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EDITORIAL: Student credit cards

As a way to raise some additional revenue, Nevada's public community colleges and universities rent the names and addresses of alumni and incoming students -- without their knowledge or advance consent -- to credit card companies. The credit card companies return some of the profits from purchases to the schools, where the money pays for "homecomings, tailgate parties and scholarships," according to UNLV vice president Fred Albrecht. Credit card purchases generate about $100,000 for the UNLV student alumni center, about half that much at UNR.

Several university regents told The Associated Press they had no idea these information "sales" were taking place, and they may put a halt to the practice next year. For one thing, it's not clear whether the campuses can legally provide such personal information to outside entities without the consent of students. And, of course, there are the typical worries about the alleged exploitation of "children" by rapacious money-lenders offering "free" credit.

This latter concern is a canard. After all, the typical college student is 18 years of age or older; about one-third of UNLV's undergrads are at least 24. Students are adults and certainly capable of managing money and credit.

But the willy-nilly dissemination of students' personal information is another matter. Colleges collect and maintain the most private information about students' living arrangements, medical histories and financial standings, for starters.

At the very least, the regents should ensure that students have the option of removing their names, addresses and other personal data from any rental lists.

Young college grads face crushing debt

Associated Press

Christian Miller can't get a car loan and, at age 27, has returned to his parents' New Jersey home, forced back by the double load of credit card debt and student loans.

Like other twentysomethings across America, he's found that graduating from college means having to face tens of thousands of dollars in debt. Some even drop out before they finish school, while a growing number are declaring bankruptcy.

"It stinks," says Miller, who arrived on his parents' Livingston, N.J., doorstep on New Year's Eve two years ago.

Financial experts predict this year's graduates will have an even tougher time. Never has a generation entered a recession-weakened job market so debt-ridden.

"I have a negative net worth of $14,000 — it's great!" Jessica Lopez says sarcastically.

In some ways, the 24-year-old Lopez considers herself lucky. A senior at Florida International University in Miami, she's saved money by living with her parents and has about $2,000 in credit card debt — "tiny compared to some people I know."

Still, she's already been turned down for a small business loan to start a clothing company even though she works a part-time job and actually owes less than the average college grad.

The federal General Accounting Office says students are graduating with an average of $19,400 in student loans. Average student credit card debt rose from $1,879 in 1998 to $2,748 in 2000, according to the student loan agency Nellie Mae.

It is the growth of the latter statistic that has financial experts most worried, especially since bankruptcies filed by the under-25 crowd grew to a record 94,717 in 2000, according to a Harvard law school study.

A third of students have four or more credit cards, picked up everywhere from phone solicitations to the Internet. And some universities have signed deals with particular credit card companies, giving them exclusive rights to market on campus and use school logos on their cards.

Delaware-based MBNA America Bank has such deals with about 600 colleges and universities, with about half a percentage point of interest earned on the cards going to the schools.

The company stresses that it targets alumni and upperclassmen, keeps its lines of credit at $1,000 or less and offers regular campus seminars about responsible credit card use.

Officials at Capital One, another major credit card provider, offer a "high school credit card" to teens, 16 to 18, who get the card guaranteed by a parent or guardian.

Diana Don, a spokeswoman for the Virginia-based company, says parents use the cards to teach their children how to be responsible before going to college.

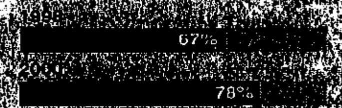
But some financial experts are wary.

"It's like someone who's not educated about sugar walking into a candy store and buying everything," says Juliette Fairley, author of the book "Money Rules," a financial guide for people in their 20s and 30s.

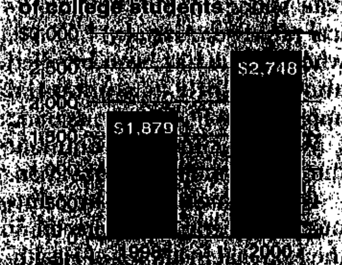
Graduating debt

More and more college students are facing debt problems from credit cards. A trend that is making a recession-weakened job market even more daunting for graduating seniors — many of whom also bear the burden of unpaid student loans.

Percentage of college students with credit cards



Average credit card debt of college students



SOURCE: Nellie Mae

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