



Sign up for the weekly CityBeat eNewsletter

Email

SIGN ME UP!



Search

Search

Web sdcitybeat.com

Issue Number -

- [Current Issue](#)
- [Recent Issues](#)
- [Advertising Info](#)
- [Special Issues](#)
- [Sister Publications](#)
- [Contact Us](#)

q



ROB BELL
EVERYTHING IS SPIRITUAL TOUR
CLICK FOR INFO

MUSEUM OF CONTEMPORARY ART SAN DIEGO
TNT
THURSDAY NIGHT THING

CITYBEAT
MUSICIANS DIRECTORY
CLICK HERE!

"King" Stahlman
Bail Bonds

CHARGING FORWARD

Do colleges ignore student credit card abuse?

by Nina Lary

Fresh out of high school, Alicia Marie Allgood entered Purdue University in the fall of 1998. While on campus, she frequently came across MasterCard or Visa booths offering free t-shirts and water bottles. This optimal positioning allowed them to prey on those most vulnerable to the dangling carrot of purchasing power—students.

"There may have been a half-dozen on campus during any given day," Allgood recalls. "It wasn't their persistence or what they were selling, but their location," she said.

All she had to do for the free Frisbee was fill out a credit card application. She signed up for two cards—both from vendor booths—that first semester and during the following two years proceeded to rack up \$9,000 in personal debt. She managed to work off \$7,000 but soon found herself back in a puddle of debt.

After her first semester at Purdue, Alicia transferred to University of California, San Diego. But her cross-country move didn't do much to lighten her financial load.

Allgood's story is common, her desire universal in theory, but very personal in affect. "I wanted power," she admits, "I wanted to buy things."

Akon Rona-Tas, professor of sociology at UCSD, sees the dilemma of debt from a historical point of view. "Until well into the 20th century, borrowing money was considered a social stigma. Debt was seen as a sign of failure, of inability to provide for oneself and family. If you were in debt, you were considered lazy," he explained.

"Sometime in the last 20 years," he says, "borrowing has become almost a patriotic duty."

According to the Kiplinger Monitor, 1.5 million Americans filed personal bankruptcy in 2001, a 19-percent increase from 2000. Of these million-plus filings, 70 percent were Chapter 7, which erases virtually all debt from the filer's record. Forty-one percent of these same filers blame credit mismanagement for bankruptcy, and 37 percent have taken cash advances from one credit card to make payments on another.

Credit card debt has become almost an American norm as more and more people are turning to debt-consolidation professionals and services like paycheck advances. Working-class Americans are familiar with the negative cycle of credit card debt, but it wasn't until a few years ago that it became apparent that teens and young adults were in the same boat. College students particularly are becoming mired in debt, and the springboard is often the higher-learning institutions that parents trust for the safety and well-being of their kids.

Georgetown University sociologist Robert Manning was one of the first to pinpoint the growing trend of credit card debt among college students. In June of 1999, the Consumer Federation of America released "Credit Cards on Campus: Costs and Consequences of Student Debt," a 90-page study authored by Manning. The report outlined the negative effects of debt on college students, citing everything from an increase in dropout rates to suicides. The study also focused on the seductive and aggressive marketing tactics of credit card companies.

Uwire, a web-based campus news source, yields many stories similar to Allgood's—horror stories of students starting their college careers only to end up in a dark pit of debt. A survey by the United States Public Interest Research Group found that students who obtain credit cards at on-campus promotional tables carry larger balances and pay off their credit cards later than those who obtain cards elsewhere. Signing up for cards at campus tables is a like a quick fix. They lure students in with promises of gifts, often rush them through the sign-up process and, as some students report, tell them the legal information is tedious mumbo jumbo. "Marketing to students is definitely working, as many of them end up signing up for as many as five or six credit cards," says Don Blandin, President of American Savings Education Council, a nonprofit coalition aimed at raising awareness of financial-management issues.

What many people, students included, don't realize is that every application for credit becomes part of a permanent record. Even impromptu applications at Macy's or Target will show up. And if you receive the card and don't use it, it will read to creditors as a short-term card with no activity, one of the worst notes for a credit report. Card issuers don't typically point this out. Your credit report can determine whether you get the house, the car and, in some cases, the job.

Many employers now run credit checks as a part of the hiring process, even with college students. UCSD's Rona-Tas says insurance companies run credit checks before giving quotes, because, statistically, credit records are better predictors of accidents than driving records.

If the general public is unaware of the consequences of bad credit, most students are completely ignorant. Coming into their own intellectually, emotionally and financially, college students are at a particularly vulnerable age. It may be surprising, then, that college administrators permit credit card issuers on campus. Texas Christian University in Fort Worth, Texas, allows MBNA Master Card to advertise with bookstore receipts in exchange for a share of the royalties, \$20,000 to \$30,000 annually and 1 percent of all

Ads by Goooooogle

[Debt Relief Options](#)

Fix your debt with expert help. Nonprofit options; learn more today
www.DebtReliefOptions.org

[Wipe Out Credit Card Debt](#)

More Than \$15,000 Debt? Payoff In 12-30 Months. Save Or Pay No Fees.
www.Freedom-Debt-Relief.com

[Pay Off Credit Card Debt](#)

Pay Off Credit Card Debt Options! Pay Off Credit Card Debt Options.
DebtAdvice.AlltheFinancials.com

[Debt Elimination Programs](#)

Eliminate your debt & live debt & stress free. We help with debt.
LibertyConsumer.com

[Pay Off Credit Cards](#)

Have you fallen behind on your Credit Cards? We can help!
PreceptFinancial.com

Advertise on this site

Ads by Goooooogle

[Wipe Out Credit Card Debt](#)

More Than \$15,000 Debt? Payoff In 12-30 Months. Save Or Pay No Fees.
www.Freedom-Debt-Relief.com

[Unable to Pay Off Debt?](#)

Erase Unsecured & CC Debt - \$10K+ Without Bankruptcy or Counseling
www.DebtCleared.org

[Reduce Credit Card Debt](#)

Fix your debt with expert help. Nonprofit options; learn more today
www.DebtReliefOptions.org

[Consolidate Credit Debt](#)

Don't Get A Loan, We'll Help Create A Realistic Debt Management Plan.
www.CareOneCredit.com

purchases made with student cards acquired through the program.

Yolanda Levya, director of SOLO (Student Organizations & Leadership Opportunities) at UCSD, told CityBeat that as of January 2003, card issuers are no longer permitted to solicit on campus.

The University of San Diego allows limited access to a few card vendors, who "support our philosophy of encouraging responsible credit card use," said USD spokesperson Liz Harman. At orientation, USD freshmen and transfer students learn about the importance of good money management and the risks and responsibilities of credit card use, she added.

Since Manning's report and much public outcry, there's been a push for legislation outlawing the credit card solicitors on college campuses. In fact, during the 1999-2000 school year, more than 400 colleges and universities enacted official policies against on-campus credit card marketing. And in September of 2001, Assembly Bill 521 passed, requiring the University of California, California State University and California Community College systems to adopt policies regulating marketing practices used on campuses by credit companies.

The law also requires administrators to limit the number of marketers allowed on campus, forbids marketers to hand out freebie items—like water bottles and Frisbees—and requires that debt information and counseling be offered at freshmen orientations. California's college students will see the affects of AB 521 beginning this fall.

Paul Richard, executive director for the Institute of Consumer Financial Education, a San Diego nonprofit, predicts that a decrease in student use will force credit companies to move onto the next tier: pre-teens and teens. Last year, MTV Singapore, in conjunction with United Overseas Bank (UOB), launched an MTV credit card geared toward teenage viewers. According to Francis Hsu, UOB senior vice president: "The MTV Card will be the card that complements their exuberance and zest for life. We are confident that our exciting bundle of benefits, ranging from invitations to MTV events to clubbing privileges and exciting monthly parties will make the MTV Card the card of choice among our younger credit card-holding customers."

If this becomes the trend, Allgood proposes a solution. "The fault lies more on the high schools," she says. "We needed to learn that critical real-life skill of managing money. High school didn't have anything to do with what we were going to deal with in the real world."

Her brush with debt, she said, "was a good lesson to learn, but I may not have done the same thing had I known." A year and a half ago, she sought the services of a debt-consolidation service, which managed to drastically reduce her interest rates. She had to cancel all her credit cards, and she's not allowed to open any new ones. She now pays the consolidator \$160 a month, and it will take her three and a half more years to pay off her debt.

Allgood accepts responsibility for her actions but also points to her own vulnerability that first semester in college.

"It's just a shame they are feeding on the naiveté of college students," she said.

Nina Lary is a senior at UCSD and a former CityBeat intern. TELL US your thoughts: editor@sdcitybeat.com

© 2003-2006 Southland Publishing, All Rights Reserved

Credit Card Elimination

Lower your total balances
by 60% Debt free in 12-
36 mo. Guaranteed!
PreceptFinancial.com

Advertise on this site