone or over the Internet, require the use of a credit card. For some students, however, these advantages can be outweighed by several potential problems.

Representatives of the Consumer Credit Counseling Service (CCCS), a national network of non-profit corporations that provide credit counseling to individuals, explains that students who accumulate excessive credit card debt in college often find it difficult to pay off that debt upon graduation, when student loan payments start and earnings are often meager.[4] Some student cardholders find themselves mired in credit card debt while still in school.[5] Often without experience at managing a budget (or exercising self-control when tempted to buy things on impulse)[6] students can find themselves unable to keep up with their ever-growing credit card debt. Typically, college students who experience credit card problems will begin by paying the minimum amount due each month, meanwhile the total balance keeps growing as their credit limit is raised.

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[4] Testimony of Linda Endecott, Consumer Credit Counseling Services of Kansas City, before the Interim Committee, 10/18/01. In addition, much of the general, background information contained in this report stems from the collective testimony from a variety of public college students, staff and officials, who offered their individual experiences at colleges around the state. See the witness list contained in the Appendix of this report.

[5] A study by Student Monitor found that 16% of college student cardholders had revolving balances of more than $1,000, while a study by Nellie Mae (a subsidiary of Fannie Mae) found that 9% had balances of more than $7,000. These studies are cited in the GAO Report, pp. 22-25. Also, for an analysis of the social maladies that can stem from such debt, see, generally, Robert D. Manning, <u>Credit Card Nation: The Consequences of America's Addiction to Credit</u>, Chapter 6, "Credit Cards on Campus: The Social Consequences of Student Credit Dependency."

[6] Testimony of Rachel Lyle, Univ. of MO-Columbia student, before the Committee, 11/6/01.

Some cardholders will deal with the problem then, but some progress to the point where they are making payments late and, ultimately, missing payments entirely. At this point, the students are hit with high "late payment" and "over credit limit" fees, as well as dramatic increases in the interest rate they are charged. But much worse, they suffer damage to their credit history, affecting their ability to obtain a mortgage, a car loan or other types of credit in the future.[7]

Students who come from affluent families are often rescued by their parents when their credit card bills get to high, but even these scenarios can result in "embarrassment and family tensions."[8] Some students may be forced to cut back on their class load, in order to work more hours to pay off credit card debt.[9] While there is anecdotal evidence of credit card debt forcing college students to withdraw from school entirely, the United States General Accounting Office (GAO), in its report on this subject earlier this year, found no conclusive data demonstrating that credit card debt has been anything more than a "contributing factor" in students leaving college early. Other contributing factors include health problems, homesickness, cultural concerns, academic difficulties, career changes, marriage, divorce and pregnancy.[10] Two college student suicides have been attributed to anxiety brought on my excessive credit card debt.[11]

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[7] Ibid.

[8] Consumer Federation of America, news release, available at http://www.consumerfed.org/ccstudent.pdf, regarding an in-depth study completed by Georgetown University professor Robert Manning entitled "Credit Cards on Campus: Costs and Consequences of Student Debt", 6/8/99.

[9] Ibid. The news release cites a University of Indiana administrator as stating that in 1998, that university lost more students to credit card debt than to academic failure.

[10] GAO Report, p.34.

[11] The Cable News Network reports that in December of 1997, a junior at the University of Central Oklahoma hanged herself. Her checkbook and credit card bills were spread out on her dorm room bed. A few months later, a University of Oklahoma junior hanged himself after accumulating 12 credit cards and amassing more than $10,000 in credit card debt. See "Credit Cards on Campus Get Bad Marks by Some," available at http://www.cnn.com/US/9906/09/college.kids.debt.

III. Credit Cards Are Commonplace

The GAO reports that almost two out of three college students have at least one credit card in their name.[12] Other studies have put the figure at closer to 70 percent[13] or even 80 percent.[14] Various studies show that between 6% and 13% of college students have four or more credit cards.[15] Of those students with at least one credit card, 58% reported paying off their credit card debt each month.[16] For the remaining 42%, the average monthly balance "carried over" was $577.[17] Roughly 16% of those students reported carrying a balance of more than $1,000.[18] Students reported using their credit cards to pay for a variety of expenses, including tuition and school fees, books, school supplies, food, clothing and entertainment.[19]

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[12] GAO Report, p. 3.

[13] A study by the American Savings Education Council found that 55% of college students in 1999 had a bank card, and another 15% had a gasoline or department store card, as reported in "When Extra Credit Is Bad", at http://money.cnn.com/2000/09/05/banking/q_student_debt. Also, a study completed in 2001 by the Consumer Federation of America found that approximately 70% of undergraduate students have a credit card, as reported in "Flunking Credit 101: College Students Learn About Consumer Debt the Hard Way", at http://abcnews.com/sections/business/DailyNews/collegecards000215.html.

[14] GAO Report, p. 3, citing a survey conducted by Nellie Mae, a Sallie Mae subsidiary that provides college loans. This survey, however, was given to a smaller pool of college students who were applying for a specific college loan, and may not be statistically representative of the college population. Also, go to http://www.nelliemae.com/shared/ccstat.htm.

[15] Ibid., p. 17.

[16] Ibid., p.22.

[17] Ibid., citing a study by Student Monitor, a firm that surveys college students on a variety of issues and products, and is sold on a subscription basis to marketers. By comparison, the Nellie Mae survey reported the median monthly credit card balance for undergraduates was $1,236, while the median balance for graduate students was $3,068.

[18] Ibid.

[19] Ibid., p. 20.

IV. College Students Are a Targeted Market Segment

Credit card issuers pursue college students for several reasons. First of all, college students -- who have now reached age 18 and can enter into legally binding contracts -- are entering the heavily competitive credit card market.[20] Secondly, roughly two out of three college students work at least part-time, so have some actual income.[21] College students, as a group, have a higher than average lifetime earnings potential, and will continue to use the cards that they obtain in college.[22] Credit card issuers also say that the vast majority of college students use their credit responsibly.[23] Though one-third of college students will have no income per se, they will have an "ability to pay" credit card debt, whether their money comes from scholarships, grants, student loans, savings or family support. Hence, many credit card issuers will grant most students a credit card, albeit with a higher interest rate, higher fees for late payments, higher transaction fees for things like cash advances and, typically, with a lower credit limit.[24] It should be noted that many credit card issuers will raise their customers' credit limits quickly -- and repeatedly -- for those who demonstrate responsibility by paying promptly.[25]

One might question why a bank would issue credit to people who have no income. The popular notion is: "Banks wouldn't give those people credit cards if the banks were not making money from it." This assumption is largely true. The college student market is profitable to credit card

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[20] Section 431.055, RSMo.

[21] GAO Report, p. 35.

[22] Ibid., p. 34.

[23] Ibid.

[24] Ibid., p. 39.

[25] Testimony of before the Committee by Nancy Nauser, Consumer Credit Counseling Service of Kansas City, 10/30/01.

issuers over the long term.[26] The higher "risk of default" that may exist for college students is simply factored into the overall cost of doing business, as credit card issuers have formulated underwriting criteria specifically designed for the college student.[27] For example, card issuers will incorporate factors such as the college the student is attending, the student's year in school, and even the student's grade point average.[28]

V. Marketing Credit Cards

Students get their credit cards from a variety of sources. One survey reports that a third of college students with credit cards attained their first card even before starting college.[29] Of those college students with credit cards, roughly 36% had obtained it through responding to a mail solicitation, 15% applied at a display on their college campus, 14% applied at a bank, 12% applied at an off-campus display, and 4% responded to a telephone solicitation. Internet advertising, calling an 800-number, solicitations placed in book-store shopping bags and publication inserts accounted for the remainder.[30] School officials say that most students' names and addresses are readily available from published student directories, making direct mail solicitation to students unavoidable.[31] For some students direct mail solicitations for credit cards

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[26] GAO Report, p. 43.

[27] Ibid., p. 37.

[28] Ibid., p. 38.

[29] Ibid., p. 20.

[30] Ibid., p. 19.

[31] Various school officials testified before the Committee that schools publish student directories because students want to be able to contact other students. Students may opt out of being listed in the directory, but must do so in a timely manner, such as within six weeks from the first day of the semester. The University of Missouri policy, however, is an all-or-nothing approach, where a student opting out is also removing his or her name from all university records, including published graduation lists or Dean's lists.

began when they started high school, at age thirteen or fourteen.[32]

While direct mail marketing is the preferred method in the credit card industry overall (in 1999, the industry sent 3.54 billion pieces of mail)[33] card issuers that pursue the college student market also engage in "tabling" ... setting up a table display in the student union or other high traffic area, and encouraging students to apply for a credit card. Often, a free gift (a T-shirt, compact disc, coffee mug, food items) will be offered in exchange for the application.[34] Credit card issuers will most often contract with an organization, usually a not-for-profit corporation (e.g., an alumni association, a fraternity or sorority, or an athletic booster club) which will receive a fee for every application completed or approved, and perhaps a percentage of the interest income from the credit card itself.[35] The University of Missouri Alumni Association, for example, receives up to 15% of its annual budget from its contract to market an affinity card through MNBA, a national credit card issuer.[36]

VI. Aggressive Solicitation on College Campuses

As the college student market for credit cards blossomed, more and more credit card issuers were

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[32] Testimony of Janine Anderson, Univ. of MO-Columbia student, 11/6/01, and Karen Pierre, parent of college-bound 17-year-old, 11/8/01. Both report a common complaint voiced to the Committee: receiving credit card solicitations (by mail, telephone or both) every week.

[33] GAO Report, p. 6.

[34] Many, if not all, of the college students testifying before the Committee, believed that the majority of students applying for credit cards at campus displays would not have bothered to fill out an application had there not been an offer of a free T-shirt, pizza or, as Jacob Wyrick, a Southwest MO State Univ. student explained with excitement, "Big bags of M&M's!", 10/30/01.

[35] For example, the University of Oklahoma receives a commission of .004% of every purchase made on its affinity card, pursuant to a 10-year, $13,000,000 contract with a credit card issuer, according to a CBS report, aired on "60 Minutes II" on 1/23/01.

[36] Testimony before the Committee by Todd McCubbin, representing the University of Missouri Alumni Assoc., 11/6/01. The actual terms of the MNBA contract are confidential.

crowding college campuses with their displays, creating what some have described as a "carnival atmosphere."[37] College students would often fill out credit card applications merely to get a free gift. Typically, the people working at the tabling event would be students themselves, often as part of a fund-raising effort for a student organization. These student workers or their organization would usually be paid on a commission basis.[38] The students soliciting credit card applicants might have no more understanding of the effects of having a credit card than the students they were soliciting. Further, those solicitors often had no duty to inform the applicants about the negative aspects of credit cards.[39] As a result, some schools have significantly limited how credit card issuers may market on campus, how often they may visit the campus, and what information they can -- or must -- provide to the students.

VII. School Policies on Credit Card Applicant Solicitation

School policy regarding credit card solicitation varies among the 32 Missouri public colleges and universities.[40] Of the 24 schools responding to a survey, 15 schools totally prohibit solicitation of credit card applicants on school property, and 14 prohibit such solicitation by organizations

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[37] GAO Report, p. 27. Also, several students who testified before the Committee said that students are often inundated with aggressive tabling efforts during the first few weeks of the Fall semester, when in-coming freshmen are more vulnerable. Some students felt that the overabundance of commercial vendors (credit card issuers and others) had the effect of degrading the appeal of the "information mall" set up in student commons areas during the first week of school each Fall semester. Other entities with displays (e.g., charitable organizations, student organizations and student clubs) saw declining attendance at their tables after the proliferation of commercial vendors giving away T-shirts.

[38] GAO Report, p. 27. Kyle Browing and Karen Keith, student government representatives from Kansas University, testified before the Committee that the KU Alumni Assoc. made $18,000 from their affinity card deal.

[39] Testimony before the Committee by Michele Froese, University of Missouri-Columbia, Office of Student Auxiliary Services, 11/6/01.

[40] See the survey questions and a table of the survey results in the Appendix to this report.

affiliated with the school, such as alumni associations.[41] Only 11 schools reported having a written policy regarding the issue of credit card applicant solicitation. Nine schools reported having examined the issue during the last five years. No school reported receiving money (directly) for actively assisting credit card issuers in their applicant solicitation efforts. It should be clarified, however, that alumni associations and similar organizations having "affinity relationships" with a school were not included in the definition of "school" for the purposes of the survey.

Colleges across the nation have responded to student complaints about aggressive marketing techniques, and have restricted credit card solicitation on campus.[42] Some schools prohibit solicitors from offering free gifts in exchange for completing a credit card application. In addition, schools have raised "tabling" fees or limited the number of times a credit card issuer may set up a display on campus. A prohibition on free gifts at the University of Missouri-Columbia, for example, is credited with a dramatic decline in tabling vendors. In 1995, almost 300 commercial vendors applied to set up a display on campus. From July through October of 2001, only two vendors had applied.[43]

VIII. Education Regarding Personal Finance

Almost four out of five students will enter college having never received any kind of school

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[41] Bob Johnson, an official from Central MO State Univ. (one of the schools that prohibits any solicitation on campus) testified that CMSU officials had not received any complaints about student credit card debt from either students or any parents of students, and that this was "not an issue" at CMSU.

[42] GAO Report, p. 28.

[43] Testimony before the Committee by Michele Froese, University of Missouri-Columbia, Office of Student Auxiliary Services, 11/6/01.

instruction in personal finance.[44] Because many of those students will not have received any training by parents regarding the managing of a budget, they may not understand the consequences of paying bills late and incurring excessive debt.[45] Some educators are of the opinion that instruction on personal finance should be done in high school, that waiting until students are in college is too late.[46]

The CCCS reports that only 44 percent of college students understand the word "budget," only 34 percent understand the concept of buying on credit and a mere 8 percent understand compound interest.[47] Further, many students don't fully comprehend other terms and conditions of their credit cards, such as grace periods, late payments and minimum payments. Finally, students need to appreciate the importance of building a good credit history, and how it can affect not only one's ability to borrow money, but also one's ability to get a job or secure insurance.[48]

Only three (of the 24 schools responding to a survey) include in their mandatory orientation course a section relating to "personal finance."[49] However, ten of the state's public colleges

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[44] Written testimony offered to the Committee by Linda Endecott, Consumer Credit Counseling Service of Kansas City, citing a 1999 survey conducted by American Savings Education Council.

[45] Testimony before the Committee by Caira Bolin, Consumer Credit Counseling Service, 11/6/01.

[46] Testimony before the Committee by Dr. J'Noel Gardiner, professor of finance and business administration at Park University, as well as the representatives from Consumer Credit Counseling Services of Kansas City, 10/18/01. Almost all of the colleges students testifying before the Committee were of the opinion that a personal finance course should be part of every high school's curriculum.

[47] Cited in Taylor, p. 1.

[48] Testimony of Linda Endecott, Consumer Credit Counseling Services of Kansas City, before the Interim Committee, 10/18/01.

[49] Southwest Missouri State University has included "personal finance" in its mandatory eight-week orientation class (meeting two hours per week) since 1996. There is no data available

report offering free debt counseling to their students who request it. Obviously, such requests are made only *after* the student has developed financial problems. Current efforts to educate students about managing money include a variety of approaches: representatives of CCCS state that their organization volunteers to speak to groups at colleges upon request (half of the organization's 700 presentations each year are in high schools and colleges); a student government organization at Southwest Missouri State University has made efforts to educate students about the pitfalls of credit cards through brochures that must be distributed to students when soliciting credit card applicants[50]; the University of Missouri Alumni Association coordinates a 90-minute free seminar on "Managing Your Money," sponsored by MNBA, which may draw 50 to 75 students each semester. No data is available that has measured the effectiveness of any of these education efforts. One student organization representative voiced opposition to any mandating of a personal finance course for college students, stating that such a mandate would increase tuition and fees for all college students, while credit problems affect a relatively small percentage of students.[51]

Most of the major credit card issuers state that they have systems in place to assist cardholders who have trouble with excessive debt. These credit card issuers have contracts with credit counseling agencies, who will work with the cardholder to set up repayment plans, negotiate for

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yet to quantify the results of this mandatory training.

[50] Testimony before the Committee by Laura Wilcox, Vice-President, Student Government Assoc. of Southwest MO State Univ., 10/30/01.

[51] Testimony before the Committee by Ben Shepler, Associated Students of the University of Missouri, 11/6/01. Mr. Shepler argued that more than half of student cardholders pay off their credit card balance each month, compared to only one third of the general public. Further, Mr. Shepler states, much of the misuse of credit by college students has been a result of aggressive on-campus solicitation by credit card issuers, and this issue has been successfully addressed on the Univ. of MO-Columbia campus. It is worth noting that all of the other students testifying before the Committee stated that they were in favor of a mandatory personal finance class. Those students included: Kyle Browning and Karen Keith, Kansas Univ. Student Assoc.; Laura Wilcox, Vice-President, Student Government Assoc. of Southwest MO State Univ.; Jacob Wyrick, student, Southwest MO State Univ.; and Rachel Lyle and Janine Anderson, Delta Sigma Theta Sorority, Univ. of MO-Columbia.

lower interest payments and fees, etc.[52] These same card issuers also provide financial education information to the public via a variety of media (the Internet, printed publications, television advertising, etc.) urging the public to use credit responsibly.[53] However, these credit card issuers have provided no empirical data that would measure the effectiveness of these education efforts.[54]

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[52] GAO Report, p. 41.

[53] Visa U.S.A. Inc., in collaboration with several consumer education entities, including the National Foundation for Consumer Credit, the National Consumers League and the Jump$tart Coalition for Personal Financial Literacy, has developed an interactive CD-ROM entitled "Easy to the Extreme: Practical Money Skills for Life," which is distributed by Bank of America. Bank of America has awarded the National Council on Economic Education a $5.3 million grant to increase financial literacy in grade schools and high schools in states where the bank operates.

[54] GAO Report, p. 41.

COMMITTEE RECOMMENDATIONS

It is the opinion of the Committee that the growth of excessive credit card debt by college students is an issue which demands the Legislature's attention. The Committee recommends:

1) That the Department of Elementary and Secondary Education incorporate personal finance and consumer education into the curriculum for public schools K-12, and that the MAPP tests be adjusted accordingly to test for retention and progress.
2) That each publicly funded institution of higher learning establish a written policy on credit card solicitation of college students and address the credit card debt problem experienced by some college students, as described in this report. The Committee requests that the Coordinating Board of Higher Education provide to the Speaker of the House of Representatives, by December 31, 2002, a report compiling the policies implemented by these institutions. The Committee recommends that each policy address the following issues:

    a) Limit or eliminate availability of space to market credit cards on campus;
    b) Limit or eliminate the number of solicitors allowed on campus.
    c) Specific marketing practices prohibited on campus (e.g., tabling, free gifts, applications placed in shopping bags);
    d) Issue pamphlets on credit card debt in book store shopping bags;
    e) How and whether alumni associations are allowed to solicit undergraduate students on campus and at athletic events; and
    f) What information credit card companies must provide to students when soliciting on campus (e.g., the long-term effect of compounded interest and hidden fees, that the credit card company is not affiliated with the school, the possible effects of developing a poor credit history.)

3) Restrict access to student information by third parties for non-academic purposes.
4) Give students the ability to "opt out" of student listings accessed by credit card companies without an all or nothing approach. Where a student opting out is also removing his/her name from all university records, including but not limited to published graduation lists or Dean's list.
5) Have available education on personal finance, credit cards and debt management as part of the college's orientation or as a regular college course and include information in student handbook.
6) Advertisement of availability of credit counseling to students.

Appendix

* Witnesses Testifying Before the Interim Committee

* Survey Questions

* Table of Survey Results

* Brochure Distributed at Southwest MO State
  (Prepared by the SMS Student Government Assn.)

* Brochure Distributed by MOSTARS,
  MO Department of Higher Education

* Assorted Credit Card Applications
  (Obtained on College Campuses)

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Witnesses Testifying Before the Committee

I.	10/18/01	Kansas City
Dr. J'Noel Gardiner		Professor of Finance and Business Administration, Park Univ.
Patricia Wendel		Bankruptcy Attorney
Bill Ratliff		MO Bankers Assoc.
Linda Endecott		Consumer Credit Counseling Services of Kansas City
Kyle Browning		Kansas Univ. Student Assoc.
Karen Keith		Kansas Univ. Student Assoc.
Jim Snyder		Univ. of Missouri
II	10/30/01	Springfield
Nancy Nauser		Consumer Credit Counseling Service of Kansas City (CCCS)
Linda Endecott		CCCS
Laura Wilcox		VP, Student Government Assoc. of Southwest MO State Univ.
Don Aripoli		VP, Student Affairs, Southwest MO State Univ.
Bob Johnson		Central MO State Univ.
Jacob Wyrick		Student, Southwest MO State Univ.
III.	11/06/01	Columbia
Nancy Nauser		CCCS
Linda Endecott		CCCS
Rachel Lyle		Delta Sigma Theta Sorority, Univ. of MO-Columbia (UMC)
Janine Anderson		Delta Sigma Theta Sorority, UMC
Michelle Froese		Office of Student Auxiliary Services, UMC
Ben Shepler		Associated Students of the Univ. of Missouri
Joe Camille		Financial Aid Dept., UMC
Todd McCubbin		MU Alumni Assoc.
Caira Bolin		CCCS
Larry Linneman		Office of the Registrar, UMC
Christos Cossyphos		MU Student Credit Union
IV.	11/08/01	
Patricia Holden		Bank of America
Nancy Farmer		State Treasurer
Nancy Nauser		CCCS
Linda Endecott		CCCS
John Miller		Teacher
Victoria Jacobson		CCCS, MO Council of Economic Education
Karen Pierre		Parent

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Please complete this survey by Oct. 16 and fax it to 573-751-1963.

School: ____

Name and title of person completing survey: ______________________________

Phone # of person completing survey: ____________________

For the purposes of this survey, the "solicitation" of student credit card applicants includes: in-person requests, telephone requests, direct mail, the distribution of flyers, table or bulletin board "take one" displays, applications placed in shopping bags (with or without a request by a shopper) with the purchase of merchandise, or similar methods of providing credit card application forms to students. The term "school" does not include organizations that are merely affiliated with a school, such as alumni associations, but does include non-academic entities that are controlled by school officials, such as athletic departments.

1. Does your school prohibit the solicitation of student credit card applicants on *school property*?

YES ___ NO ___

2. Does your school prohibit the solicitation of student credit card applicants by any *organizations* affiliated with the school?

YES ___ NO ___

3. Does your school have a *written policy* governing the solicitation of student credit card applicants?

YES ___ NO ___

4. Does your school receive any financial gain for *assisting* in the solicitation of student credit card applicants, including the providing of student names and contact information?

YES ___ NO ___

5. Does your school receive any financial gain for *allowing* student credit card solicitation to be done either on school property or by organizations affiliated with the school?

YES ___ NO ___

6. Does your school *require* all new students to attend a class on personal finances/debt management?

YES ___ NO ___

7. Does your school offer *free* credit counseling services to its students?

YES ___ NO ___

8. Have the governing officials of your school, during the last five years, *investigated or debated* the issue of prohibiting or controlling the solicitation of student credit card applicants?

YES ___ NO ___ DON'T KNOW ___

SURVEY RESULTS

Interim Committee on Consumer Protection and Credit Cards on College Campuses

Missouri House of Representatives

Fall, 2001

	On School Property	By Organiza-tion	Written Policy	Financial Gain for Assisting	Financial Gain for Allowing	Personal Finance Class	Free Credit Counseling	Debated Issue of Prohibiting
Public Four-Year Colleges								
Central MO State University	Yes	Yes	Yes	No	No	No	No	Yes
Harris-Stowe State College								
Lincoln University								
MO Southern State College	Yes	Yes	Yes	No	No	Yes	Yes	No
MO Western State College	Yes	Yes	Yes	No	No	No	Yes	No
Northwest MO State University								
Southeast MO State University	No	No	No	No	No	No	Yes	Yes
Southwest MO State University	No	No	Yes	No	No	Yes	Yes	Yes
SMSU - West Plains	No	No	Yes	No	No	Yes	Yes	Yes
Truman State University								
University of MO-Columbia	No	No	Yes	No	Yes	No	Yes	Don't Know
University of MO-Kansas City	No	No	Yes	Yes	No	No	Yes	Yes
University of MO-Rolla	No	No	No	No	No	No	No	Yes
University of MO-St. Louis	No	No	No	No	No	No	No	Yes

	On School Property	By Organization	Written Policy	Financial Gain for Assisting	Financial Gain for Allowing	Personal Finance Class	Free Credit Counseling	Debated Issue of Prohibiting
Public Two-Year Colleges								
Crowder College	Yes	Yes	Yes	No	No	No	No	No
East Central College	Yes	Yes	No	No	No	No	No	No
Jefferson College								
Blue River Community College	Yes	Yes	Yes	No	No	No	No	No
Longview Community College	Yes	Yes	No	No	No	No	No	No
Maple Woods Community Coll.	Yes	Yes	Yes	No	No	No	No	Don't Know
Penn Valley Community College								
Mineral Area College								
Moberly Area College	No	No	No	No	No	No	No	Yes
North Central Missouri College	No	No	No	No	No	No	No	Yes
Ozarks Technical Comm. Coll.	No	No	No	No	No	No	Yes	No
St. Charles Community College	Yes	Yes	No	No	No	No	No	No
Flo Valley Community College	Yes	Yes	No	No	No	No	Yes	Don't Know
Forest Park Community College	Yes	Yes	No	No	No	No	Yes	No
Meramec Community College	Yes	Yes	Yes	No	No	No	No	Don't Know
State Fair Community College	Yes	No	No	No	No	No	No	No
Three Rivers Community College	Yes	Yes	No	No	No	No	No	No
Linn State Technical College	Yes	Yes	No	No	No	No	No	No
Of 24 responses, "Yes" tallies	15	14	11	0	1	3	10	9

Be Smart About Credit Cards — Your Financial Health Depends on It!

- ★ Keep just one card.
- ★ Read the fine print before you apply for a credit card.
- ★ Watch for teaser rates. Many cards have low introductory annual percentage rates (APRs), which are good only for a limited time, and then the rates increase significantly.
- ★ Carefully track credit card purchases to budget for your monthly bill and to watch for unauthorized purchases.
- ★ Pay your balance in full. If you're not able to pay in full, pay more than the minimum; otherwise, you'll pay a higher amount in interest.
- ★ Notify the card company immediately if you change your address. You could miss payments if you don't receive your bills.

Alternatives to Credit Cards

- ★ **Debit Card:** Deducts charges directly from your checking account, so you only spend money you have
- ★ **Secured Credit Card:** Deducts charges from a savings account that is established specifically for the card
- ★ **Charge Card:** Works similarly to a credit card, except that you must pay the balance in full each month

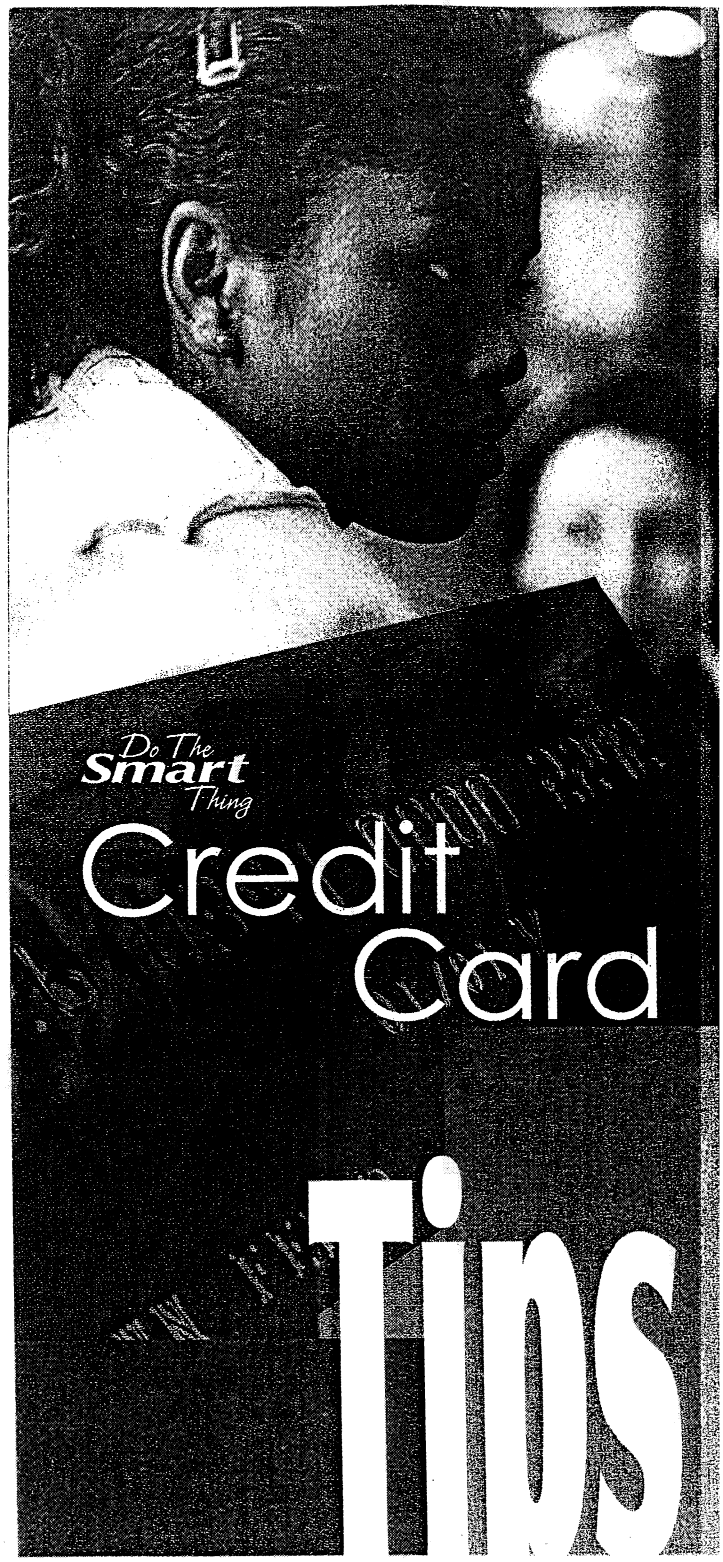
Credit Card Terms

- ★ **Late Payment Fee:** Charge (usually $30) for any payment received after the due date
- ★ **Annual Fee:** Yearly membership or participation fee for having the card
- ★ **Annual Percentage Rate (APR):** Percentage rate that determines the finance charges you pay on your account
- ★ **Transaction Fees and Other Charges:** Fees for things such as using your card to get cash or exceeding your credit limit

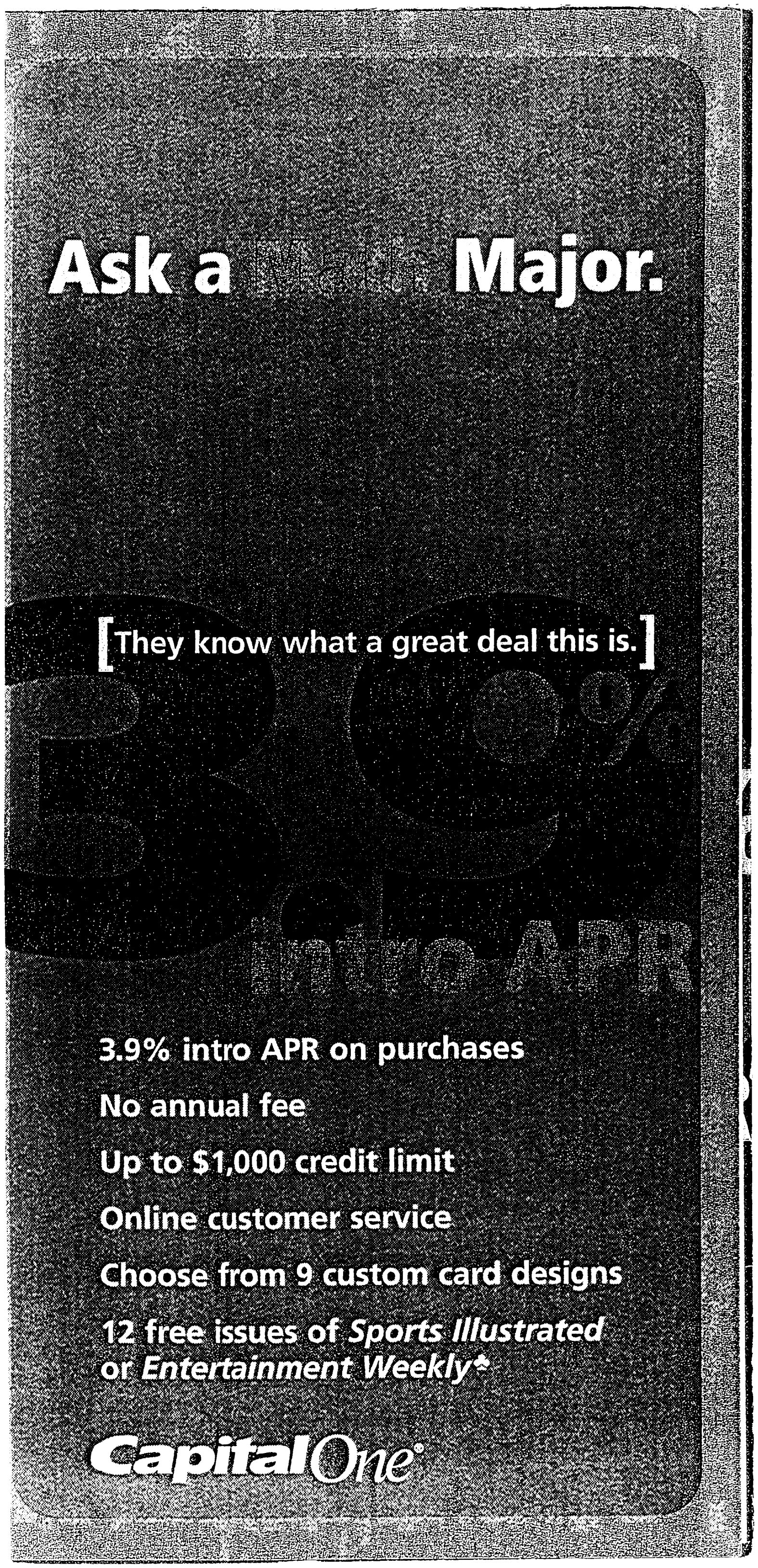
Questions?
Contact the
MOSTARS Information Center
(800) 473-6757
(573) 751-3940

MO STARS
The student assistance division of the Missouri Department of Higher Education
3515 Amazonas Drive
Jefferson City, MO 65109

www.cbhe.state.mo.us



Do The Smart Thing
Credit Card Tips


Ask a Major.
[They know what a great deal this is.]
3.9% intro APR on purchases
No annual fee
Up to $1,000 credit limit
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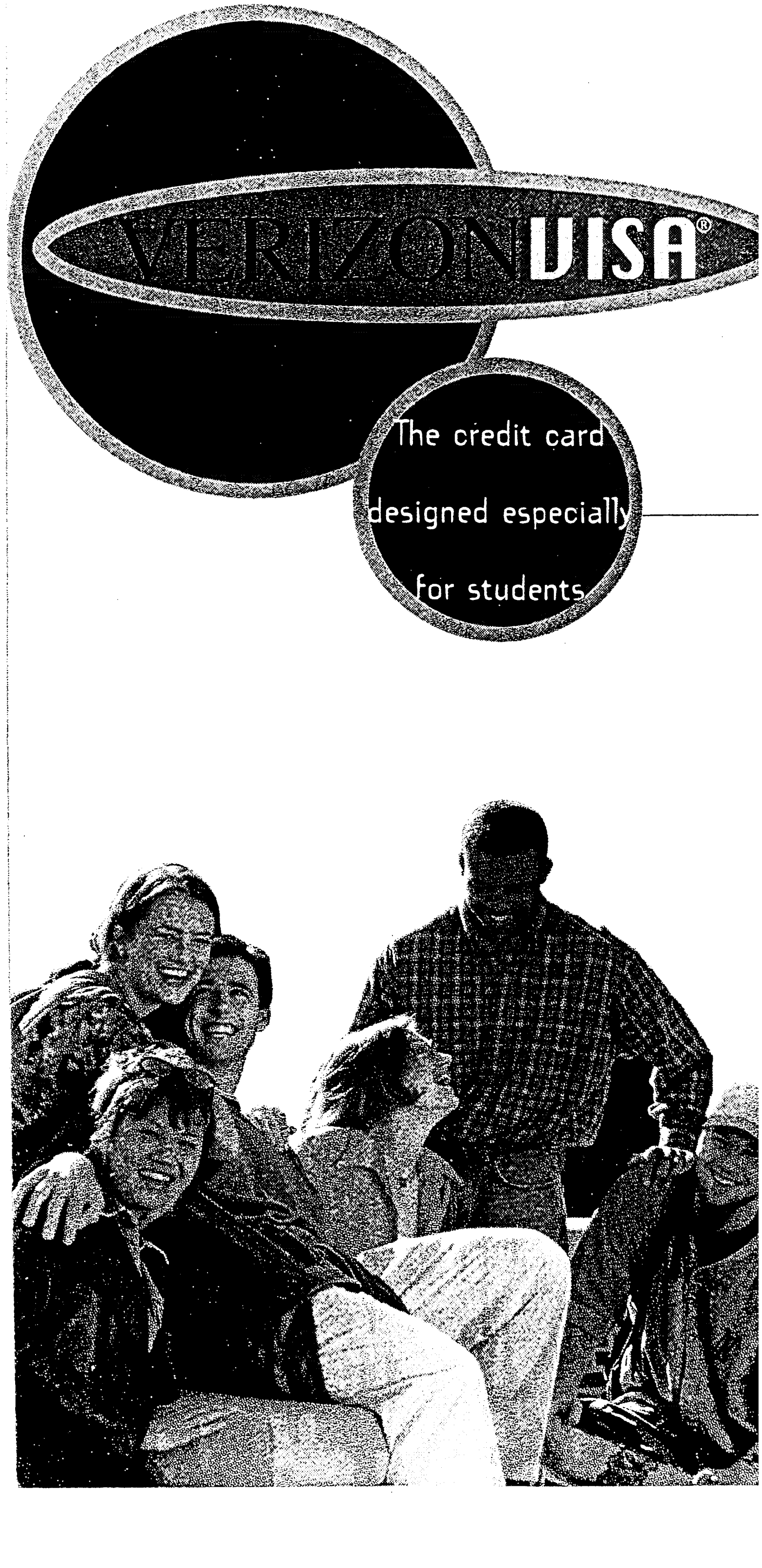
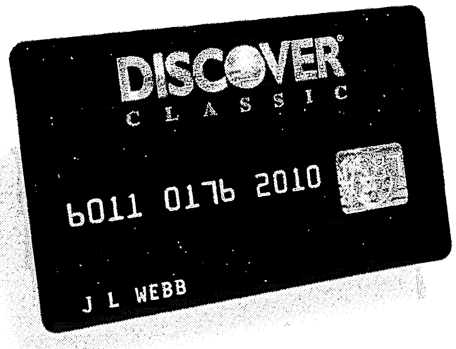
Choose from 9 custom card designs
12 free issues of *Sports Illustrated* or *Entertainment Weekly*
Capital One


VERIZON VISA
The credit card designed especially for students

STUDENT APPLICATION

Be Credit Smart



No Annual Fee

• • •

Competitive APR

• • •

Online Account Access

• • •

Cashback Bonus® award on every purchase

• • •

Build your Credit History

• • •

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Relax, it's a take-home.

VISA

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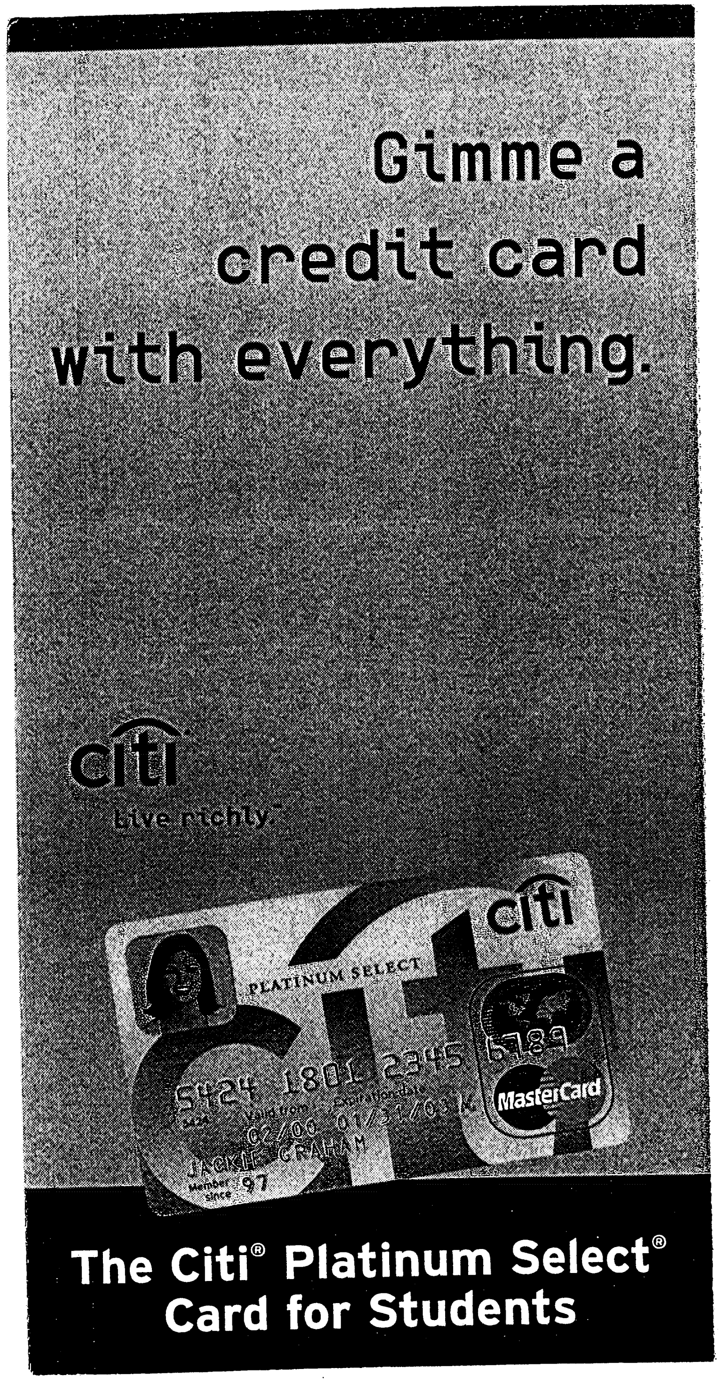
- No Annual Fee
- Credit Line up to $2,500

www.studentcreditcard.com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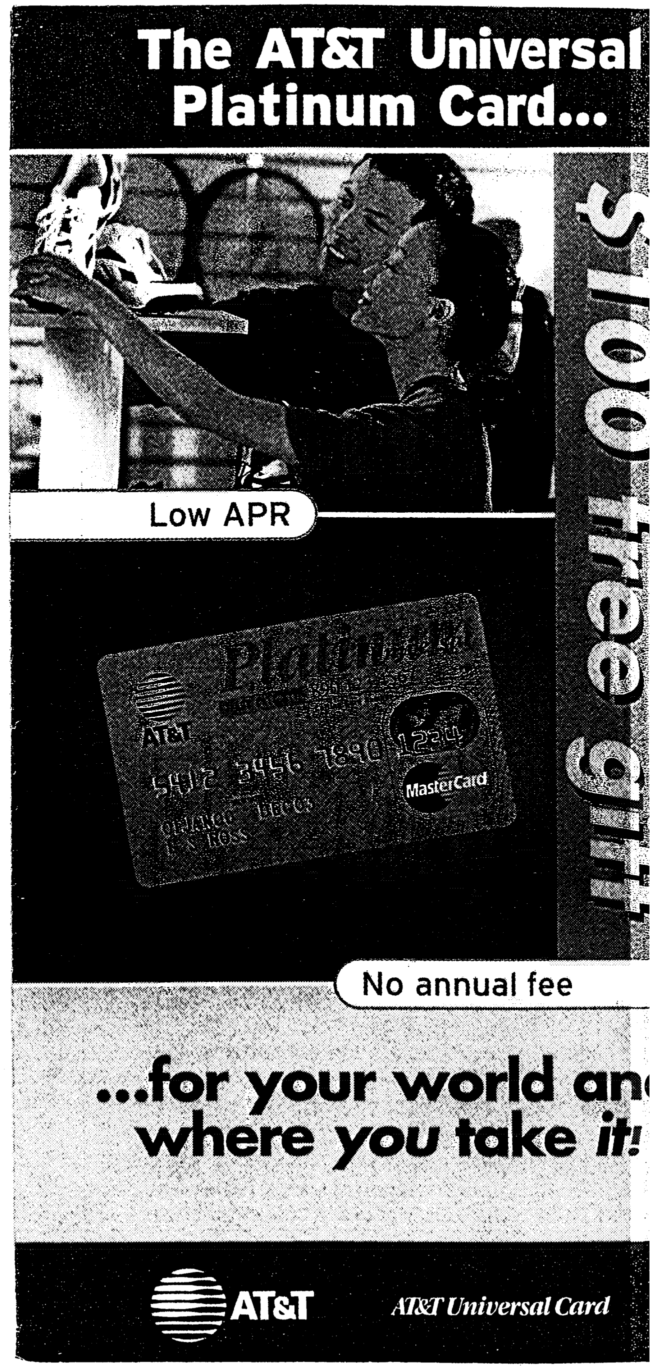
Card for Students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