Report of the
State Corporation Commission
State Council of Higher Education for Virginia
Virginia Cooperative Extension
Virginia Department of Agriculture and Consumer Services

To

The Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia

HJR 735, 1999

Providing Consumer Credit Information to College Students and Procedures for Monitoring Complaints Regarding Unsolicited Offers of Credit, and Credit Cards and Incentives to College Students

Commonwealth of Virginia
Richmond
February, 2000

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I. EXECUTIVE SUMMARY

Pursuant to the request set forth in House Joint Resolution 735, adopted by the 1999 Session of the General Assembly (see Appendix A), the State Corporation Commission (SCC), the State Council of Higher Education for Virginia (SCHEV), the Virginia Cooperative Extension (VCE), and the Virginia Department of Agriculture and Consumer Services (VDACS) were directed to develop a plan for providing consumer credit information to college students and for monitoring complaints regarding unsolicited offers of credit, and credit cards and incentives (see Appendix B).

Specifically, the resolution directed the agencies to address the need to provide credit information to college students, their parents, and institutions of higher education, upon request, regarding: (i) the rights of consumers, including the right to make inquiries concerning financial institutions and credit card companies; (ii) the maintenance of good credit; (iii) how to obtain and interpret credit history information; and (iv) how to file a consumer complaint.

The plan shall also establish procedures and determine the cost of collecting data regarding consumer complaints by college students about credit offers and credit card companies.

The plan shall address ways to disseminate consumer information on campus in the least intrusive and most cost-effective manner possible.

In response to HJR 735, a work group (Appendix C) was formed including representatives of the designated state agencies, private sector and non-profit organizations. As a consequence of its analysis of the issues, HJR 735's work group developed recommendations for each constituency as follows:

College Students and Their Families

Information on the use of consumer credit is available to college students and their families. They must be made aware of this information and encouraged to take advantage of it. Those materials should be supplemented with open dialogue about the handling of money. This home-based beginning is the foundation upon which the remaining recommendations rely.

Virginia Department of Education and Local School Divisions

The financial literacy of Virginia's primary and secondary school students can be improved by enhancing the personal finance components of the Standards of Learning (SOL) and continuing the implementation of the local character education curriculum. Working collaboratively with teachers to see that lesson plans are developed and available to facilitate teaching financial literacy and positive character traits will more effectively prepare students leaving high school to meet the challenges of personal financial management.

Colleges and Universities

Virginia's colleges and universities must be encouraged to continue and expand the financial literacy programs already being implemented. More effective materials and delivery channels should be developed to provide information to college students and their parents. College administrators should prepare guidebooks for distribution to any company (including credit card companies) that solicits on campus. The guidebook should explain the institution's rules of interaction on campus. Companies that repeatedly violate the rules should be sanctioned.

State Council of Higher Education for Virginia (SCHEV)

An already established pre-collegiate program administered by SCHEV called the Better Information Program can be expanded to provide financial literacy information to finance higher education.

In addition, SCHEV can monitor the success of the programs instituted by public colleges and universities as described above. These institutions can be directed by SCHEV to report on an annual basis the status of all efforts to distribute financial management information to students.

General Assembly

The Virginia Council for Economic Education (VCEE), Virginia Cooperative Extension (VCE), and the State Council for Higher Education in Virginia (SCHEV), should be charged with developing course materials and providing training for each college and university to address the financial literacy needs of their students. This should include a mass media campaign. Funding for this project requires an allocation of General Fund money by the Virginia General Assembly. Additional funding may be available in the form of grants or contributions from other sources.

The work group recommends the General Assembly adopt the legislative proposal being brought forward by SCHEV for 100% funding of true need to reduce student debt burden system-wide by an additional $6 million per year.

The work group also recommends the General Assembly consider any other available ways of relieving financial pressures on college students including increasing the availability of financial aid or lowering costs.

Virginia Cooperative Extension

With offices across the Commonwealth, extension agents are well positioned to provide credit education in small groups on college campuses. These agents can prepare student leaders, faculty and others to conduct on-campus programs. Extension can provide community-based education for students and their families and can train classroom teachers to offer this education.

State Corporation Commission (SCC)

The SCC's Bureau of Financial Institutions will develop a process to track the number and subject matter of credit card-related complaints made by college students.

Credit Card Issuers

The industry should continue to provide understandable and useful materials to their customers on financial literacy. Special attention should be given to developing information based on frequently-asked questions and misconceptions that are commonly the basis of questions or complaints directed to the customer service centers of the industry.

The industry should continue to be a resource for the college/university community in addressing this issue.

II. SCOPE OF STUDY

This report identifies a national trend among college students toward increasing use of credit cards and the potential negative results if this economic convenience is used irresponsibly. The degree to which this trend may exist in Virginia is difficult to quantify without an independent survey of Virginia students.

Based on currently available research, it appears Virginia mirrors the national trend. The work group has been unable to establish a definite cause and effect relationship between the availability of consumer information and a resulting decline in consumer debt problems. It is clear that there is a need to make students aware that such information exists. Without this information, college students may run a risk of consumer credit problems.

This study addresses the following questions:

1. What is the national trend in college student credit card debt and to what extent does this problem exist among Virginia's college-aged population?

2. Do college students (and their families) have easy access to information on how to file a consumer complaint?

3. What are the existing procedures in Virginia for handling consumer complaints regarding student credit cards?

4. What initiatives targeted to students are presently in place to address the problem of college student credit card debt?

5. What are the rights of consumers, including the right to make inquiries concerning financial institutions and credit card companies?

6. Are materials on maintaining good credit available to college students?

7. Are materials available on how college students may obtain and interpret their credit history information?

8. What are recommended procedures for (and cost) of collecting and providing data regarding consumer complaints by college students about credit offers and credit card companies?

9. What are the ways to disseminate consumer information on campus in the least intrusive and most cost-effective manner possible?

III. PROCEEDINGS OF THE WORK GROUP

The following steps were taken to address the study questions:

1. Reviewed the national literature on the trend in college student credit card debt and report on the extent to which this problem exists in Virginia.

2. Reviewed current federal and state laws and regulations relevant to consumer credit.

3. Gathered information from relevant federal agencies on consumer issues germane to credit card debt and information.

4. Investigated existing consumer information and consumer protections available at the federal, state, and local levels to address this issue.

5. Reviewed efforts in other states to address this issue.

6. Determined the degree to which Virginia colleges and universities provide credit information to students applying for admission, at registration or orientation, and seeking financial aid.

7. Determined the feasibility and cost of data collection on consumer complaints by college students about credit card offers and incentives.

8. Solicited, received, and reviewed written comments from all parties.

9. Participated in public hearings.

The following is a timetable of the activities leading to the creation of this document:

1999

February	General Assembly approves HJR 735
March	Study Resolution conveyed to lead agency Lead agency contacts partners for organizing meeting
May 19	Organizing meeting at State Corporation Commission Draft workplan and study outline adopted Calendar for the year proposed
June 24	Teleconference with Dr. Robert Manning on “Credit Cards on Campus: Costs and Consequences of Student Debt” and work group meeting

July 28	Subcommittees formed to address individual Elements of study resolution
August 4	Lead agency presents status report on HJR 735 to the Joint Subcommittee Studying the Status and Needs Of African-American Males in Virginia
August	Subcommittees meet to prepare and refine drafts
August 26	Full work group receives materials for draft document
September 1	Requested date for additional input
September 29	Public hearing in Roanoke, Virginia
October 5	Full work group meeting to plan production schedule
October 11	Public hearing in Arlington, Virginia
October 18	Full work group meets to receive draft report
October 27	Public hearing in Newport News, Virginia
November 3	Full work group meeting to review draft
November 12	Full work group meeting to review draft
November 30	Full work group meeting to review draft
December 6	Full work group meeting to review draft
December 13	Full work group meeting to review draft
December 16	Lead agency presents final status report and draft of recommendations on HJR 735 to the Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia
December 20	Full work group meeting to finalize the draft
December 31	Draft circulated for comments
2000	
January 7	Recommendations finalized
February 11	Final report submitted

IV. BACKGROUND: ISSUES AND CONCERNS

Benefits of Credit

Credit is a useful and necessary tool in today's economy for everyone, including college students. Most notably, student loans make it possible for a great many students to attend school – an opportunity that they otherwise would not be able to afford. Additionally, auto loans can help to provide transportation to and from school, and possibly a job. Credit cards are another source of financial resources that make it possible for people to purchase supplies for school and other goods and services.

Credit cards, when managed properly, are a payment mechanism that is a convenient and safe substitute for cash. Checks are an alternative to cash, but many retailers are reluctant to accept out of town checks.

Credit cards also limit exposure to financial loss. Lost or stolen cash is rarely recovered and lost or stolen checks can result in substantial monetary loss. However, cardholders are protected, as federal law limits consumer liability from fraudulent use of a credit card to only fifty dollars (Federal Reserve Regulation Z).

College students travel frequently. Much of this travel is related to coursework, making professional contacts, and obtaining internships and jobs. Credit cards can provide an important safety net for travel or other emergencies.

Monthly statements provided for cardholders can help college students track their spending and manage their budgets.

Potential Problems

Some students have problems managing responsibilities related to consumer credit. Many individuals are unfamiliar with important credit information such as safe credit limits. People tend to think that "someone else," or lenders, will determine if they can afford to take on more debt. They tend to be unaware that credit reports are used in the employment process and to determine eligibility for insurance. Students may be naïve and less likely to be aware of such information.

Poor financial management may lead to a poor credit history. For a college student just getting started, this is especially damaging. Bad credit can lead to an inability to obtain future credit to buy a car or a home. Bad credit can lead to inability to rent an apartment or to obtain insurance. Additionally, many employers are requiring credit checks on all potential new hires. Ultimately, bankruptcy could be the end result of someone who is unable to develop proper financial management skills.

Legislative Considerations

In Virginia, laws generally applicable to contractual relationships control credit agreements. In general, contracts entered into by minors (under age 18) are voidable. No additional legislation would appear necessary to protect minors.

The work group questioned the effect changes to the Code of Virginia would have on credit card issuers. National banks and out-of-state banks may be able to import their products without regard to State law. Hence, legislative restrictions could hinder the operations of Virginia-based lenders, and may not effectively protect Virginia college students.

Of major credit-card issuers soliciting students, only one is Virginia based and certain to be affected by legislation imposed by the General Assembly. Limiting solicitation practices of only one institution would have a negligible impact on the student debt problem.

Twice the US Supreme Court has ruled that national banks are subject only to federal law and the laws of the state in which their home office is located. In 1978, in Marquette National Bank of Minneapolis, Petitioner, v. First of Omaha Service Corporation et al. State of Minnesota, Petitioner, v. First of Omaha Service Corporation et al., Justice Brennan held that the National Bank Act authorizes a bank to charge interest to customers in all states in accordance with the laws of its home state. In 1996, in Barbara Smiley, Petitioner, v. Citibank (South Dakota), N.A., Justice Scalia held the interest rate precedent set in this 1978 case encompasses credit-card late payment fees.

The work group discussed the potential impact of limiting the availability of credit cards to college students, based on their limited income. For example, many students' only source of income is from their parents, from seasonal or part-time employment, or from grants, student loans or other means of assistance. However, the Equal Credit Opportunity Act and Federal Reserve Regulation B clearly prohibit discrimination based on age, marital status, or income from public assistance. For a creditor to determine that one individual's part-time or seasonal income is acceptable, and another's unacceptable based on college student status would be in direct conflict with the Act.

Any effort to restrict access to credit to people who have the legal capacity to enter into a contract would be in conflict with numerous laws and regulations to ensure their access to credit. Specifically, the Equal Credit Opportunity Act and Federal Reserve Regulation B ensure access to credit to all segments of our society, without regard to age, gender, marital status, race, or any other of the prohibited factors defined in the Equal Credit Opportunity Act.

State Legislation and Proposals

In 1999, legislators in 13 states (Arkansas, California, Louisiana, Massachusetts, Mississippi, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Tennessee, Virginia and West Virginia) introduced bills or resolutions pertaining to college students and credit cards on campus. These bills included language designed to limit, regulate or ban credit card solicitations on campus and/or require educational material be provided to students in various forms -–included but not limited to, industry provided material at tables and in orientation programs for incoming college students.

Ultimately, two bills were passed and signed into law. Arkansas HB 1147 prohibits the use of inducements for campus marketing to anyone under 21. Louisiana HB 1353 requires anyone engaged in on-campus solicitation to register with campus administration in advance.

Three states (other than Virginia) adopted resolutions. Louisiana HR 23 requests the Board of Regents to encourage institutions of higher education to provide information on consumer credit and credit card debt to college students and their parents. New Mexico SM 7 requests the state education institutions to eliminate or curtail on-campus solicitation for credit cards. Oklahoma SCR 3 requests Oklahoma public institutions of higher education to include consumer credit education as part of new student orientation.

Proposed Federal Legislation

New York Congresswoman Louise Slaughter introduced legislation (HR 3142) to the 106th Congress to amend the Consumer Credit Protection Act. The amendment seeks to regulate marketing and terms of credit cards issued to full-time, traditional-aged college students.

V. FINDINGS

1. What is the national trend in college student credit card debt and to what extent does Virginia's college student population mirror the national trend?

The majority of college students use credit cards responsibly and do not accumulate large amounts of credit card debt. From 1998-1999 a study was conducted regarding credit card knowledge, attitudes and practices among college students (Lytton and Grable, 1999). Fourteen colleges and universities, including Virginia Tech, participated in the study. The mean age of students in the Virginia Tech study was 22; it was 24 in the other states. The results indicate that students in Virginia, as represented by the students at Virginia Tech, were fairly similar to their peers elsewhere in the nation with regard to their knowledge, attitudes and usage of credit. In addition, the data indicate that credit problems occur among a small percentage of the student population.

Nationally, 77% of students have either a zero balance on their credit cards or a balance below $1,000. At Virginia Tech that number is 79%. There are 62% of Virginia Tech students and 64% of students in other states who pay the balance in full on every credit card monthly. At Virginia Tech 17% of students and 22% of students in other states said that the total balance still owed on their account(s) after the last payment was $5,000 or higher. Virginia Tech students reported having a mean of 2.8 credit cards each, while those in other states reported a mean of 3.5 cards each. Of the students surveyed at Virginia Tech, 7.6% have had a credit card company revoke or suspend the use of their credit card.

While 74% of students report that they never miss classes to handle financial problems or work extra hours to meet bills and expenses, 15.5% say they sometimes or often miss classes for these reasons. Only 7% of the students surveyed nationally felt that finances were a "significant source of worry or hassle." At Virginia Tech 8% of the students surveyed felt this way. If these data can be generalized to the rest of the college students in Virginia, they indicate that around 25% of Virginia students may have credit challenges while in college, with only 8% having serious difficulty.

Although we have little state data disaggregated by ethnicity, at least one national study indicates that, when controlling for levels of education and income, there are no significant differences in the use of credit cards among various ethnic groups (Medina and Chau, 1998). A 1997 Virginia Tech study of graduate students by Munro reported that white students had more credit cards (averaging 3.4) while black students had fewer (averaging 2.3). Other researchers (Archer & Lamnin, 1985; Murphy & Archer, 1996) report that black students are more likely than white students to say that financial stress impacts their personal and academic lives. Brobeck (1992) noted that black students were more concerned about making their monthly credit card payments than were white students. Cooper (1999) found that students participating in Virginia Tech's 1998 Summer Transition Program for minority students lacked consumer knowledge. On average, they answered 42% of credit items correctly. Only 11% correctly answered items about what credit bureaus do and what to do about disputed information.

The Consumer Federation of America found that on a test of consumer knowledge that included items on consumer credit, the mean score for adults was 56% (1988) and for college students it was 53% (1993). Only 22% of college students knew that annual percentage rate (APR) is the best indicator of the cost of using credit. Thirty percent knew that when the balance for goods and services on a credit card bill is not paid in full each month, the interest charges begin on the date of purchase.

At Virginia Tech, 29% of the students did not know that employers may check a potential employee's credit report during the hiring process (Lytton & Grable, 1999). Many students (80%) correctly agreed that it would take 12 years to repay a $2,000 balance on a credit card that charges 18% interest by making the minimum monthly payment of 3% and no additional charges.

According to the Jumpstart Coalition for Personal Finance Literacy, there is a strong negative relationship between the students' financial literacy scores and the personal bankruptcy rates in their states (Mandell, 1998). In states like Virginia where there is no comprehensive personal finance education in high schools, the bankruptcy rates are higher than in the states that do provide such education.

During the course of the work group's study, three public hearings were held. At one hearing (Roanoke), five students invited by the work group spoke and reported easy access to credit led to increased use, and therefore, increased debt levels. These students reported that due to their increased debt levels, they are now having difficulty repaying their loans. No students appeared at the other public hearings.

Students recognize the convenience of credit but often do not realize the implications of increasing debt. They may not become aware of the problems credit can cause until after they have committed to repayments that lead to working longer hours, reducing school work, or even dropping out of school. Others discover that they have problems when they are denied employment, auto insurance, or a lease on an apartment because of poor credit history.

Most college students do not receive comprehensive formal personal finance education while in high school or college but gain their understanding of credit through using it. Mandell (1998) reported that high school seniors correctly answered 57.3% of 31 multiple choice questions about basic personal finance. Chen and Volpe (1998) found low overall knowledge of personal finance by college students. These students are very similar to participants in the CFA national study.

2. Do college students (and their families) have easy access to information on how to file a consumer complaint?

Yes. Access is easy when college students understand where to look. However, increased effort is needed to ensure that information is:

- geared to the college student population;
- communicated to the college student audience in the medium they use most;
- advertised as a service available through financial aid or other student life organizations;

- mainstreamed in the college orientation materials or curriculum;
- available as a counseling service to students in the same manner that other behavioral issues are handled; and,
- reinforced through multiple sources throughout the student's college career.

3. What are the existing procedures in Virginia for handling consumer complaints regarding student credit cards?

Numerous states and federal government agencies, debt counseling agencies and college and university offices handle complaints by students regarding credit cards. Procedures vary somewhat but generally follow this format:

- provide information to the student – (the greatest number of complaints involve the consumer/students failure to understand contract);
- encourage direct resolution between cardholder and issuer;
- get written documentation from consumer;
- contact the primary regulatory agency, such as,
  - a. Office of the Comptroller – banks containing the word "national" or the initials N.A. in or after the institution's name;
  - b. Office of Thrift Supervision – savings institutions and banks with the word "federal" or initials F.S.B." in or after the institution's name;
  - c. National Credit Union Administration – credit unions with the words "federal credit union" in the institution's name;
  - d. Federal Reserve Board – Federal Reserve System member banks except national banks, and federal branches/agencies of foreign banks;
  - e. Federal Deposit Insurance Corporation – state-chartered banks that are not members of the Federal Reserve System;
  - f. State banking commissions - state-chartered financial institutions including banks, finance companies, savings institutions, credit unions, mortgage companies and industrial loan associations;
  - g. Federal Trade Commission – retailers, finance companies, creditors (excluding most mortgage companies) that are not specifically assigned to another regulator;
- get card company response; and,
- suggest alternatives to resolve the complaint or suggest the consumer seek legal advice.

4. What initiatives targeted to students are presently in place to address the issue of college student credit card debt?

As the issue of college student use of credit cards has gained national and state visibility, initiatives by colleges, credit card issuers and the media have increased. Some initiatives undertaken in Virginia include:

- providing credit brochures to each freshman;
- industry provided brochures included with statements;
- offering information via web-sites;
- providing articles on consumer credit in campus newspapers;
- making presentations at summer and fall freshman orientation sessions;

- offering a year long freshman orientation through dormitories and including credit as a topic;
- including credit issues in courses;
- offering financial counseling to students;
- collaborative programs on consumer credit offered by universities, and credit unions, consumer credit counseling and Virginia Cooperative Extension; and,
- providing consumer credit information whenever a student applies for student aid.

5. What are the rights of consumers, including the right to make inquiries concerning financial institutions and credit card companies?

Loan and deposit accounts are a contractual arrangement between the consumer and the lending/depository institution. As such, the terms of the contract and civil law procedure dictate the rights of consumers. Consumer rights are also addressed in several current laws and regulations (see Appendix I), many of which fall under the Consumer Credit Protection Act (CCPA). The Consumer Credit Protection Act is very comprehensive and has several titles that implement various acts and regulations. For example, Title 1 of the CCPA incorporates the Truth in Lending and Fair Credit Billing Act, which in turn implements Federal Reserve Regulation Z and Regulation M. Title VII of CCPA contains provisions found in Federal Reserve Regulation B. Some of the issues covered by the most important Acts are:

- for disclosure of the terms of a loan or credit card – Federal Truth in Lending Act, Federal Reserve Regulation Z;
- for equal availability of credit – Federal Credit Opportunity Act, Federal Reserve Regulation B;
- for collection practices – Federal Fair Debt Collection Practices Act;
- for pre-screened solicitations of credit and correct credit reporting – Fair Credit Reporting Act; and,
- for unfair or deceptive acts – Federal Trade Commission Act.

6. Are materials on maintaining good credit available to college students?

Yes. Materials on maintaining good credit are readily available from the credit card industry, debt counseling agencies, Virginia Cooperative Extension, and on various internet sites. However, college students may not be aware of this availability.

7. Are materials available on how college students may obtain and interpret their credit history information?

Yes. Materials on obtaining and interpreting credit history information are readily available. However, this key information often is accessed after a problem has been discovered rather than in an attempt to prevent problems.

There are three major providers of consumer credit reporting: Equifax, Experian, and Trans Union. All three will provide consumers with a copy of their credit report. If information from a credit report was used to deny a request for credit, the report is provided at no cost within 60 days of the denial. Otherwise, there may be a nominal charge for the report.

Toll-free telephone numbers for the credit reporting agencies are listed in the telephone book, and are publicized on the Internet. The telephone number and address of the agency (bureau) providing the credit report are provided with any notice of adverse action if information in the report was used as a reason for denial.

8. What are recommended procedures for (and cost of) collecting and providing data regarding consumer complaints by college students about credit offers and credit card companies?

At the outset of this study, we endeavored to locate statistical data and/or actual number data regarding complaints received by regulatory agencies about student credit cards. We contacted the Federal Reserve Bank (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the National Credit Union Administration (NCUA), and the Federal Trade Commission (FTC) as these bureaus are the primary regulators for entities issuing credit cards. In addition to supervision by the individual states in which they operate, the FRB and FDIC regulate state-chartered financial institutions. The OCC has primary jurisdiction over all national banks. The OTS is the primary regulator for federal savings banks and federal savings and loan companies. The NCUA is the regulatory authority charged with ensuring that federally-chartered credit unions are in compliance with federal statutes and regulations. The FTC oversees the actions of credit issuers who are not regulated by one of the aforementioned agencies. None of the regulatory agencies that we contacted track complaints in a manner from which they can extrapolate data individual to students.

Students may seek assistance with credit issues from a number of sources other than the regulator of the financial institution. Lack of centralized complaint intake further inhibits the ability to gather data from secondary sources.

While currently there is no central repository for complaints, the work group believes that such data bank would be important in identifying the scope of the student credit-card problem. The State Corporation Commission's Bureau of Financial Institutions is willing to act in the capacity of a repository for student credit-card complaints. The Bureau will contact the OCC, OTS, FDIC, NCUA, FTC, FRB, the non-profit debt counseling agencies, and all agencies party to this study to request that each agency notify the Bureau of Financial Institutions of any complaint received that can be identified as originating from a Virginia student regarding a credit card. Notification of a complaint should not contain any confidential information. The Bureau of Financial Institutions will ask for the name of the agency to which the complaint was made, the type of financial institution that issued the card (e.g. a national bank), the nature of the complaint, and the action taken.

Information retained by the Bureau of Financial Institutions in regard to consumer complaints about student credit will be confidential. There will be no public access to an individual's complaint information.

9. What are the ways to disseminate consumer information on campus in the least intrusive and most cost-effective manner possible?

Consumer information can be disseminated on campus in the least intrusive and most cost-effective manner through:

- college and university administrators;
- financial aid offices;
- residence halls;
- orientation sessions/courses;
- freshmen seminar courses;
- senior capstone courses;
- student newspapers and radio stations;
- admission packets;
- student groups;
- brochures on credit information geared specifically to students;
- web pages – interactive/links;
- orientation courses;
- trainer/trainee programs for the leaders of student groups;
- list of speakers bureau resources (based on regions) for campuses;
- presentations during orientation sessions;
- advertising campaigns or awareness campaigns on consumer credit;
- partnership with parents and colleges; and,
- on-campus surveys.

VI. RECOMMENDATIONS:

College Students and Their Families

Information on the use of consumer credit is available to college students and their families. They must be made aware of this information and encouraged to take advantage of it. Those materials should be supplemented with open dialog about the handling of money. This home-based beginning is the foundation upon which the remaining recommendations rely.

Virginia Department of Education

The financial literacy of Virginia's primary and secondary school students can be improved by enhancing the personal finance components of the Standards of Learning (SOL). The Department of Education should be encouraged to:

- format available lesson plans for dissemination to teachers on the Commonwealth of Knowledge web-site: (www.knowledge.state.va.us);
- work collaboratively with teachers in developing new lesson plans on personal finance correlated with the SOLs for dissemination to teachers on the Commonwealth of Knowledge web site; and,
- encourage teachers who have developed their own lesson plans on personal finance to submit such plans to the Commonwealth of Knowledge web site for dissemination to teachers and for recertification points.

Local School Divisions

In coordination with the Virginia Department of Education's initiatives, local school divisions should:

- continue with the implementation of the SOLs related to personal finance, as noted in the Objectives for Personal Living and Finances (Appendix J);
- encourage teachers to utilize the lesson plans related to personal finance available on the Commonwealth of Knowledge web site;
- ensure that the following character traits are included in local character education curriculum: accountability, self-control, and economic self-reliance, in accordance with § 22.1-208.01 (Appendix K). These character traits will help to underscore the value of personal responsibility in discussions regarding the underlying causes of credit card misuse and oppressive personal debt; and,
- encourage the use of money management programs already in existence in elementary, middle, and secondary schools to supplement the money management objectives outlined in the SOLs.

Colleges and Universities

Virginia's colleges and universities must be encouraged to continue and expand the financial literacy programs already being implemented. Financial literacy and credit card education should be a topic for discussion at all freshman orientation programs. More advanced colloquia and/or workshops should be conducted for upper-class students. Student "advisors" such as dorm directors should receive training to offer peer counseling in resident halls or at a minimum be able to direct students to available resources to receive such counseling.

Every effort should be made to use existing delivery channels for financial literacy information such as:

- identifying student groups that may assist in delivering the message;
- preparing lists of brochures on credit information geared specifically to students and how to obtain them; and,
- determining the best channels for delivering information to students based on their preferred information sources.

Preferred information sources may include:

- school web pages and creating interactive/links about personal finance;
- seminars, colloquiums, workshops and orientation for parents and students;
- trainer/trainee programs for the leaders of student groups;
- speakers bureau resource (based on regions) for campuses;
- pro-bono advertising campaigns or awareness campaigns on consumer credit;
- public service announcements for use on student radio stations;
- articles for publication in student newspapers;
- faculty members willing to deliver materials in the classroom; and,
- any "on-campus" method already used to communicate important information to students.

Any college awareness campaign for students should include information about how to get credit, the importance of a credit history, the proper uses of credit, and myths about credit.

Students eligible for financial aid should be afforded an opportunity to discuss debt obligations, tax law changes, and estimated loan repayment schedules. Additionally, college administrators should be aware of counseling programs to which students with serious financial debt problems can be referred.

College administrators should prepare guidebooks for distribution to those companies (including credit card companies) allowed to solicit on campus. The guidebook should explain the institution's rules of interaction on campus. Companies that repeatedly violate the rules should be sanctioned.

State Council of Higher Education for Virginia (SCHEV)

An already established pre-collegiate program administered by SCHEV called the Better Information Program can be expanded to provide information regarding the drawbacks of using credit card debt to finance higher education.

In addition, SCHEV can monitor the success of the programs instituted by colleges and universities as described above. These institutions can be directed by SCHEV to report on an annual basis the status of all efforts to distribute financial management information to students.

General Assembly

The Virginia Council for Economic Education (VCEE), Virginia Cooperative Extension (VCE), and the State Council for Higher Education in Virginia (SCHEV), should be charged with developing course materials and providing training for each college and university to address the financial literacy needs of their students. This should include a mass media campaign. Funding for this project requires an allocation of General Fund money by the Virginia General Assembly. Additional funding may be available in the form of grants or contributions from other sources.

The work group recommends the General Assembly adopt the legislative proposal being brought forward by SCHEV for 100% funding of true need to reduce student debt burden system-wide by an additional $6 million per year.

> Since students are able to meet the need that remains after Virginia financial aid has been awarded, the matter of what constitutes “need” becomes a question. “Unmet need” is currently defined as the amount of expenses not covered by family contributions and gift aid such as Pell grants and institutional scholarships. The term ‘need” is misleading since “unmet need” is met in a variety of ways, including educational loans, student work study, home equity loan, credit card and other consumer debt, off-hour jobs, additional student and/or family contributions, and by extending students’ time-to-degree.
>
> The State Council of Higher Education for Virginia (SCHEV) defines “true need” as the need that remains once expected family contribution, gift aid, work study and reasonable amounts of federally guaranteed student loans have been applied to the cost of higher education. Using past experiences and projected costs, SCHEV estimates that the Commonwealth will meet 87% of the true need of students at public colleges and universities in Virginia. SCHEV goals for higher education for the biennium are meeting 100% of true need and proposing an $18.0 million annual increase to the budget for financial aid programs that it administers in order to meet the goal of 100% true need.

The work group also recommends the General Assembly consider any other available ways of relieving financial pressures on college students including increasing the availability of financial aid or lowering costs.

Virginia Cooperative Extension

With offices across the Commonwealth, extension agents are well positioned to provide credit education in small groups on college campuses. These agents can prepare student leaders, faculty and others to conduct on-campus programs possibly using train-the-trainer materials. These materials may include table top exhibits, teaching outlines, overhead transparencies, “PowerPoint” presentations, handout masters, lists of potential guest speakers and other resources for educational sessions which student leaders and others can offer. Extension can provide community-based education for students and their families and can train classroom teachers to offer this education. It can also assist with evaluating the impact of this outreach program.

State Corporation Commission (SCC)

The SCC's Bureau of Financial Institutions will develop a mechanism to track the number and subject matter of credit card-related complaints made by college students.

Credit Card Issuers

The industry should continue to provide understandable and useful materials to their customers on financial literacy. The work group has found the financial services industry has many financial educational programs already in place geared toward the college student. Special attention should be given to developing information based on frequently-asked questions and misconceptions that are commonly the basis of questions or complaints directed to the customer service centers of the industry.

The industry should continue to be a resource for the college/university community in addressing this issue.

VI. CONCLUSION

Although the majority of Virginia college students effectively manage consumer credit and have no problems, as many as a quarter of students experience some difficulty with consumer credit during their college years. Only about 8% have significant problems. While this is not a huge percent of students, it appears to mirror the problems in the population as a whole. When these students have credit problems severe enough to interrupt their education, both they and the Commonwealth experience a financial loss. Because many consumers establish credit management patterns as they begin using credit for the first time, helping them avoid credit problems would be beneficial to both the individual and the Commonwealth.

The work group reviewed research, testimony, existing state and federal law and available educational resources. It concluded that efforts to educate high school students, college students and the public in general should continue and expand, and recommended strategies to do this. It also recommended a procedure to collect complaint data on problems college students have with credit cards.

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991100705

HOUSE JOINT RESOLUTION NO. 735

Offered January 21, 1999

Requesting the Department of Agriculture and Consumer Services to provide consumer credit information to college students, and to monitor complaints regarding unsolicited offers of credit, and credit cards and incentives.

Patron—Jones, D.C.

Referred to Committee on Corporations, Insurance and Banking

WHEREAS, college students and their families are in debt more than ever before, with an unprecedented number of college students relying on loans to help pay their tuition; and

WHEREAS, according to The Washington Post, 6.5 million students, more than half of the nation's college enrollment, have loans, with their borrowing reaching a record level; and

WHEREAS, many college students compound their financial situation by incurring huge credit card debts; and

WHEREAS, in 1995, the Roper College Track Financial Services Study found that 64 percent of the nation's nine million college students have a credit card, and, typically, college students are bombarded with credit card offers; and

WHEREAS, on many college campuses, the use of credit cards has become a way of life for many students, and few students know or understand the principles and benefits of sound money management and good credit; and

WHEREAS, although many college students are unemployed, credit card offers from vendors promise easy credit and bonuses for accepting the credit card, and many college students graduate owing substantial credit card balances, and are plagued by poor credit; and

WHEREAS, minority and low-income students generally have less resources for college and are more vulnerable to the credit card message; and

WHEREAS, college students generally do not realize that poor credit can follow them, affecting their housing options, the ability to buy a car, and the ability to obtain employment, as many employers conduct credit checks of prospective employees; and

WHEREAS, it is important that college students and their families be made aware of the danger of substantial credit card debt, and that there are alternatives to credit cards which promote better and wiser management of personal funds, such as debit cards, prepaid long-distance calling cards, letter writing and e-mail instead of expensive long-distance calls, and checking accounts; and

WHEREAS, college students often are unaware of consumer rights, how to handle financial debt, or with whom to file complaints about the sales approach of financial institutions and credit card companies; and

WHEREAS, the Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia determined that information concerning complaints and problems experienced by college students with financial institutions and credit card companies would assist the joint subcommittee in developing appropriate alternatives to help students with this dilemma; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Agriculture and Consumer Services be requested to provide consumer credit information to college students, and to monitor complaints regarding unsolicited offers of credit, and credit cards and incentives. The Department is requested to provide information to college students and their parents, and institutions of higher education, upon request, regarding: (i) the rights of consumers, including the right to make inquiries concerning financial institutions and credit card companies; (ii) the maintenance of good credit; (iii) how to obtain and interpret credit history information; and (iv) how to file a consumer complaint. The Department is also requested to collect, analyze, and provide data regarding consumer complaints by college students about credit offers and credit card companies to the Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia by December 1, 1999, which shall include such information in its report to the Governor and the 2000 Session of the General Assembly. The Department is further requested and encouraged to collaborate with institutions of higher education on the dissemination of this information on campus in the least

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intrusive and most cost-effective manner possible; and, be it

RESOLVED FURTHER, That the Clerk of the House of Delegates transmit a copy of this resolution to the Chairman and Director of the State Council of Higher Education, requesting that they distribute copies of this resolution to the chief academic officers, and admissions and student personnel officers of public and private institutions of higher education so that they may be apprised of the sense of the General Assembly in this matter.

Official Use By Clerks

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Date: ______________________ Date: ______________________

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Clerk of the House of Delegates Clerk of the Senate

ISSUE BRIEF

Consumer Debt Issues Among College Students in the Commonwealth of Virginia

Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia

SJR 189 (1998)

Prepared by
Micah J. Yarbrough, *Staff Attorney*
Human and Natural Resources Section
Division of Legislative Services

June 23, 1998

Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia

Issue Brief

Prepared by
Micah J. Yarbrough, ***Staff Attorney***
Division of Legislative Services

June 23, 1998

Consumer Debt Issues Among College Students

Summary Analysis

The Roper College Track Financial Services Study estimated in 1995 that 64 percent of the nation's 9 million college students had credit cards and 20 percent had four or more.[1] In 1996, Nellie Mae, a leading source of student loans, estimated that the average undergraduate carried a balance of $2,226.00 in credit card debt.[2] These figures highlight a serious and growing problem among college students attending state colleges and universities - rising credit card debts.

Students across the nation, including Virginia, are turning to credit cards at an alarming rate for a variety of reasons ranging from supplementing educational costs to financing spring break vacations. As a result, students, and, too often, their parents discover themselves floundering in a quagmire of mounting debt, unpaid bills, and bad credit. Students, parents, educational institutions, and credit card companies are embroiled in a battle of fault, each attempting to lay blame with the other. Still, the task remains to find appropriate and feasible solutions and alternatives which ebb the tide of climbing consumer college debt.

The General Accounting Office reports that over the past several years students have turned increasingly to borrowing to cope with rising educational costs.[3] At the undergraduate level, the percentage of post secondary students who had borrowed by the

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[1] Perry, Laura. "Credit cards in college can mean trouble," The Augusta Chronicle Online, August 31, 1996.
[2] Quinn, Jane, B. "Kids and Credit Cards," Money Watch. October 1997.
[3] Report to the Honorable Carol Moseley-Braun, U.S. Senate. Higher Education: Students Have Increased Borrowing and Working to Help Pay Higher Tuition, U.S. General Accounting Office, February 1998 (comparing student education costs for years 1992-93 and 1995-96).

time they had completed their programs increased from 41 percent in 1992-93 to 52 percent in 1995-96, and the average amount of debt per student increased from about $7,800 to about $9,700 in constant 1995-96 dollars. The portion of graduating seniors with $20,000 or more of student debt grew from 9 percent to 19 percent during the same period.

Students at four year institutions showed the largest increase in the number of borrowers. Sixty percent of seniors graduating from these schools in 1995-96 borrowed at some point in their program, up from 42 percent in 1992-93. Students at two year institutions borrowed least often and the least amounts. In general, the percentage of borrows at the graduate and professional schools level also increased.[4]

Because students finance their educational needs through diverse means, the increase in borrowing is matched by increases elsewhere. The GAO estimates that borrowing and working both play significant roles in how "average" students pay for their educational needs. Not surprising, more than two-thirds of full time undergraduate students worked more than 23 hours in 1995-96. This represented an increase over the comparative year.[5] By the end of fiscal year 1996, the amount of loans provided by the Department of Education had reached $112 billion, an increase of $91 billion over 1995. Concurrently, Stafford loan applications increased as Pell Grant awards declined.

Some consumer advocates believe that rising credit card debt is caused to a greater extent by direct sale, targeted marketing campaigns, and incentive selling by credit card companies on college campuses.[6] Advocates point out that because students are the future of the buying market, they are the most enticing to bankers, credit bureaus, and even their own institutions. Students are preyed upon every where they turn and campuses are over saturated with credit card information. Colleges report that credit card applications are stuffed in campus mail boxes, and company representatives are available on campus, at the local grocery stores and anywhere else students may be found.

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[4] Id.

[5] Id. at 13. Little information is available about the amounts parents borrow to pay for their children's postsecondary education. In general, studies that provide data on parents' education debt are dated or limited in scope, and they often fail to differentiate between postsecondary education debt and other types of education debt.

[6] Rivera, Claudia. "Students a lucrative market for credit cards," The Columbia Chronicle, March 1997.

Students report calls from telemarketers have increased, and companies are recruiting them to sell to other students. Even institutions, themselves, promote “affinity” cards to their students in hope of recovering a portion of the sales from sponsoring credit card companies for institutional needs.[7]

Advocates emphasize that showering credit cards on students with no jobs is reprehensible and irresponsible. Allowing students to count the money their parents give them as “personal income” enables students to receive cards with limits higher than they can afford. Raising credit limits based on regular payment of monthly installments encourages students to incur more debt and to spend more time in debt. And, failing to disclose or explain important financial information such as interest rates and credit reporting promotes irresponsible money management among card holding students.

Card issuers, on the other hand, believe that credit cards can be a foundation for building good credit if used responsibly. When credit problems arise it is more often the student who is responsible. Issuers point out that, although students have the same good payment record as most adults, students incur trouble by paying late or failing to pay. Others fail to properly manage their finances, control their own spending, or seek assistance early. Issuers maintain that the industry is concerned and is acting responsibly by providing information to students who take the time to read it.

It is clear that rising educational costs, credit card companies, and students are not solely responsible for the rise in credit card debt among college students. Researchers acknowledge that parents and the educational system, itself, contribute to this dilemma. In many instances, parents are paying the bills so their children will not leave college with sullied credit histories. Frequently, this relieves students of their personal responsibility to oversee and control their own spending choices. Parents are also failing to educate their children about budgeting, saving, and the pitfalls of bad credit before they leave home.

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[7] “War of the Credit Cards,” The Chronicle of Higher Education, October 1993. Banks and other vendors market these cards, which feature pictures and emblems of the college, to colleges and universities and contribute back to the institution a small portion of a sale each time the card is used. In most cases, organizations do not collect the percentage on outstanding balances or accruing interest. Most institutions use money collected to fund academic programs and scholarships.

Although the duty of educating students regarding personal finance begins at home, it must continue in the classroom. A survey sponsored by the Jump$tart Coalition for Personal Finance found that most high school students graduate with few of the personal financial skills they need to support themselves.[8] When asked where they learned most about managing their money nearly 60 percent of the students surveyed answered, "at home;" fewer than 11 percent answered, "at school." Some college administrators echo the need for classroom training noting that universities encourage students to use credit cards as a means to pay for their education. This places an obligation on the institutions to present students with information about wise credit choices.[9]

Solutions and Alternatives

At a time when students are taking on larger responsibilities, credit card debt can be more dangerous than ever. Rising credit card debt can translate into more students working more hours just to meet minimum monthly payments. Students who spend beyond their means may spend more time in debt or more time recovering from bad purchasing decisions. Students straddled with debt may spend less time studying and, therefore, face declining academic achievement. In the long term, poor spending habits in college may also effect graduates' ability to donate to their alma mater later in life.

Consumer advocates, educators, administrators and company representatives all stress that the problem of rising credit card debt among college students can be arrested through education and innovative initiatives. The objective is to teach students and their parents healthy money management skills by: explaining the advantages and disadvantages of credit cards; evaluating credit card choices; and learning to use credit cards responsibly. Consumer groups, such as the National Institute for Consumer Education and the Consumer Credit Counseling Service, offer personal counseling or have designed specialized mini-lessons for high school students and teachers, and college students which include learning objectives, background information, discussion

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[8] "High School Seniors Lack Financial Smarts Shows Survey," Jump$tart, May 1997.

[9] Geraghty, Mary. "Students Over-Commit Themselves to Credit Cards, Colleges Find," The Chronicle of Higher Education, November 1996.

questions, and resource information.[10] Information is also available on the Internet from a plethora of sources including federal and state agencies, the private sector, newspapers, magazines, and individual experts.

Colleges and universities have taken steps to help students by providing safe campus environments and on-campus assistance. Some institutions, including Northeastern, Tufts, Boston, and Widener universities, prohibit credit card representatives from soliciting students in person on campus. Others regulate when and where applications and solicitations may take place. Some institutions present information to students during freshman orientation or during seminars led by faculty or financial aid advisors.

Critics point out, however, that these remedies are limited solutions to the problem. Credit card representatives banned from campus find other ways to reach students such as through direct telephone solicitation, student to student solicitation, and direct mail campaigns. Some university officials complain that students do not attend seminars unless they are in trouble and that they have no way of knowing who is in trouble until the student seeks help.

Credit card companies have also taken measures to educate students and parents. Most of the major credit companies publish educational materials which provide information and suggest helpful tips on credit management. For example, Citibank, Mastercard, and Visa publish a public service pamphlet entitled "College Guide to Personal Money Management". BankCard Holders of America publishes, "Establishing Credit for the First Time, Secured Credit Cards: Selecting the Best One for You." In addition, Mastercard and the U.S. Office of Consumer Affairs publish "Kids, Cash, Plastic and You".

Virginia

In response to the growing concern over mounting credit card debt among college students at Virginia's educational institutions, the General Assembly, through House Joint Resolution 163, requested the State Council of Higher Education encourage institutions of higher learning within the State to provide consumer credit information to

[10] "Students and Credit Cards: A mini-lesson," National Institute for Consumer Education.

college students and their parents. Institutions are requested to include consumer credit, money management, and proper use of credit cards in their informational packets to students during the admissions process, freshman orientation, and in college catalogs.

The Council shall report its findings and recommendations regarding HJR 163 to the Joint Subcommittee Studying the Status and Needs of African-American Males, to the House Committee on Education, and the Senate Committee on Education and Health by December 1, 1998.

In addition, the Clerk of the House of Delegates shall transmit copies of the joint resolution to the Chairman and Director of the State Council of Higher Education for Virginia requesting that they distribute copies to the chief academic officers and admissions and student personnel officers.

HJR 735 WORK GROUP

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991099705

SENATE JOINT RESOLUTION NO. 421

Offered January 21, 1999

Requesting institutions of higher education to provide consumer credit information to college students and their parents.

Patrons—Maxwell, Barry, Edwards, Lambert and Lucas; Delegates: Baskerville, Behm, Christian, Crittenden, Darner, Hamilton, Jones, D.C., Jones, J.C., Melvin, Robinson and Spruill

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Referred to Committee on Rules

WHEREAS, college students and their families are in debt more than ever before, with an unprecedented number of college students relying on loans to help pay their tuition; and

WHEREAS, according to The Washington Post, 6.5 million students, more than half of the nation's college enrollment, have loans, with their borrowing reaching a record level; and

WHEREAS, many college students compound their financial situation by incurring huge credit card debts; and

WHEREAS, in 1995, the Roper College Track Financial Services Study found that 64 percent of the nation's nine million college students have a credit card, and, typically, college students are bombarded with credit card offers; and

WHEREAS, on many college campuses, the use of credit cards has become a way of life for many students, and few students know or understand the principles and benefits of sound money management and good credit; and

WHEREAS, credit card offers from vendors promise easy credit and bonuses for accepting the credit card, and many college students graduate owing substantial credit card balances, and are plagued by poor credit; and

WHEREAS, minority and low-income students generally have less resources for college and are more vulnerable to the credit card message; and

WHEREAS, such students frequently are among the number of college students who graduate owing substantial debts incurred by loans and credit cards used to pay tuition, fees, and expenses; and

WHEREAS, college students generally do not realize that poor credit can follow them, affecting their housing options, the ability to buy a car, and the ability to obtain employment, as many employers conduct credit checks of prospective employees; and

WHEREAS, it is important that college students and their families be made aware of the danger of substantial credit card debt, and that there are alternatives to credit cards which promote better and wiser management of personal funds, such as debit cards, prepaid long-distance calling cards, letter writing and e-mail instead of expensive long-distance calls, and checking accounts; and

WHEREAS, institutions of higher education are in a unique role to disseminate information regarding the dangers of credit card debt to college students and their parents, during orientation, the admissions process, and the student's matriculation at the institution; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That institutions of higher education be requested to provide consumer credit information to college students and their parents. Along with other notices, bills, and information provided students and their parents during freshman orientation, institutions of higher education are requested to include consumer awareness information regarding good credit, sound money management, the potential impact of credit card debt on personal finances, future employment, obtaining student loans to complete undergraduate, graduate, and professional school, as well as reputable resources which offer consumer credit information or counseling without charge or for a modest fee, such as the VPI Extension Service and the Department of Agriculture and Consumer Services. Institutions are also requested and encouraged to disseminate this information on campus in a manner deemed appropriate by the institution.

RESOLVED FURTHER, That the Clerk of the Senate transmit a copy of this resolution to the Chairman and Director of the State Council of Higher Education, requesting that they distribute copies of this resolution to the chief academic officers, and admissions and student personnel officers of public and private institutions of higher education so that they may be apprised of the sense of the General Assembly in this matter.

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Clerk of the Senate Clerk of the House of Delegates

The Campus Credit Card Trap

Results of a PIRG Survey of College Students and Credit Cards

September 1998

To Order Printed Copies of This Report

Copies of the report may be ordered by sending a check or money order for $10.00 to:

U.S. PIRG
218 D Street, S.E.
Washington, DC 20003.

Contact Information

U.S. Public Interest Research Group (U.S. PIRG)
218 D Street, S.E.
Washington, DC 20003
(202) 546-9707

The Campus Credit Card Trap

Introduction

Recent News Item: Indiana University has made a credit card debt seminar part of new student and parent orientation: "This is a terrible thing," said administrator John Simpson, "We lose more students to credit card debt than academic failure." (College Students Charge Right Into Valley Of Debt," Bonnie Rubin, The Chicago Tribune, 16 August 1998).

In 1998, credit card companies are expected to mail over 3 billion credit card solicitations to consumers. These “you’ve been pre-approved” pitches promise a dream of low-cost credit, even though most consumers who take the bait, and then manage to qualify, are switched to higher-cost cards within 3 months after the teaser rate expires.

But the direct mail avalanche, even at levels guaranteed to destroy entire forests, isn’t enough to reach one of this extremely profitable industry’s key targets: college students. Despite their lack of existing credit (and their lack of income, generally a key criterion for other potential customers) the industry, attracting by their lifetime profit potential, wants college students.

Direct marketing doesn’t work because college students don’t have much credit built up already, which means they don’t have credit reports. The industry uses consumer credit reports to derive the pre-screened ("you've been pre-approved") mail and phone call lists that it generally relies on to recruit new customers.

So, instead of cutting down trees and burning up the phone lines to reach college students, the credit card industry goes hunting right on campus. At tables outside the bookstores and student centers, alongside the student volunteers recruiting new members or raising money for charity, paid credit card company representatives eagerly make their "buy now, pay later" pitches while they hand out small bags of junk, frisbees and freebies, candy and soda (2-liter bottles!) to students, hoping to entice them to fill out credit card applications.

College administrators are concerned. Some colleges have banned the practice. Others have ratcheted up credit education programs. Student credit card debt is increasing and the students who can’t pay end up in the credit card trap.

In the spring of 1998, PIRG student volunteers surveyed 1260 students at 15 representative campuses around the country to obtain information about student credit card practices. This report summarizes the results of that study.

Key Findings

MOST STUDENTS ARE RESPONSIBLE FOR THEIR OWN CARDS

Most students surveyed (69%) obtained credit cards in their own names, while the others (31%) said that their parents either paid their primary credit card bills or co-signed at least one of their cards. Of those who obtained cards in their own names, only 15% reported holding a full-time job when they applied.

Thirty-eight percent (38%) of the students responsible for their own cards report paying their balance off each month. Thirty-six percent (36%) pay “as much as they can.” However, the remaining students responsible for their own bills -- more than a quarter of the total -- report that they pay either the minimum only (16%) or pay late (9%).

Overall, students responsible for their own cards had average unpaid balances of $968, however students who reported carrying over a balance had unpaid balances of $1,366.

CREDIT CARD MARKETING ON CAMPUS:

More than half of students (61%) responsible for their own bills reported they had obtained cards at campus tables while fewer than half of those who reported that their parents helped with payments (41%) obtained cards at tables. Students reported obtaining gifts ranging from T-shirts and Frisbees to coffee mugs, slinkees, and candy or bottles of soda in return for filling out applications at tables. Students reported that campus groups sponsoring the tables often received either flat fees or “per-application completed” payments from the credit card companies as well.

STUDENTS WHO OBTAINED CARDS AT CAMPUS TABLES HAD MORE CARDS AND HIGHER BALANCES THAN THOSE WHO HAD NOT.

Students responsible for their own cards who obtained cards at campus tables had more cards (2.6) than those who had not (2.1) and higher unpaid balances ($1039) than those who had not ($854).

More students responsible for their own cards who obtained cards at campus tables reported carrying unpaid balances (42%) than those who had not (35%) Those students responsible for their own cards who obtained cards at campus tables and carried balances had higher unpaid balances ($1460) than those who had not ($1206).

PAYING LATE AND TAKING CASH ADVANCES

More than one quarter of all students (28%) reported paying late at least once in the last two years. This finding is especially troubling since many banks now extract "penalty" interest rates of 22-28% from consumers who make 1-2 late payments in a year.

The same number (28%) reported paying using cash advances late at least once in the last two years. One quarter of these reported using a cash advance to pay another unpaid debt.

CREDIT CARD EDUCATION INADEQUATE

Only 41% of all students found credit card education materials "helpful" or “somewhat helpful." The remainder found them not helpful or unreadable. Some students were harshly critical of “small print” and “deceptive legalese.” Other students stated that telephone calls to or from credit card companies were only to obtain payment or aggressively sell add-on credit life insurance, not to offer advice on paying down debts.

Over one-quarter of students (26%) found introductory "teaser rates" misleading.

The survey asked students how long it would take to pay off a $1,000 credit card debt at an 18% Annual Percentage Rate (APR), if you only paid the minimum balance due. Using a generous 3% minimum payment (most credit cards require less) only 20% of all students guessed the correct answer, six years. The most common answer was 10 years (37%). An additional 19% guessed 8 years and 15% guessed 4 years.

In addition to the $1000 paid off, the student would also pay $559 in interest. A $2500 debt could take 34 years to pay off, with total payments of over $10,000, including over $7500 in interest.

USE OF CARDS

While 79% of all students reported using credit cards for multiple purposes, from campus expenses to shopping, only 13% reported limiting credit card use to emergencies.

Recommendations for Colleges, Students, and Congress

RECOMMENDATIONS FOR COLLEGES

College administrators are starting to show concern about credit card marketing on campus and rising levels of credit card debt. At least two colleges -- Widener College (PA) and Niagara University (NY) have reportedly banned credit card marketing on campus. A recent news article reported that at least one college -- Indiana University -- has made a credit card debt seminar part of new student and parent orientation. "This is a terrible thing," said administrator John Simpson, "We lose more students to credit card debt than academic failure." (The Chicago Tribune, 16 August 1998.

PIRG recommends that college administrators take the following actions:

Colleges should review the practice of allowing the firms to pay student groups a fee based on the number of applications filled out (rather than, for example, receiving a flat fee for the use of their tabling privilege) since that leads to overly-aggressive marketing. One student, who testified before Congress about her credit card debts, said she got the credit card that got her in trouble only because a fraternity friend said they were planning a keg party with the $1 per application they received.

Colleges should prohibit credit card companies from offering trinkets to students for filling out applications unless the student has first read a credit card education brochure prepared by either the college or a non-profit credit education organization.

Colleges should include credit card and debt education materials in brochures inserted in bookstore shopping bags.

Colleges should review and consider limiting the total number of credit card tables allowed on campus each semester.

Credit card and debt education and counseling sessions should be made a regular part of campus programming, including new student orientation programs.

RECOMMENDATIONS FOR STUDENTS:

The following is a summary of recommendations for students included in a new PIRG fact sheet

Consider the risks and benefits of credit card debt, before you apply. Think about the risks, and whether you really need the card.

One national credit card is all you need to help you build a credit record, if you pay it off on time. You can build a credit record without carrying an unpaid balance.

If you must carry a balance, always pay as much as you can afford, every month. Never pay only the minimum balance, or you'll have trouble paying down the card.

RECOMMENDATIONS FOR CONGRESS

Do not enact industry-supported, unbalanced bankruptcy law amendments currently before Congress, which would, among numerous egregious provisions, force bankrupt consumers to pay off more high-cost credit card debt, even in circumstances where the lender made additional, risky loans to unqualified consumers who had already exceeded reasonable debt limits.

Instead, enact HR 1975 (Joe Kennedy, D-MA), which would strictly regulate the disclosure of introductory teaser interest rates that typically jump from 4.9% or so APR to 17-20% after 3 months. The bill would also prohibit numerous onerous credit practices, including charging consumers who pay off their full balances on time a punitive fee. Such practices encourage carrying high cost credit card debt.

Require credit card bills to include a monthly calculation describing how long, in years and months, it will take to pay off your credit card if you make their recommended minimum payment, at current interest rates, if you never use the card again.

Hold hearings on rising levels of student credit card debt. Disappointingly, Congress has not held hearings on the problem since Rep. Joe Kennedy did in 1994, when he chaired the House Subcommittee on Consumer Credit.

Prohibit the mailing of unsolicited credit cards, even cards that are unactivated. At least one bank, First USA, is exploiting an apparent loophole in the Truth In Lending Act's long-standing prohibition on mailing unsolicited credit cards, by sending out phone cards with an unactivated credit card feature that can be turned on with a phone call.

Methodology

PIRG student volunteers asked students with credit cards to fill out surveys in student centers in the spring of 1998 at a representative sample of 15 college campuses around the country, including large and small, public and private, 4-year residential and 2-year community colleges (UCLA. Colorado State University, University of Southern Colorado, Eastern Connecticut State College, the University of Connecticut, Trinity College (CT), Indiana University, Smith College, the University of Maryland, Rutgers University, Oberlin College, Lane Community College (OR), Portland State University, the University of Oregon and the University of Wisconsin. Over the summer, a survey was distributed randomly to students working in PIRG offices around the country.

Avoid the Campus Credit Card Trap

A PIRG Fact Sheet for College Students

Thinking about filling out one of those easy credit card applications at a campus table this week? Before you do it read this. A free Frisbee, T-shirt, freebie or bottle of soda isn't worth 7 years of bad credit, is it?

A good credit record is a critical part of getting ahead. Having good credit will help you obtain car loans and home mortgages and even employment, since many employers now check credit reports as part of their employment decisions.

HOW TO BUILD YOUR CREDIT REPORT: A regular record of on-time bill payments to a national creditor can build your credit report. If you have a national credit card (Mastercard, Visa, Discover, Optima) (it can't be co-signed, it must be in your own name) your regular monthly payments are reported to the credit bureau, even if you're smart enough to never carry an unpaid balance.

HOW TO WRECK YOUR CREDIT REPORT: Pay your credit cards late, or worse, don't pay them at all. Late payments or account charge-offs or bankruptcies stay on your credit report for 7 years or more, wrecking your chances of obtaining more credit down the line.

COLLEGE STUDENTS ARE SPECIAL TO THE CREDIT CARD COMPANIES: Believe it or not, credit card companies want your business so badly they're offering much more than trinkets and soda. While you're a student, they'll let you apply for credit cards without jobs or income! You can apply for credit cards even with a blank credit reports, even without getting a loan co-signer.

No other consumers can get cards this way, only college students. (For example, recent graduates who don't have jobs yet and messed up their credit reports by not paying their bills while they were in college have very little chance of getting a new card, unless they get a co-signer or secure the card with a deposit.). So if you take advantage of their limited special offer, be smart!

WHAT IS A CREDIT CARD?

A credit card is an open-ended loan card that allows you to borrow money up to a certain credit limit and carry over an unpaid balance, with no fixed time to re-pay, as long as you make the minimum payment due, usually 2-3% of the outstanding balance, each month.

WHAT'S GOOD ABOUT CREDIT CARDS?

Credit cards are convenient when you don't have cash. Credit cards are great for emergencies. National credit cards help you build a credit report. Some local department store and gas cards may not.

WHAT ARE DEBIT CARDS AND CHARGE CARDS, THEN?

Banks now offer many customers enhanced ATM cards, called “Visa Check” or “Mastermoney” debit cards. They look and act a lot like credit cards. These ATM "debit" cards, however, simply allow you to take your own money out of your checking or savings account. You can use them without a secret PIN code, either over the phone or at most merchants that accept credit cards. (Although not always, since some purchases, such as a car rental, still require a credit card.) IMPORTANT: Because an ATM debit card can be used like a credit card, without a secret PIN code, be very careful you don't lose it, and always check your bank balance anyway. You could lose all the money in your checking account to a fraudster who uses your card or simply copies your account information off a mislaid receipt. It may be difficult to get all your money back from the bank if you don't follow the rules.

A charge card, like an American Express card, offers credit card convenience, too, but you must pay off your charges each month -- you usually cannot carry over a balance.

QUESTIONS TO ASK YOURSELF BEFORE APPLYING FOR A CREDIT CARD

(1) Ask, do I need it?
(2) Next, can I afford it?
(3) Am I good enough with personal finances to at least pay off the minimum every month?
(4) Even better, will I pay off the full balance every month?

DECIDED TO GET THAT CARD?

(1) SHOP AROUND. Beware of sleazy "teaser rate deals" that jump way way up after 3 months. Look for the best offer around. Remember, the interest rate (APR) doesn't matter if you always pay off the full balance. But if you carry an unpaid balance, it matters a lot more than the annual fee.

(2) ONE CARD: One national credit card is all you need to help you build a credit record, if you pay it off on time. Remember, you can build a credit record without carrying an unpaid balance. Don't get into the card shuffling habit, use just one card.

(3) PAY OFF THE FULL BALANCE: If you must carry a balance, always pay as much as you can afford, every month. Never pay only the minimum balance, or you'll never pay down the card. (Hint: See hypothetical real-life situation above.)

(4) PAY ON TIME: Mail checks early. Late credit card payments hurt you 3 ways: (1) You know about the bad credit reports. (2) Banks also charge late fees of about $20-25 bucks. (3) Finally, 1-2 late payments in a year can put you in the penalty box-- your interest rate could jump to a penalty rate of 24% or more.

(5) KEEP A LOW LIMIT: If you make timely payments, your bank will automatically raise your credit limit without asking you and other banks will send you offers for more "pre-approved" cards. Don't take the bait. Decline the increases! Keep your balances low! Don’t max out your card! Throw away the offers!

(6) AVOID CASH ADVANCES: Don't use your credit card like an ATM card for cash withdrawals-- the interest rate on advances is at least 2% higher than on purchases and interest accrues immediately.

(7) NEED MORE HELP? Check out PIRG (http://www.pirg.org> or the Federal Trade Commission or the Federal Reserve Board on the web for unbiased consumer education materials. [Call your folks if you think you're falling into the credit card trap, before you get in too deep.] Check with your college financial aid office for other helpful credit and debt advice. In deep? Consider non-profit Consumer Credit Counseling or the Debt Counselors of America. And, it’s ok to call your bank when you think a payment might be late, or if you have a question. They may not always be sympathetic, but they don’t like surprises.

PRESS RELEASE

EMBARGOED FOR RELEASE:

CONTACT:
10:00 AM, Thursday
Liz Hitchcock or Ed Mierzwinski
September 17th, 1998 202-546-9707

SURVEY FINDS CREDIT CARD INDUSTRY TARGETS STUDENTS

Meanwhile, Industry Bankruptcy Bill To Recover More Credit Card Debts Pending In Senate; -- Tips Issued for Students --

Students who obtain credit cards at on-campus tables carry larger balances and pay off their cards later than those who do not, according to the results of a nationwide survey of college students released today by the U.S. Public Interest Research Group (PIRG). The group issued a new fact sheet for college students and also called on colleges to regulate credit card marketing on campus and do a better job of educating students about credit card debt.

“Students, especially those who fill out credit card applications at campus tables in return for trinkets and candy, run the risk of falling into the campus credit card trap," said Ed Mierzwinski, U.S. PIRG Consumer Program Director. "Students, often without jobs and often facing large student loan and other school debts, should be careful not to make things worse by running up unnecessary, high-cost credit card debt, since they risk ruining their credit records if they fail to pay on time."

“Meanwhile, the credit card industry has poured millions of dollars into a campaign to get Congress to make it easier for them to collect unpaid credit card debts from the bankrupt victims of their high-pressure marketing of high-interest credit cards,” Mierzwinski added.

"Instead of approving the special interest, so- called bankruptcy reform bill on the Senate floor, the Congress should impose tough sanctions on misleading and deceptive credit card marketing."

“To avoid becoming the next victims of the industry’s sleazy marketing of over-priced cards, students who desire credit cards should obtain them when they can afford them and should get them based on the best interest rate terms," added Mierzwinski, "They shouldn't apply for a credit card just to obtain a frisbee or free-bee or bottle of soda at a campus table."

Among the national results of "The Campus Credit Card Trap," a spring 1998 survey of 1260 undergraduate students at 15 campuses were the following:

STUDENTS WHO HAD OBTAINED CARDS AT CAMPUS TABLES HAD MORE CARDS AND HIGHER BALANCES THAN THOSE WHO HAD NOT.

Students responsible for their own cards who obtained cards at campus tables had more cards (2.6) than those who had not (2.1) and had higher unpaid balances ($1039) than those who had not ($854).

More students responsible for their own cards who obtained cards at campus tables reported carrying unpaid balances (42%) than those who had not (35%).

Those students responsible for their own cards who had obtained cards at campus tables and carried balances had higher unpaid balances ($1460) than those who had not ($1206).

CREDIT CARD MARKETING ON CAMPUS:

Students reported obtaining gifts ranging from T-shirts and Frisbees to coffee mugs, slinkees, and candy or bottles of soda in return for filling out applications at tables. According to students, campus groups sponsoring the tables often receive either flat fees or per-application payments from the credit card companies as well.

More than half of students (61%) responsible for their own bills reported they had obtained cards at campus tables while fewer than half of those who reported that their parents helped with payments (41%) obtained cards at tables.

MOST STUDENTS ARE RESPONSIBLE FOR THEIR OWN CARDS

Most students surveyed (69%) obtained credit cards in their own names, while the others (31%) said that their parents either paid their primary credit card bills or co-signed at least one of their cards. Of those who obtained cards in their own names, only 15% reported holding a full-time job when they applied.

Thirty-eight percent (38%) of the students responsible for their own cards report paying their balance off each month. Thirty-six percent (36%) pay “as much as they can.” However, the remaining students responsible for their own bills -- more than a quarter of the total -- report that they pay either the minimum only (16%) or pay late (9%).

Overall, students responsible for their own cards had average unpaid balances of $968; however, students who reported carrying over a balance had unpaid balances of $1,366.

CREDIT CARD EDUCATION INADEQUATE

Only 41% of all students found credit card education materials "helpful" or "somewhat helpful." Over one-quarter of students (26%) found introductory "teaser rates" misleading.

When asked how long it would take to pay off a $1,000 credit card debt at an 18% Annual Percentage Rate (APR) and only making the minimum required payment of 3%, only 20% of all students guessed the correct answer, six years.

While 79% of all students reported using credit cards for multiple purposes, from campus expenses to shopping, only 13% reported limiting credit card use to emergencies.

According to figures from the Department of Education, the amount of money borrowed by students increased by 11% last year, totaling over $38 billion. PIRG's Higher Education Project estimates that with continued increases in student borrowing, the average student borrower entering school this year will graduate with approximately $20,000 of student debt.

"With credit card debt stacked on top of student loan debt, these results should be alarming for students, parents and educators." said Ivan Frishberg, Director of PIRG's Higher Education Project.

The PIRG report called on colleges to regulate campus credit card marketing and do a better job of educating students about credit card and other debts. Among PIRG's recommendations were the following:

Colleges should prohibit credit card companies from offering trinkets to students for filling out applications unless the student has first read a credit card education brochure prepared by either the college or a non-profit credit education organization.

Colleges should include credit card and debt education materials in brochures inserted in bookstore shopping bags. Credit card and debt education and counseling sessions should be made a regular part of campus programming, including new student orientation programs.

Colleges should review and consider limiting the total number of credit card tables allowed on campus each semester.

Along with the report, PIRG released a new fact sheet for college students, with tips on avoiding the credit card trap. Among the fact sheet's recommendations to students:

Study the benefits and risks of credit card debt before you apply. If you decide you need a card and can handle it responsibly, then consider the following:

One national credit card is all you need to help you build a credit record, if you pay it off on time. You can build a credit record without carrying an unpaid balance.

If you must carry a balance, always pay as much as you can afford, every month. Never pay only the minimum balance, or you'll have trouble paying down the card.

PIRG also urged Congress to enact legislation, such as HR 1975 (Joe Kennedy-D-MA) to rein in unfair credit card marketing practices. However, PIRG condemned bankruptcy legislation, S. 1301, proposed by Mastercard and Visa, that is under consideration on the Senate floor this week. An even more one-sided companion bill has already passed the House.

"Responsible use of credit cards can help college students build a credit record that will help them get car loans and mortgages after they graduate," concluded Mierzwinski. "But it is up to students to protect themselves from unwise credit card debts, because no one else will."

PIRG student volunteers asked students with credit cards to fill out surveys in student centers in the spring of 1998 at a representative sample of 15 college campuses nationally, including large and small, public and private, 4-year residential and 2-year community colleges.

U.S. PIRG is the national lobbying office for the state Public Interest Research Groups. PIRGs are statewide, non-partisan, non-profit consumer and environmental watchdogs with members in communities and on college campuses around the country.

CREDIT RISK *or* CREDIT WORTHY?

College Students and Credit Cards

A NATIONAL SURVEY

June 1998

TERI
THE EDUCATION RESOURCES INSTITUTE

THE INSTITUTE
FOR HIGHER EDUCATION POLICY

The Education Resources Institute, Inc. (TERI) incorporated in June 1985, is a national not-for-profit organization that aids students in attaining an education and assists educational institutions in providing an education in an economical fashion. To achieve this purpose, TERI functions as a private guarantor of student loans and engages in a variety of education policy and research activities.

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ACKNOWLEDGEMENTS

This report was prepared by Katheryn Volle and Alisa Federico Cunningham, Research Analysts at The Institute for Higher Education Policy, under the direction of Colleen O'Brien, Managing Director. Christina Redmond, Jamie Merisotis, Jane Wellman, and Ron Phipps at The Institute, as well as Ted Freeman and Tom Parker at TERI, provided writing and editorial assistance.

In addition, The Institute and TERI would like to acknowledge the individuals and organizations who offered technical expertise, advice, and ideas for the report. In particular, we would like to thank: Jerry Davis, Sallie Mae Education Institute; Len Rickman, Rickman Research and Communications; Arthur Shafer, Strategic Consulting and Research; Free Hand Press; The Printer; and Gil Kline, Strategic Communications.

We heartily acknowledge the help of these individuals and organizations and recognize that they are not responsible for any errors of omission or interpretation contained herein.

INTRODUCTION

Credit cards have become common in the daily lives of most Americans. Accessing credit cards is relatively easy, with regular mailings, television commercials, phone solicitations, and other marketing devices frequently employed by credit card issuers. In addition, as more and more vendors have begun to accept payment by credit card, consumers have come to use them for an increasingly broad range of purchases.

At the same time that credit card use has increased, college prices have climbed rapidly and student loan volumes have skyrocketed. This combination has fueled concern that college students are accumulating high levels of debt by the time they graduate. One important component of this debt is the purchases and cash advances charged to credit cards. Students may be using credit cards solely for convenience and paying off the balance each month. They also may be charging purchases in order to maintain a certain standard of living, thereby adding to their cumulative debt if they carry an ongoing credit card balance. In addition, students may be using credit cards to finance their education rather than relying on lower-cost alternatives such as student loans and other financial aid.

Unfortunately, current knowledge of national trends in students' reliance on credit cards is fairly limited. Several studies have attempted to describe the use of credit cards by college students, for the most part concluding that the majority of students now have credit cards, and many carry substantial monthly balances. Their findings on the extent of student credit card use have stimulated new questions about the "how and why" of such use. For what reasons are students using credit cards? Are students charging because of convenience, because they can earn bonuses such as frequent flyer miles, or because they are waiting for their student loans to be disbursed? What proportion of their usage is for education-related expenses as opposed to routine living expenses? Are students paying off their balances or carrying them over?

To address such issues, The Institute for Higher Education Policy and The Education Resources Institute (TERI) commissioned a computer-assisted telephone survey of college students in March and April 1998. Students were drawn from a nationally representative listing of two million college students, including graduate students, using a stratified random sampling method. A total of 750 surveys were completed, yielding a margin of error of approximately plus or minus 3.5% at the 95% confidence level. The results of the survey as presented in this report are divided into two groups: major findings, and other important findings. In addition, the report highlights issues raised by the survey that require further examination.

Reflecting special interest with their patterns of credit card use, the survey sample has high concentrations of traditional undergraduate students. Thus, 78% of all survey respondents are younger than 24 years of age, 67% are financially dependent on their parents, and 86% are full-time students. Further, 59% of survey respondents attend four-year institutions, 30% are enrolled in two-year institutions or trade schools, and 11% attend graduate or professional schools. In addition, 74% attend public institutions and 57% are in their first or second year of postsecondary education. Like the college student population as a whole, the majority of survey respondents have received financial aid and are working in paid jobs while in school.

Additional information regarding the survey methodology and the demographic profile of survey respondents can be found in Appendices A and B. In addition, selected tables with comprehensive data from the survey are contained in Appendix C.

MAJOR FINDINGS

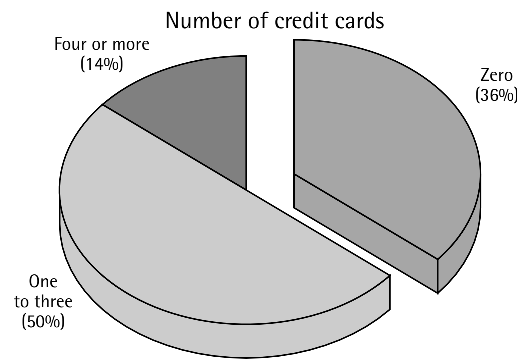
The credit card survey produced various results that address how and why postsecondary students use credit cards. Areas of interest include ownership of credit cards, the frequency of their use, the basic purposes of credit cards, as well as the extent to which education-related expenses are charged. The following are major findings from the survey.

- **Credit card use is a reality for today's college students.**

Nearly two-thirds of college students have at least one credit card and one in five of those students have four or more credit cards with their name on it. Not only is credit card ownership common, but their use is also frequent. For example, 77% of students with credit cards report having charged routine personal expenses such as food, clothes, toiletries, and entertainment. In addition, 29% of those students say they used their credit cards often for such purposes, while 46% used them sometimes, and 25% used them rarely.

Student Credit Card Ownership

Of all survey respondents



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

Students are getting into the habit of charging early in their lives. Fifty-five percent obtained their first credit card during their first year of college. A significant proportion obtained them even earlier—one-fourth of students received their first credit card while still in high school. A majority of students, 63%, received their credit cards by applying on their own, while 17% were given them by their parents, and 14% were sent credit cards in the mail (6% cited other methods).

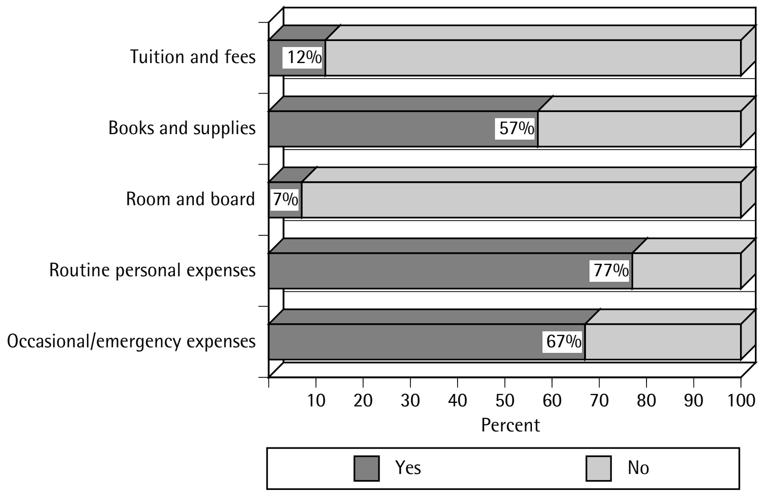
- **Most students have reasonable attitudes about how credit cards should be used.**

One question frequently raised about college students is whether they understand the utility and basic purpose of having readily available credit. A common perception is that college students view credit cards as a means to purchase items they normally wouldn't buy or couldn't afford. However, the results of this survey indicate that college students have reasonable attitudes about how credit cards should be used.

Students with credit cards were asked to rate the importance of specific reasons for using them on a scale of 0 to 10. Responses were grouped according to high importance (8 to 10), medium importance

Credit Card Purchases in the Current Year

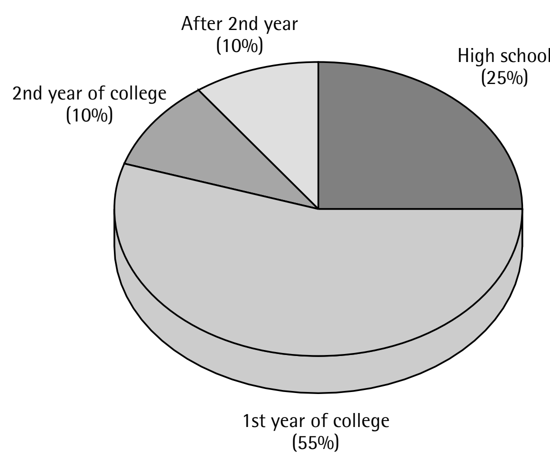
Of survey respondents with credit cards



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

When Students Obtained Their First Credit Card

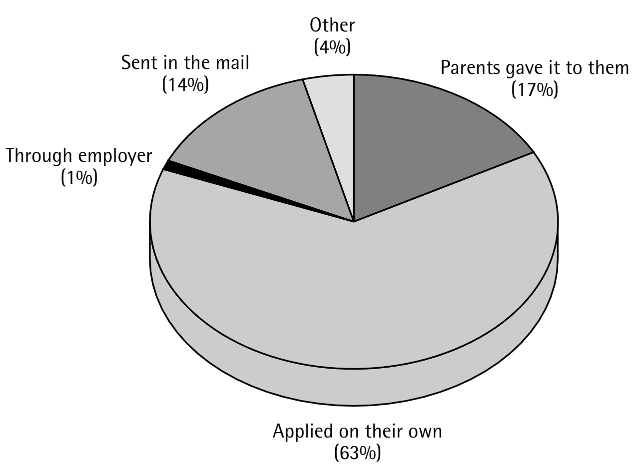
Of survey respondents with credit cards



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

How Students Obtained Their First Credit Card

Of survey respondents with credit cards



NOTE: Totals may not add to 100% due to rounding.
SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

(4 to 7), and low importance (0 to 3). Using a credit card to build a credit history received the strongest reaction, with 52% of students giving it high importance. The reason with the next highest percentage was using credit cards for emergency purposes only, with 45% of students.

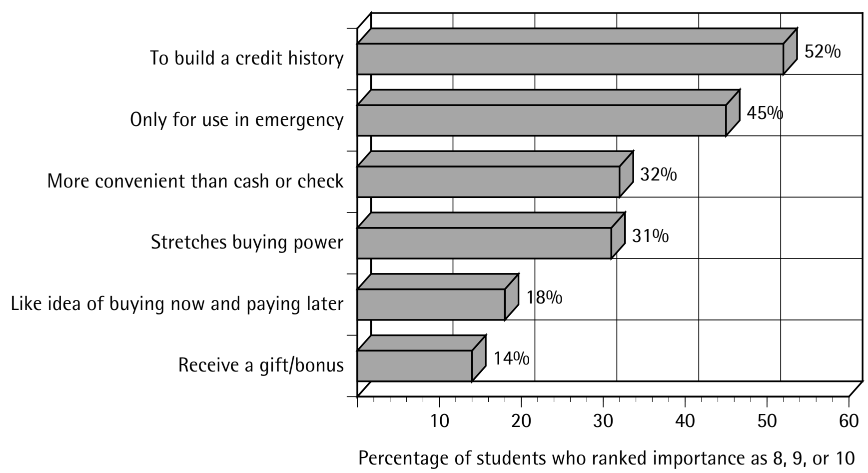
In addition, most survey respondents believe that credit cards are not the ideal method of paying for education-related expenses. When asked how they would prefer to pay for tuition, fees, books, and supplies, 51% say that they would prefer to use their savings, while 18% would prefer to use their student loans, and 15% would prefer to use credit cards (the remainder would prefer job income and other sources).

- **The majority of students use credit cards responsibly and do not accumulate large amounts of credit card debt.**

During discussions of credit card use in higher education, anecdotes about students' irresponsible behavior are common. Some of these stories portray college students as amassing large amounts of debt without regard to their ability to repay it. For example, a 1997 article in *U.S. News and World Report* cites a freshman at the University of Texas-Austin who went from having no credit cards to a balance of $2,800 in one year (Shenk, 1997). Yet, the results of this survey indicate that a vast majority of students are managing their debt well.

The majority of students, 59%, typically pay off their monthly balances right away. Of the 41% who carry over their balances each month, 81% pay more than the minimum amount due. In addition, the overwhelming majority of students pay their own credit card bills; the 14% of students who do not pay their own bills receive assistance mostly from parents or spouses.

Importance of Reasons Students Use Credit Cards
Of survey respondents with credit cards



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

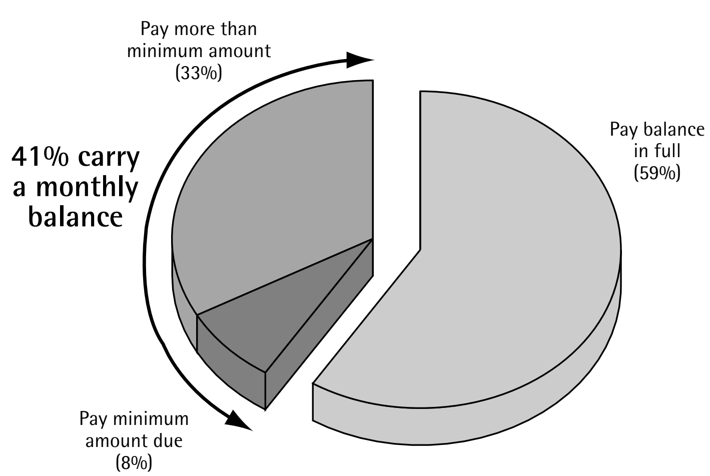
The average monthly balances reported by students also appear to be manageable. Eighty-two percent of students with credit cards who know their balance report average balances of $1,000 or less,[1] and 9% have average balances between $1,001 and $2,000. In addition, slightly more than half of student credit card users report combined limits of $3,000 or less. All of these factors indicate that the majority of students use credit cards responsibly.

- **A significant proportion of students with credit cards use them to pay for education-related expenses.**

Students' potential reliance on credit cards to pay for education-related expenses, such as tuition and fees or books and supplies, is a source of concern. Some students use credit cards for these transactions because of convenience, but for those who do not, charging education-related expenses and carrying over the balance may result in the payment of high interest rates, increasing the cost of attending college.

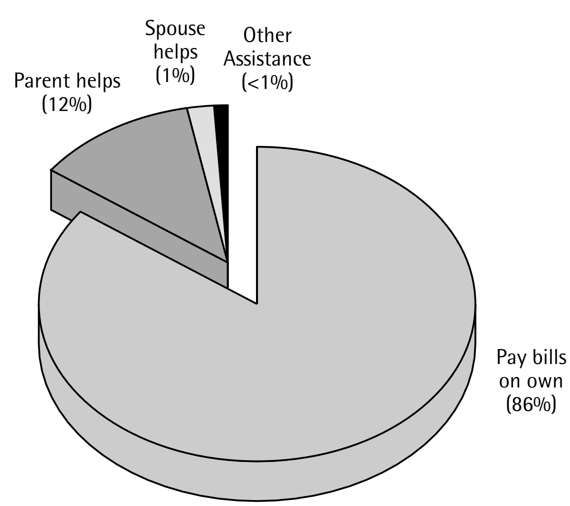
One in every five survey respondents with credit cards indicate they have used credit cards to pay for tuition and fees at some time.[2] Of those students who have charged tuition and fees, 57% paid the balance off right away, while 43% carried over the balance of this transaction. An even greater percentage of students, 57%, have charged their books and supplies in the current year. As a result, all education-related expenses comprise a substantial proportion of students' credit card bills. Student credit card users report that, on average, 22% of their balance is for education-related purchases. In comparison, 44% is for routine living expenses and 24% is for large, occasional purchases.[3] The results of this survey show that paying for education-related expenses by credit card is common, but it appears that by paying off their balances right away, students are not accumulating high-interest debt.

Payment of Monthly Credit Card Balances
Of survey respondents with credit cards



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

Payment of Credit Card Bills
Of survey respondents with credit cards



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

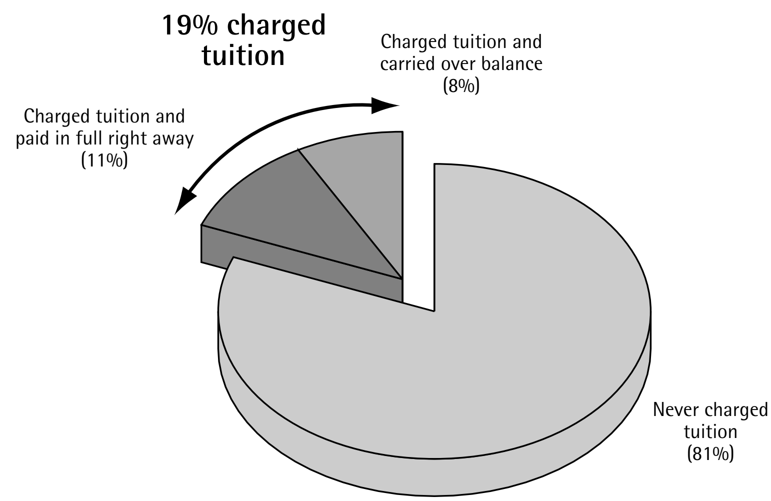
- **Some students' credit card behavior could lead to high debt levels and misuse.**

Although most students are using their credit cards responsibly, some appear to be having more difficulties. When students have certain characteristics of credit card use—having average credit card balances greater than $1,000, owning four or more credit cards, carrying over a balance each month, or charging tuition and fees—the potential for the accumulation of high interest payments on large amounts of credit card debt increases. While no one of these factors may singularly warrant cause for alarm, the combination of these traits should raise warning signals, particularly among college students whose resources for repayment are often limited.

For example, of the almost one in five students who report average balances greater than $1,000, 49% have four or more credit cards and only 18% pay off their outstanding balances each month. In addition, 48% of these students have other debt and nearly one-third have charged tuition and fees. Similarly,

Credit Card Payment of Tuition and Fees

Of survey respondents with credit cards*

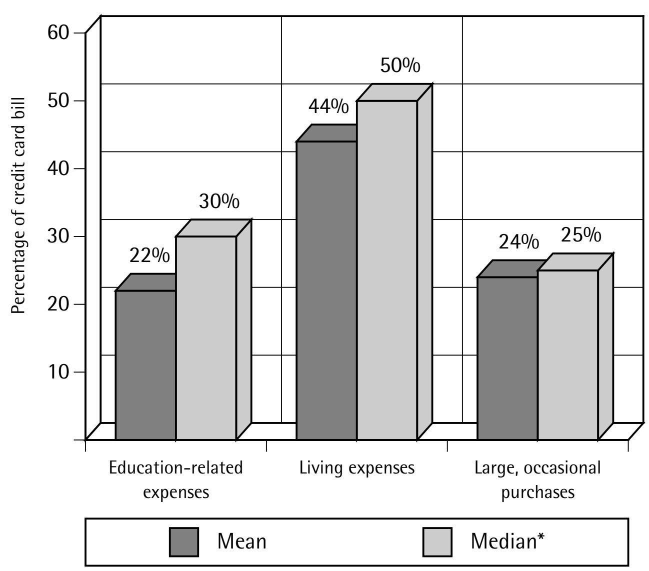


* Does not include students who reported that their institutions do not allow credit card payment of tuition and fees

SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

Distribution of Credit Card Use

Of survey respondents with credit cards



* Medians do not include zero responses.

SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

Overlapping Characteristics of Potentially Problematic Credit Card Use

	Have four or more credit cards	Carry over a balance	Average monthly balance over $1,000 (of those who know)	Ever charged tuition or fees*	Have other debt
Have four or more credit cards	n/a	60%	39%	20%	35%
Have one to three credit cards	n/a	36%	12%	19%	17%
Carry over a balance	32%	n/a	35%	21%	34%
Pay balance in full	15%	n/a	5%	18%	12%
Average monthly balance over $1,000	49%	82%	n/a	31%	48%
Average monthly balance $1,000 or less	17%	33%	n/a	15%	16%
Ever charged tuition or fees *	24%	46%	30%	n/a	33%
Never charged tuition *	22%	41%	15%	n/a	21%

Give high importance to reasons for credit card use:

	To build a credit history	Only for use in emergency	More convenient than cash or check	Stretches buying power	Like idea of buying now and paying later	Receive a gift/bonus
Have four or more credit cards	48%	33%	39%	46%	24%	21%
Have one to three credit cards	53%	48%	29%	26%	16%	11%
Carry over a balance	53%	47%	29%	39%	25%	14%
Pay balance in full	51%	43%	33%	24%	13%	13%
Average monthly balance over $1,000	54%	47%	30%	41%	23%	24%
Average monthly balance $1,000 or less	52%	44%	34%	29%	17%	12%
Ever charged tuition or fees *	54%	46%	39%	35%	19%	15%
Never charged tuition *	53%	44%	28%	30%	18%	12%

* Does not include students who say their institutions do not allow credit card payment of tuition and fees
"SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998."

39% of students who have four or more credit cards report average monthly balances greater than $1,000, compared to 12% of those students with fewer credit cards. Students who have charged tuition and fees also are more likely to have higher balances than those who have never charged tuition and fees: 30% versus 15% have average monthly balances exceeding $1,000.

Students with these characteristics also appear to hold different attitudes toward credit card use. For example, 39% of students with four or more credit cards give high importance to using credit cards because they are more convenient and 46% rank stretching their buying power as important, compared to 29% and 26%, respectively, of students with one to three credit cards. In addition, 39% of students who have ever charged tuition and fees feel that using credit cards for convenience is an important reason, compared to 28% of those who haven't charged tuition.

- **Credit card use among non-traditional undergraduate students varies from that of the student population as a whole.**

Non-traditional undergraduates tend to be older, financially independent, and part-time students, and often are married and have children.[4] It is not surprising that credit cards are a part of non-traditional students' lives, since they typically have more experience with credit and consumer debt than do other undergraduates due to their differing financial circumstances.

According to the results of this survey, non-traditional students—who comprise 29% of all undergraduates in the survey—are more likely than traditional undergraduates to have more than one of the characteristics of credit card use that can lead to financial difficulties. For example, non-traditional students tend to have more credit cards and larger credit limits. Twenty-one percent of non-traditional students say they have four or more credit cards, compared to just 9% of traditional students. Almost twice as many non-traditional students report credit limits exceeding $3,000, 58% versus 31% of traditional students. Non-traditional students also are more likely to have higher average balances and are less likely to pay off their balances each month. Thirty-three percent of non-traditional students report average monthly balances greater than $1,000, compared to 11% of traditional students. In addition, 60% of non-traditional students carry over their balances, versus 34% of traditional students.

How these students use their credit cards in the context of pursuing an education is of particular interest. Non-traditional students are more likely than their counterparts to have ever charged tuition and fees, 25% versus 14% of traditional students. One potentially troubling aspect is that it appears that more than half of these non-traditional students carry over the balance of their tuition and fees, adding the interest paid on the balance to the cost of attending college. This compares to 40% of traditional students who carry over the balance of tuition and fees. In addition, non-traditional students frequently must manage other debt than traditional students—41% of non-traditional students report having other debt, compared to just 10% of traditional students. Together, all of these factors suggest that non-traditional students' use of credit cards both before and during college should be explored further, especially the issue of whether postsecondary education has placed a burden on their resources, causing them to use their credit cards differently.

Non-traditional Undergraduate Students

	Have at least one credit card	Have four or more credit cards	Total credit limit over $3,000 (of those who know)	Carry over a balance	Average monthly balance over $1,000 (of those who know)	Ever charged tuition or fees **	Have other debt
Non-traditional	63%	21%	58%	60%	33%	25%	41%
Traditional	61%	9%	31%	34%	11%	14%	10%
Part-time *	65%	20%	59%	64%	33%	38%	52%
Full-time *	64%	13%	42%	37%	14%	15%	14%
Independent	59%	22%	64%	60%	38%	26%	46%
Dependent	62%	10%	31%	36%	11%	15%	11%

* Includes graduate students
** Does not include students who say their institutions do not allow credit card payment of tuition.
SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

OTHER IMPORTANT FINDINGS

Several other important patterns of credit card use that merit attention arose from the survey. Although they do not reflect the experience of the college student population as a whole, these patterns highlight significant aspects of students' credit card use. They include the combination of credit cards and student loans, the use of credit cards by graduate and professional students, and institutional policies regarding credit cards.

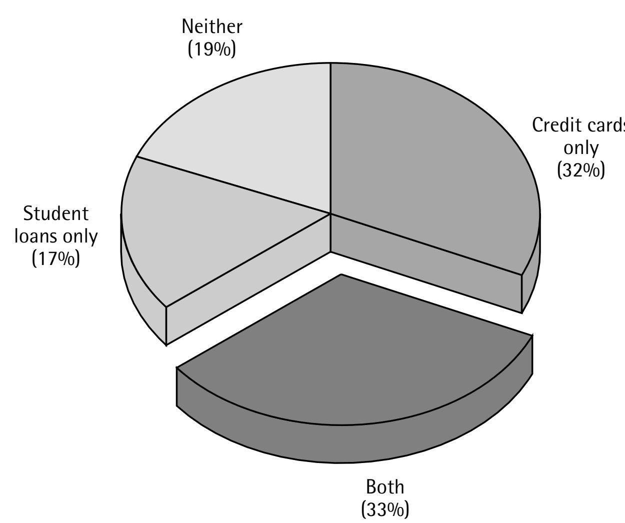
Student loans and credit cards

One specific issue regarding student credit card use is how it is combined with student loans. Loan recipients will graduate with debt, and their burdens may be compounded if credit card debt is accumulated during college. At the same time, there is a trade-off between the convenience of using credit cards to finance postsecondary education and the lower interest rates charged for student loans.

Approximately half of all survey respondents report having student loans; full-time students, traditional undergraduates, graduate students, and students at private institutions are relatively likely to have loans. Of students with loans, 50% also have one to three credit cards and 15% have four or more credit cards. These figures closely mirror the patterns of non-recipients. In addition, similar percentages of loan recipients and non-recipients who have credit cards report average monthly balances over $1,000. However, loan recipients are more likely to carry over a balance—51% compared to 31% of non-recipients.

Overlap Between Credit Cards and Student Loans

Of all survey respondents



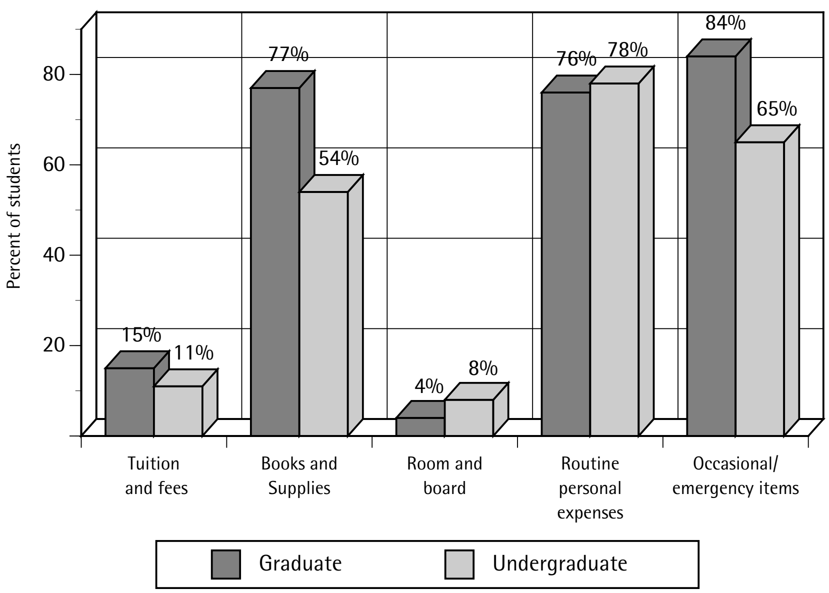
NOTE: Totals may not add to 100% due to rounding.
SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

Perhaps due to the availability of funds from their student loans, only 14% of credit card users who are loan recipients have ever charged tuition and fees, compared to 24% of those who are non-recipients. In the current year, 8% of loan recipients with credit cards have charged their tuition and fees and 58% have charged books and supplies, versus 16% and 55% of non-recipients. Not surprisingly, more loan recipients prefer to use money from their loans for education-related expenses, 34%, whereas 13% prefer to use credit cards (more students still prefer cash from savings, 43%, while the remainder prefer job income, 9%, and other sources, 1%).

Loan recipients who have borrowed relatively high amounts appear to have slightly different patterns of credit card use. Of loan recipients who know how much they have borrowed, 46% have borrowed $7,500 or more; borrowers who are enrolled in private institutions or graduate school or who are independent are more likely to have borrowed $7,500 or more. Seventy-five percent of loan recipients who have borrowed $7,500 or more have credit cards, versus 60% of those who have borrowed less. They are also twice as likely to have four or more credit cards, 21% compared to 11%, respectively. A greater proportion of loan recipients who have borrowed $7,500 or more—27%—report average monthly balances over $1,000, compared to those who have borrowed less, 16%. Finally, 49% of those who have borrowed $7,500 or more have used their credit cards while waiting for their loan funds, compared to 30% of those who have borrowed less.

Graduate and Undergraduate Use of Credit Cards in the Current Year

Of survey respondents with credit cards



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

In general, survey respondents appear to have greater knowledge of credit card repayment than of student loan repayment. Of students who have both credit cards and loans, 41% do not know what their monthly payment on their student loans will be, while only 7% do not know their monthly credit card balances. In addition, 43% of these students do not know the repercussions of failing to repay their students loans, compared to 30% who do not know what would happen to them if they did not pay their credit card bills.

Credit cards and student loan disbursement

The impact of the financial aid process on students' ability to pay for college in a timely manner also is related to student credit card use. If students do not apply for or receive their financial aid promptly, they must either resort to other means of payment or discontinue pursuing an education altogether. The fact that some students charge education-related expenses—or general living expenses—may therefore be a sign that students have been temporarily caught without funds. This issue is especially salient for student loans, as the majority of students now depend on loans to pay for some portion of their education and living expenses. According to the survey, over one-third of students who have both credit cards and student loans have found themselves needing to use their credit cards while waiting for their student loan money to be disbursed. Using credit cards in this fashion is especially common among graduate students, independent students, students with higher average balances, and students who have four or more credit cards.

Graduate and professional students

As graduate and professional students frequently carry more substantial student loan debts and face different financial and family circumstances than undergraduates, their patterns of credit card use also can be viewed separately from college students as a whole. Although the low survey sample size makes it difficult to reach conclusions about this group, it appears that graduate students use credit cards frequently for education-related expenses as well as other needs. In particular, they may be charging to compensate for delays in their student loan disbursement.

Graduate students are more likely than undergraduates to have credit cards and have more of them: 87% have at least one card, compared to 62% of all undergraduates, and about 26% of graduate students have four or more credit cards, versus only 12% of all undergraduates. Of graduate students with credit cards, over half report total credit limits over $7,000. Despite this combined potential for high credit card debt, most graduate students appear to have reasonable debt loads. Only 22% of graduate students report average monthly balances over $1,000. In addition, only 36% of graduate students with credit cards carry over a balance, compared to 42% of undergraduates. Of those graduate students who carry a balance, 96% pay more than the minimum amount due.

More graduate students prefer to use credit cards for education-related expenses, as opposed to cash from savings, loans, or job income, than undergraduates—33%, compared to 17% of undergraduates attending four-year institutions and only 5% of those at two-year schools. In fact, 27% of graduate students who have credit cards have charged tuition and fees, compared to 17% of all undergraduates. Of all graduate students with credit cards, 15% have charged tuition and fees in the current year, 77% have charged books and supplies, and 84% have charged occasional or emergency items such as car repairs or health care. Undergraduates with credit cards are less likely to charge these items—11% have charged tuition and fees, 54% have charged books and supplies, and 65% have charged occasional or emergency items in the current year. About the same proportion of graduate and undergraduate students have charged routine personal expenses such as food and toiletries, 76% and 78%.

Perhaps most significantly, graduate students with both credit cards and student loans are more than twice as likely as undergraduates to have needed to charge various items while waiting for their loans to come through, 65% versus 31%. This represents a substantial proportion of all graduate students, as over half say they have student loans (52%). In addition, 78% of graduate students with loans who know their cumulative loan amounts have borrowed $7,500 or more, compared to 43% of undergraduate borrowers.

Institutional policies

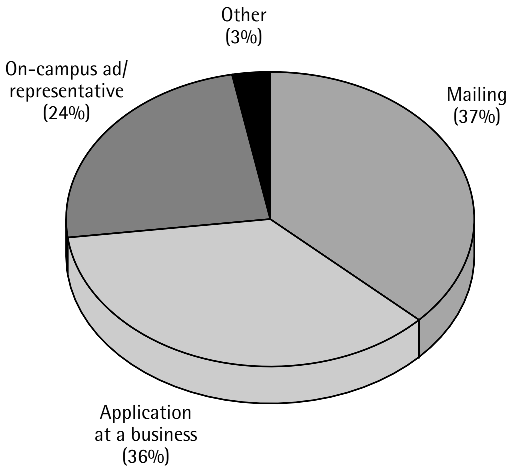
The administrative policies adopted by colleges in recent years appear to have enabled significant proportions of students to gain access to credit cards and use them for education-related expenses. For example, many institutions now permit credit card companies to advertise on campus, and the majority accept credit cards for tuition and fees and other expenses (NACUBO, 1995). This survey allows a glimpse of such policies by asking respondents how they applied for credit cards and whether their institutions accepted payment of tuition and fees by credit card.

Almost a quarter of survey respondents who applied for credit cards on their own say they applied through on-campus representatives or advertisements; however, greater proportions still apply through a mailing or an application at a business. Traditional undergraduates and graduate students are more likely to apply through such on-campus methods—27% and 31%, respectively—than non-traditional undergraduates, 14%.

In addition, 51% of students in the survey say their schools accept credit card payments for tuition and fees, while 19% report they do not accept credit cards, and 30% do not know. Students at certain institutions are more likely to be able to charge tuition and fees. For example, 55% of students attending public institutions say they can use credit cards to pay tuition, compared to 38% of students at private institutions. Moreover, 65% of students at two-year schools are able to charge tuition, versus 44% of students at four-year schools.

Method of Applying for First Credit Card

Of survey respondents who applied for their first credit card on their own



SOURCE: The Institute for Higher Education Policy, Credit Card Survey, March/April 1998.

ISSUES FOR FURTHER EXAMINATION

This report provides a description of student credit card use and the attitudes of college students toward such use. While the survey results have painted a clearer picture of how and why college students are using credit cards, they also have identified issues that require further investigation—either because they are beyond the scope of this survey or because they could not be addressed conclusively due to the size of the sample. Issues that warrant further examination include the role of credit cards in society, institutional policies, and analysis of specific groups of students.

Role of credit cards in society

Students' use of credit cards does not occur in a vacuum. It is influenced by general societal trends and economic conditions in the United States. If these factors change, then it is likely that the credit card behavior of students will change as well.

- Credit card use in the population as a whole has been on the rise for many years. According to the most recent Federal Reserve Board Survey of Consumer Finances (Kennickell et al., 1997), by 1995, 67% of families had a bank-type credit card, 44% of these cardholders ran a balance, and the median balance for those who carried a balance was about $1,500. Interestingly, as the age of the head of household increases, the percentage of families holding credit card debt decreases—in 1995, for example, 55% of families whose head of household is less than 35 years old held credit card debt, compared to 43% of families whose head of household is between 55 and 64 years of age. It is difficult to ascertain how, if at all, being enrolled in college influences general credit card behavior.

- This survey was conducted during a period in which continuing economic expansion has prevailed throughout the country. Inflation and unemployment have been consistently low, real wages have been inching upward again after many years of stagnation, and, according to recent media reports, prospects facing recent college graduates are fairly lucrative. This economic health may have affected students' expectations of credit card use and ability to pay monthly balances in full, among other things. In a weaker economy, more students might be forced to rely on credit, or they might be more wary of charging non-necessities.

Institutional policies

As the presence of credit cards grows on campus, the relationship between credit card companies and colleges and universities becomes increasingly complex. Institutional policies governing the acceptance of credit cards as payment, the marketing of credit cards on campus, and the availability of affinity cards are just some of the issues that require further investigation.

- Many institutions now allow students to charge tuition and fees, as well as other services. Over half of survey respondents say that their institutions allow credit card payment of tuition and fees, and one of every five students with credit cards have charged tuition and fees at some point. While the percentage of students having ever charged tuition may seem low, it is important to note that allowing credit card payment of tuition and fees is a relatively recent phenomenon. It is unclear whether this trend will increase, or what the benefits and disadvantages of this practice to students and postsecondary institutions are.

- Some colleges and universities have developed more direct relationships with credit card companies. Many institutions allow the marketing of credit cards on campus. Credit card representatives offer incentives to students to apply, such as free gifts, and some credit card companies pay students to solicit their classmates for new applicants. These efforts appear to be reflected in the survey results: almost one-quarter of all students who applied for their first credit card on their own applied through an on-campus representative or advertisement. In addition, some institutions are issuing affinity cards to alumni and students in hopes of making a profit. Colleges and universities contract with credit card companies to allow their institution's logo to appear on a credit card, and then market these cards to students and alumni. In return for increasing the credit card company's membership, the institution receives a percentage of each cardholder's balance from the credit card company.

Beyond the survey

The survey was designed to address how and why the general student population uses credit cards, especially regarding education-related expenses. While the survey sample allowed significant analysis of credit card use among many subgroups of students, the examination of others remains to be addressed.

- The results of the survey represent only a snapshot of the current behavior of college students and can only hint at the role credit card use and debt will play in the post-college lives of students. Despite much attention, not enough is known about the ability of recent college graduates to manage the debt they have accumulated throughout their academic careers, including student loan debt, credit card debt, and other debt such as a car loan or mortgage.

- No conclusions regarding differences in credit card use by income could be drawn from the survey results (see Appendix A for details). Family income is likely to have significant effects on the financial decisions of college students, and may also influence their attitudes toward credit card use. For example, students from lower-income households may know more about their financial situation, including student loan repayment and credit card balances (ACE, 1997).

- Finally, although the ability of proprietary school students to manage debt is of concern to higher education policymakers, analysis of their use of and attitudes toward credit cards is inconclusive from this survey due to low sample size. Proprietary school students tend to be non-traditional students who are from low-income households. Relatively higher proportions default on their student loans—an indication that these students may have difficulty dealing with debt. In addition, as a result of federal policy changes, some proprietary schools lost eligibility to participate in the federal student loan programs, perhaps causing students to seek other methods to pay for their education. Further review of the extent to which credit cards have been one of the alternatives to student loan borrowing therefore is needed.

APPENDIX A:

METHODOLOGY REPORT

The Institute for Higher Education Policy, in partnership with The Education Resources Institute (TERI), commissioned Rickman Research & Communications (RRC) of Silver Spring, Maryland to conduct a national survey of postsecondary students about their use of credit cards. The purpose of the survey was to determine how and why students use credit cards, especially in regard to education-related expenses. The behavior of students, as well as their attitudes toward credit card use, can be described by their demographic and enrollment characteristics, including dependency status, class level, and type of institution.

Sample Design

The target population of the survey was all postsecondary students, including students with no credit cards. A list of currently enrolled students was obtained from the American Student List Company (ASLC) of Mineola, New York. The database consists of an address list of more than six million college students, including graduate students, with the at-school telephone numbers of more than two million students.

In order to help ensure that the sample reflected the reality of the college student population in the United States, a stratified random sampling of students was employed including the following guidelines:

1. undergraduate students 85%, graduate students 15%;
2. four-year institutions 60%, two-year institutions 40%; and
3. public institutions 80%, private institutions 20%.

More specifically, ASLC tallied the number of students in its database that fit each criterion, assigned each entry a number and used the “nth number” selection process to generate the specified number of listings per segment. The sample of survey respondents closely reflects these specifications. For further information on the demographics of the survey sample, see Appendix B.

Pretesting and Data Collection

A computer-assisted telephone (CATI) survey instrument was designed and pretested by a professional field service hired by RRC. The pretest was conducted under identical conditions to the eventual data collection. The pretest looked for problems with the clarity of the questions asked, the quality of the responses, and the logic and effect of skip patterns. It also confirmed the length of time needed to complete the survey. As is typical in survey research, some problems were found during the first pretest that led to the rewording of some questions and the addition of new questions and skip patterns. A second pretest was performed that produced responses that validated the appropriateness of the changes made to the original instrument.

The survey was conducted by the field service during March and April of 1998. Each telephone interview averaged approximately nine minutes for students with credit cards and was considerably shorter for students with no credit cards. A total of 750 surveys were completed, yielding a margin of error of approximately plus or minus 3.5% at the 95% confidence level.

Data Limitations

The survey was designed to address the attitudes toward and use of credits cards in the general student population. In addition, it has allowed the analysis of subgroups of students based on certain characteristics. The analysis of other subgroups of students, however, remains inconclusive from the survey due to our decision not to over-sample for these students. Such groups include proprietary school students, graduate students, older students, and married students.

In addition, there are some limitations of the data resulting from the nature of self-reporting. The results of any survey are dependent upon the knowledge and honesty of the respondents. Self-reported data is more suspect for inaccurate responses than other forms of data collection, especially regarding financial information. In this survey, the difficulties associated with self-reported financial information occur primarily with the reported average credit card balances of students. Survey respondents were asked to choose a range that accurately reflected their average monthly credit card bill. According to the results, the majority of students had credit card balances of $1,000 or less. These results may be underestimated in that they do not reflect the relatively larger balances reported in other surveys on student use of credit cards.[5] One reason for this may be that data from the other surveys were collected in part from individual students' credit reports, resulting in more complete and accurate information.[6]

Finally, a technical error in the implementation of the CATI led to an inability to examine student credit card use by students' income level. During the administration of the survey, parental household income and personal income were categorized separately for both independent and dependent students. Instead of basing the differentiation on the students' dependency status, the CATI based it on whether or not the student received financial assistance from his or her parents. All attempts made to correct this error resulted in low sample sizes that rendered drawing conclusions based on income difficult. Rather than report information with such low sample sizes, we have chosen to eliminate all income-based analysis.

APPENDIX B:

CHARACTERISTICS OF SURVEY RESPONDENTS

(n=750)

Gender	Male	45%
	Female	55%
Age	Younger than 24 years old	78%
	24 or older	22%
Marital Status	Married	13%
	Unmarried	87%
Dependency Status	Dependent	67%
	Independent	33%
Attendance Status	Full-time	86%
	Part-time	14%
Institutional Level	Two-year	26%
	Trade	3%
	Four-year	59%
	Graduate	10%
	Professional	1%
Institutional Control	Public	74%
	Private	26%
Year in School	First	30%
	Second	27%
	Third	16%
	Fourth	13%
	Fifth or higher	15%
Financial Aid	Received financial aid	61%
	Received loans	50%
	No aid	39%
Work Status	Working	59%
	Not working	41%

Totals may not add to 100% due to rounding.

APPENDIX C:

SELECTED TABLES

DEFINITIONS

The following are terms used in the tables contained in this appendix.

- **Full-time/Part-time.** Students were asked whether they attend college full- or part-time.
- **Independent/Dependent.** Independent students are defined as having at least one of the following characteristics: graduate student, married, have children, 24 years of age or older, and is currently or has been a member of the armed services. Dependent students are defined as all other students in the survey.
- **Traditional/Non-traditional undergraduate.** Students are defined as non-traditional students if they are independent (but not a graduate student) and/or if they attend college part-time.
- **Graduate school.** The graduate school category includes both graduate and professional school students.
- **Average balance $1,000 or less/Average balance over $1,000.** These categories represent average monthly balances on all credit cards combined.
- **Pay off balance/Carry over balance.** Students were asked if they typically pay their credit card balances in full each month or if they carry some over.
- **Used credit cards for tuition/Haven't used credit cards for tuition.** Students who reported that their institutions accepted credit card payment for tuition and fees (and those who said they did not know), were asked if they had ever charged tuition and fees. Responses include both students who have charged tuition during the current year and those who have done so in the past.
- **No student loans/Received student loans.** Students were asked "Which, if any of the following (financial aid), [did] you receive?" and were given the following to choose from: grants, student loans, work study, or none. If they did not indicate through this question that they received student loans, they were asked more explicitly if they had any student loans. The positive responses were combined in the category "received student loans," and include student loans borrowed both in the current academic year and previously.
- **Loans less than $7,500/Loans $7,500 or more.** Responses represent cumulative student loan amounts.
- **Credit card and loans/Credit card no loans.** "Credit card and loans" represents students who indicated they have at least one credit card with their name on it and have a student loan. "Credit card no loans" includes only students who report having at least one credit card but do not have loans.

ENDNOTES

1 Reported average monthly balances do not include those students who indicated that they did not know their balances. This also occurs for figures on combined credit limits, and is true every time these statistics appear in the text.

2 This question was asked of those students who reported that their schools allowed credit card payment of tuition and fees or who did not know their school's policy. This is the case each time the issue of students having ever paid for tuition and fees by credit card is discussed.

3 These percentages do not add to 100 because respondents were asked about the percentage of their credit card use for each category separately. Thus, the percentages reflect averages for each individual question.

4 In the survey, non-traditional undergraduates were defined as students who are independent or who are enrolled on a part-time basis.

5 See, for example, Nellie Mae, 1998.

6 Other factors also may help explain the differences in average balances. For example, other surveys may draw samples from regions of the country with relatively high costs of living, or from a specific subset of the student population, such as loan applicants and recipients.

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On-Campus Efforts to Educate Virginia Tech Students on Credit Cards and Other Financial Issues[1]

Report to the Public Hearing On College Students and Credit
Sponsored by the Joint Subcommittee Studying the Status and Needs of
African-American Males in Virginia, SJR 420 (1999)
September 29, 1999, Roanoke, VA

- "Financial Management " pages developed for the *Getting on Track, New Student Welcome Guide*, *1998-99* and *1999-2000*. This guide is provided to all entering students through the Residential and Dining Programs Office, A Division of Student Affairs. The accompanying website with active hyperlinks to approximately 20 other websites offers a current source of information for students (http://www.chre.vt.edu/Admin/NearEnvironments/finsurkit.html).

- "Financial Management" lecture provided to the First Year Experience (FYE) students living in Slusher Wing and enrolled in Psych 2984: Special Study: First Year Experience. All freshman students are invited to the lectures offered through this course. Multi-media presentation on budgeting and wise use of credit.

- NERM 2304: *Family Financial Management* and NERM 4314: *Debtor-Creditor Relationships* consider wise credit use and the use of credit cards. These courses are required of students enrolled in the Consumer Studies and Family Financial Management options of the Department of Near Environments, are controlled electives for other majors, and are available to the campus as a free elective course. NERM 2304 serves approximately 300 students per academic year and addresses the broad range of financial planning topics including budgeting, credit usage, mortgages, taxes, insurance, investments, retirement planning, and estate transfer. NERM 4314 serves approximately 45 students annually.

- Faculty from the Department of Near Environments frequently provide lectures on financial topics to dormitory groups, "transition to work" workshops offered by the different colleges, student professional associations, or other interested classes that might ask for a presentation on credit or other financial management topics.

- Students from the Department of Near Environments who are members of the Consumer Finance Association and the student chapter of the International Association for Financial Planning (IAFP) offer credit and financial management education as a service project for youth and adults (e.g., staffing of the multi-agency credit booth at the Virginia State Fair and assistance with the Virginia Cooperative Extension program, "High School Financial Planning").

[1]For additional information contact Ruth H. Lytton, Ph.D., 240C Wallace Hall, Virginia Tech, Blacksburg, VA 24060-0410 by phone (540-231-6678) or e-mail at rlytton@vt.edu.

Credit Card Knowledge, Attitudes, and Practices of College Students[1]

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John E. Grable, Ph.D. CFP, Kansas State University[3]

Report to the Public Hearing On College Students and Credit
Sponsored by the Joint Subcommittee Studying the Status and Needs of African-American Males in Virginia, SJR 420 (1999)
September 29, 1999, Roanoke, VA

This project was designed to survey credit card knowledge, attitudes, and practices among college students. Decker & Associates, Inc. from Houston, Texas , a corporate provider of financial education, was a collaborating partner. Personnel administered the survey to students attending a financial pre-employment educational seminar during 1998-99. Fourteen, primarily public institutions, from eight southern and mid-western states were included in the data collection (i.e., Alabama, Georgia, Pennsylvania, Indiana, Michigan, Minnesota, Nebraska, and Texas). Virginia data were collected from similar financial pre-employment education seminars offered by faculty to students in the Colleges of Business, Engineering, and Human Resources and Education. Data were collected during 1998-99 and again in September 1999. Data collection will continue both nationally and on the Virginia Tech campus during 1999-2000.

A total of 523 students responded; 9 questionnaires were deemed unusable, resulting in a total sample of 514. Common criteria for the data collection included:

- Students voluntarily chose to participate in the free financial education workshop.
- Students voluntarily chose to complete the survey. (Response rates ranged from 53% to 100%.)
- Students responded directly on the provided questionnaire/op scan readable form.

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[1] Funded in part by a grant from the USDA Cooperative State Research, Education, and Extension Service (Project 98-COOP-2-6933).

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Preliminary Results and Observations

I. Frequencies for each questionnaire item are summarized in the following tables. Analysis of other relationships between the groups and among the variables is on-going.

II. Based on independent group t-test analyses, statistically significant differences in the group means were identified for the following items:

- Students from the other states were slightly older (23.9 years) than the Virginia participants (21.6 years).
- Students from the other states reported a higher percentage of total college expenses earned (44.6%) than the Virginia students (32.4%).
- Students from the other states reportedly have a higher number of bank cards in their own name (2.4) than the Virginia students (1.9).
- Students from the other states reportedly have a higher total number of credit cards (bank cards, store cards, and gas/oil cards) in their own name (3.5) than the Virginia students (2.8).

III. Based on independent group t-test analyses, statistically significant differences in the group means were identified for 4 of the 10 attitudinal statements:

- On average, Virginia students expressed more disagreement with the statements,
  "I feel in control of my finances."
  "I am satisfied with the way I use credit cards."
- On average, Virginia students expressed more agreement with the statements,
  "My finances are a significant source of worry or 'hassle' for me."
  "Puchasing things is very important to my happiness."

IV. Based on independent group t-test analysis, a statistically significant difference in the group means was not identified for the knowledge score computed from responses to items 34 - 38.

Questionnaire Responses

Age as of December 31, 1998?

Percentage of total college expenses that you have earned?

	STATE	N	Mean	Std. Deviation	Std. Error Mean
AGE	Other states	251	23.8765	5.0156	.3166
	Virginia	121	21.6033	2.3716	.2156
EXPPCT	Other states	256	44.5820	37.0251	2.3141
	Virginia	116	32.3707	31.4047	2.9158

Respond to QUESTIONS 1 - 5. NOTE: 10 = No card in your own name.

Thinking about the credit accounts* in your own name*….

1. **How many bank credit cards (e.g., Visa, MasterCard) do you have?**
2. **How many store credit cards (e.g., Sears) do you have?**
3. **How many gas/oil credit cards (e.g., Texaco) do you have?**

	N	Minimum	Maximum	Mean	Std. Deviation
Bank Cards	469	1.00	9.00	2.2452	1.3114
Store Cards	204	1.00	6.00	1.9314	1.0897
Gas/Oil Cards	93	1.00	4.00	1.3548	.6535
Total Cards	475	1.00	12.00	3.3116	2.1435

	STATE	N	Mean	Std. Deviation	Std. Error Mean
Bank Cards	Other states	341	2.3754	1.3698	7.418E-02
	Virginia	128	1.8984	1.0710	9.467E-02
Store Cards	Other states	153	1.9804	1.0667	8.623E-02
	Virginia	51	1.7843	1.1544	.1616
Gas/Oil Cards	Other states	67	1.3433	.6408	7.829E-02
	Virginia	26	1.3846	.6972	.1367
Total Cards	Other states	344	3.4971	2.1906	.1181
	Virginia	131	2.8244	1.9394	.1694

4. For the accounts above, do you normally

	Other states	Virginia	
Pay balance monthly	224	87	311
	63.5%	61.7%	63.0%
Pay minimum payment	18	16	34
	5.1%	11.3%	6.9%
Pay more than minimum payment monthly	86	26	112
	24.4%	18.4%	22.7%
Parents or someone else pays the bill	15	6	21
	4.2%	4.3%	4.3%
10.00 System Missing	10	6	16
	2.8%	4.3%	3.2%
Total	353	141	494
	100.0%	100.0%	100.0%

5. If you *do not have any of the above credit accounts*, is it because 1 = you use your parents' or someone else's card(s), 2 = you never applied for a credit card(s), 3 = you were denied credit? OR 4 = Not applicable, I have a credit card(s).

	Other states	Virginia	
Use parents' or someone else's card	11	4	15
	3.5%	2.9%	3.3%
Never applied for credit card	28	15	43
	8.8%	10.8%	9.4%
Were denied credit	2		2
	.6%		.4%
NA: I have a credit card	277	120	397
	87.1%	86.3%	86.9%
Total	318	139	457
	100.0%	100.0%	100.0%

Thinking about the accounts above…

6. How much was the total balance still owed on your account(s) after the last payment?

	Other states	Virginia	
Less than $1,000	153	59	212
	42.3%	40.4%	41.7%
$1,000 - $4,999	54	21	75
	14.9%	14.4%	14.8%
$5,000 - $9,999	11	3	14
	3.0%	2.1%	2.8%
$10,000 - $14,999	6	3	9
	1.7%	2.1%	1.8%
$15,000 - $24,999	5		5
	1.4%		1.0%
$25,000 - $39,999	4	1	5
	1.1%	.7%	1.0%
$40,000 - $54,999	1		1
	.3%		.2%
Don’t know	2	2	4
	.6%	1.4%	.8%
$0 balance or no credit cards in your own name	126	57	183
	34.8%	39.0%	36.0%
Total	362	146	508
	100.0%	100.0%	100.0%

7. What is your total credit limit, or the maximum you could borrow on all credit card(s)?

	Other states	Virginia	
Less than $1,000	24	16	40
	6.6%	11.0%	7.9%
$1,000 - $4,999	129	54	183
	35.6%	37.0%	36.0%
$5,000 - $9,999	90	25	115
	24.9%	17.1%	22.6%
$10,000 - $14,999	48	18	66
	13.3%	12.3%	13.0%
$15,000 - $24,999	28	6	34
	7.7%	4.1%	6.7%
$25,000 - $39,999	8	2	10
	2.2%	1.4%	2.0%
$40,000 - $54,999	4		4
	1.1%		.8%
$55,000 or more	3	4	7
	.8%	2.7%	1.4%
Don’t know	9	7	16
	2.5%	4.8%	3.1%
$0 balance or no credit cards in your own name	19	14	33
	5.2%	9.6%	6.5%
Total	362	146	508
	100.0%	100.0%	100.0%

8. How much do you estimate you will owe on credit cards, student loans, and other debts when you graduate?

	Other states	Virginia	
Less than $1,000	91	28	119
	25.1%	19.2%	23.4%
$1,000 - $4,999	39	18	57
	10.8%	12.3%	11.2%
$5,000 - $9,999	32	15	47
	8.8%	10.3%	9.3%
$10,000 - $14,999	30	11	41
	8.3%	7.5%	8.1%
$15,000 - $24,999	49	15	64
	13.5%	10.3%	12.6%
$25,000 - $39,999	29	18	47
	8.0%	12.3%	9.3%
$40,000 to $54,999	7	5	12
	1.9%	3.4%	2.4%
$55,000 or more	2		2
	.6%		.4%
Don’t know	4	5	9
	1.1%	3.4%	1.8%
$0 balance or no credit cards in your own name	79	31	110
	21.8%	21.2%	21.7%
Total	362	146	508
	100.0%	100.0%	100.0%

9. How much do you estimate your salary will be for your first job after graduation?

	Other states	Virginia	
Less than $1,000	3	1	4
	.8%	.7%	.8%
$1,000 - $4,999	2		2
	.6%		.4%
$10,000 - $14,999	1	1	2
	.3%	.7%	.4%
$15,000 - $24,999	4	10	14
	1.1%	6.9%	2.8%
$25,000 - $39,999	111	60	171
	30.6%	41.4%	33.7%
$40,000 - $54,999	176	65	241
	48.5%	44.8%	47.4%
$55,000 or more	59	7	66
	16.3%	4.8%	13.0%
Don’t know	7	1	8
	1.9%	.7%	1.6%
Total	363	145	508
	100.0%	100.0%	100.0%

10. Which of the following best explains WHY you *now* have credit card or other debt?

	Other states	Virginia	
Have no debt.	173	62	235
	47.8%	43.4%	46.5%
Income, savings & fin aid are insufficient to meet expenses	76	34	110
	21.0%	23.8%	21.8%
Don't track spending & probably spend more than I should	13	12	25
	3.6%	8.4%	5.0%
Using credit, in anticipation of future income for repayment	41	13	54
	11.3%	9.1%	10.7%
Charged major purchases (computer, car, repair)	39	17	56
	10.8%	11.9%	11.1%
Delays in income or unemployment forced me to use credit	20	5	25
	5.5%	3.5%	5.0%
Total	362	143	505
	100.0%	100.0%	100.0%

Respond to QUESTIONS 11 - 20 using the scale
1 = STRONGLY AGREE 2 = AGREE 3 = DISAGREE 4 = STRONGLY DISAGREE

11. I feel in control of my financial situation.

	Other states	Virginia	
SA	176	57	233
	47.8%	39.0%	45.3%
A	154	65	219
	41.8%	44.5%	42.6%
D	32	22	54
	8.7%	15.1%	10.5%
SD	6	2	8
	1.6%	1.4%	1.6%
Total	368	146	514
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V11	Other states	368	1.6413	.7093	3.698E-02
	Virginia	146	1.7877	.7447	6.163E-02

12. I am satisfied with the way I use credit cards.

	Other states	Virginia	
SA	186	57	243
	51.5%	40.1%	48.3%
A	133	57	190
	36.8%	40.1%	37.8%
D	38	25	63
	10.5%	17.6%	12.5%
SD	4	3	7
	1.1%	2.1%	1.4%
Total	361	142	503
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V12	Other states	361	1.6122	.7182	3.780E-02
	Virginia	142	1.8169	.7956	6.676E-02

13. I feel capable of using my future income to achieve my future financial goals.

	Other states	Virginia	
SA	207	79	286
	56.3%	54.1%	55.6%
A	143	59	202
	38.9%	40.4%	39.3%
D	16	6	22
	4.3%	4.1%	4.3%
SD	2	2	4
	.5%	1.4%	.8%
Total	368	146	514
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V13	Other states	368	1.4918	.6087	3.173E-02
	Virginia	146	1.5274	.6454	5.341E-02

14. My finances are a significant source of worry or "hassle" for me.

	Other states	Virginia	
SA	24	16	40
	6.6%	11.0%	7.8%
A	98	43	141
	26.9%	29.5%	27.6%
D	151	64	215
	41.5%	43.8%	42.2%
SD	91	23	114
	25.0%	15.8%	22.4%
Total	364	146	510
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V14	Other states	364	2.8489	.8731	4.576E-02
	Virginia	146	2.6438	.8768	7.257E-02

15. I am uncertain about where my money is spent.

	Other states	Virginia	
SA	9	4	13
	2.5%	2.7%	2.5%
A	34	21	55
	9.3%	14.4%	10.8%
D	160	65	225
	43.8%	44.5%	44.0%
SD	162	56	218
	44.4%	38.4%	42.7%
Total	365	146	511
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V15	Other states	365	3.3014	.7391	3.869E-02
	Virginia	146	3.1849	.7791	6.448E-02

16. Purchasing things is very important to my happiness.

	Other states	Virginia	
SA	24	13	37
	6.6%	9.0%	7.3%
A	109	49	158
	29.9%	33.8%	31.0%
D	166	68	234
	45.6%	46.9%	46.0%
SD	65	15	80
	17.9%	10.3%	15.7%
Total	364	145	509
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V16	Other states	364	2.7473	.8245	4.321E-02
	Virginia	145	2.5862	.7957	6.608E-02

17. I know how to compare different company benefits (e.g., insurance or retirement plans).

	Other states	Virginia	
SA	30	7	37
	8.2%	4.8%	7.2%
A	84	42	126
	23.0%	28.8%	24.7%
D	171	66	237
	46.8%	45.2%	46.4%
SD	80	31	111
	21.9%	21.2%	21.7%
Total	365	146	511
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V17	Other states	365	2.8247	.8657	4.531E-02
	Virginia	146	2.8288	.8167	6.759E-02

18. I am scared of credit and credit cards.

	Other states	Virginia	
SA	13	6	19
	3.6%	4.1%	3.7%
A	40	13	53
	10.9%	8.9%	10.4%
D	149	72	221
	40.7%	49.3%	43.2%
SD	164	55	219
	44.8%	37.7%	42.8%
Total	366	146	512
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V18	Other states	366	3.2678	.7934	4.147E-02
	Virginia	146	3.2055	.7694	6.368E-02

19. I feel capable of handling my financial future (e.g., buying insurance or investments).

	Other states	Virginia	
SA	89	33	122
	24.3%	22.6%	23.8%
A	186	71	257
	50.8%	48.6%	50.2%
D	77	36	113
	21.0%	24.7%	22.1%
SD	14	6	20
	3.8%	4.1%	3.9%
Total	366	146	512
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V19	Other states	366	2.0437	.7787	4.070E-02
	Virginia	146	2.1027	.7942	6.573E-02

20. I have a financial plan for my future.

	Other states	Virginia	
SA	56	15	71
	15.3%	10.3%	13.8%
A	149	65	214
	40.6%	44.5%	41.7%
D	135	57	192
	36.8%	39.0%	37.4%
SD	27	9	36
	7.4%	6.2%	7.0%
Total	367	146	513
	100.0%	100.0%	100.0%

	STATE	N	Mean	Std. Deviation	Std. Error Mean
V20	Other states	367	2.3624	.8278	4.321E-02
	Virginia	146	2.4110	.7581	6.274E-02

Respond to QUESTIONS 21 - 24 using the scale 1= YES or 2 = NO

While in college, have you:

21. had a credit card company revoke, or suspend, the use of your credit card?

	Other states	Virginia	
Yes	25	11	36
	6.9%	7.6%	7.1%
No	338	134	472
	93.1%	92.4%	92.9%
Total	363	145	508
	100.0%	100.0%	100.0%

22. consulted with a debt-counseling agency for assistance on handling your bills?

	Other states	Virginia	
Yes	5	2	7
	1.4%	1.4%	1.4%
No	359	143	502
	98.6%	98.6%	98.6%
Total	364	145	509
	100.0%	100.0%	100.0%

23. taken a course or workshop on personal financial management?

	Other states	Virginia	
Yes	66	37	103
	18.1%	25.5%	20.2%
No	298	108	406
	81.9%	74.5%	79.8%
Total	364	145	509
	100.0%	100.0%	100.0%

24. reviewed your credit bureau file or credit report?

	Other states	Virginia	
Yes	81	26	107
	22.2%	18.1%	21.0%
No	284	118	402
	77.8%	81.9%	79.0%
Total	365	144	509
	100.0%	100.0%	100.0%

Respond to QUESTIONS 25 - 27 using the scale 1= YES or 2 = NO

To pay your education and living expenses, have you or your parents used:

25. your own or family resources (savings, full- or part-time employment)?

	Other states	Virginia	
Yes	331	134	465
	92.5%	94.4%	93.0%
No	27	8	35
	7.5%	5.6%	7.0%
Total	358	142	500
	100.0%	100.0%	100.0%

26. aid which need not be repaid (e.g., grants, scholarships, work-study, government aid)?

	Other states	Virginia	
Yes	251	88	339
	70.5%	62.0%	68.1%
No	105	54	159
	29.5%	38.0%	31.9%
Total	356	142	498
	100.0%	100.0%	100.0%

27. aid which must be repaid (e.g., federal, state, or other loans)?

	Other states	Virginia	
Yes	156	83	239
	43.9%	58.5%	48.1%
No	199	59	258
	56.1%	41.5%	51.9%
Total	355	142	497
	100.0%	100.0%	100.0%

Respond to QUESTIONS 28 - 33 using the scale
1 = OFTEN 2 = SOMETIMES 3 = SELDOM 4 = NEVER

28. My parents, family or friends help "bail me out" with large credit card balances.

	Other states	Virginia	
Often	10	6	16
	2.8%	4.2%	3.2%
Sometimes	54	10	64
	15.2%	7.0%	12.9%
Seldom	60	28	88
	16.9%	19.7%	17.7%
Never	231	98	329
	65.1%	69.0%	66.2%
Total	355	142	497
	100.0%	100.0%	100.0%

29. I compare my receipts for credit card purchases to my monthly credit card bill(s).

	Other states	Virginia	
Often	130	40	170
	36.6%	29.0%	34.5%
Sometimes	93	36	129
	26.2%	26.1%	26.2%
Seldom	55	30	85
	15.5%	21.7%	17.2%
Never	77	32	109
	21.7%	23.2%	22.1%
Total	355	138	493
	100.0%	100.0%	100.0%

30. I miss classes to handle financial problems or work extra hours to meet bills and expenses.

	Other states	Virginia	
Often	6	6	12
	1.7%	4.2%	2.4%
Sometimes	39	16	55
	10.9%	11.3%	11.0%
Seldom	44	15	59
	12.3%	10.6%	11.8%
Never	268	105	373
	75.1%	73.9%	74.7%
Total	357	142	499
	100.0%	100.0%	100.0%

31. I keep all credit card charge receipts until after the monthly bill arrives.

	Other states	Virginia	
Often	186	66	252
	52.8%	48.2%	51.5%
Sometimes	50	24	74
	14.2%	17.5%	15.1%
Seldom	45	23	68
	12.8%	16.8%	13.9%
Never	71	24	95
	20.2%	17.5%	19.4%
Total	352	137	489
	100.0%	100.0%	100.0%

32. I leave my credit card at home so I will not be tempted to use it.

	Other states	Virginia	
Often	28	9	37
	8.0%	6.6%	7.6%
Sometimes	66	18	84
	18.8%	13.2%	17.2%
Seldom	36	29	65
	10.2%	21.3%	13.3%
Never	222	80	302
	63.1%	58.8%	61.9%
Total	352	136	488
	100.0%	100.0%	100.0%

33. I get a cash advance on my credit card(s).

	Other states	Virginia	
Often	11	2	13
	3.1%	1.5%	2.7%
Sometimes	41	15	56
	11.6%	11.0%	11.4%
Seldom	61	16	77
	17.2%	11.8%	15.7%
Never	241	103	344
	68.1%	75.7%	70.2%
Total	354	136	490
	100.0%	100.0%	100.0%

Respond to QUESTIONS 34 - 38 using the scale 1 = TRUE or 2 = FALSE

34. If a credit card account has a balance carried over from the previous month, interest charges usually begin on a new purchase after a two-week grace period.

	Other states	Virginia	
True	106	48	154
	30.6%	34.3%	31.7%
False	240	92	332
	69.4%	65.7%	68.3%
Total	346	140	486
	100.0%	100.0%	100.0%

35. The best indicator of the cost of a loan is the annual percentage rate.

	Other states	Virginia	
True	227	89	316
	65.6%	63.6%	65.0%
False	119	51	170
	34.4%	36.4%	35.0%
Total	346	140	486
	100.0%	100.0%	100.0%

36. State government sets the interest rate charged on major credit cards, like Visa.

	Other states	Virginia	
True	44	21	65
	12.7%	14.9%	13.3%
False	302	120	422
	87.3%	85.1%	86.7%
Total	346	141	487

	100.0%	100.0%	100.0%

37. Employers may check a potential employee's credit report during the hiring process.

	Other states	Virginia	
True	219	99	318
	62.9%	71.2%	65.3%
False	129	40	169
	37.1%	28.8%	34.7%
Total	348	139	487
	100.0%	100.0%	100.0%

38. It would take 12 years to repay a $2,000 balance on a credit card that charges 18% interest by making the minimum monthly payment of 3% and no additional charges.

	Other states	Virginia	
True	226	110	336
	67.5%	79.7%	71.0%
False	109	28	137
	32.5%	20.3%	29.0%
Total	335	138	473
	100.0%	100.0%	100.0%

Respond to QUESTIONS 39 - 48 using the applicable scale.

39. What is your gender? 1 = male; 2 = female

	Other states	Virginia	
Male	239	73	312
	67.5%	51.8%	63.0%
Female	115	68	183
	32.5%	48.2%	37.0%
Total	354	141	495
	100.0%	100.0%	100.0%

40. What is your marital status?

	Other states	Virginia	
Never married	298	132	430
	84.2%	93.0%	86.7%
Married	46	5	51
	13.0%	3.5%	10.3%
Other	10	5	15
	2.8%	3.5%	3.0%
Total	354	142	496
	100.0%	100.0%	100.0%

41. Do you have children for whom you are financially responsible?

	Other states	Virginia	
Yes	20	2	22
	5.7%	1.4%	4.4%
No	333	140	473
	94.3%	98.6%	95.6%
Total	353	142	495
	100.0%	100.0%	100.0%

42. Are you a 1 = full-time student, 2 = part-time student, or 3 = special status student?

	Other states	Virginia	
Full-time student	334	141	475
	95.2%	99.3%	96.3%
Part-time student	13	1	14
	3.7%	.7%	2.8%
Special status student	4		4
	1.1%		.8%
Total	351	142	493
	100.0%	100.0%	100.0%

43. What is your racial/ethnic background?

	Other states	Virginia	
African American/Black	14	5	19
	4.0%	3.5%	3.9%
Asian American	53	11	64
	15.3%	7.7%	13.1%
Hispanic	19	1	20
	5.5%	.7%	4.1%
Native American		1	1
		.7%	.2%
White/Caucasian	223	120	343
	64.3%	84.5%	70.1%
International Student	38	4	42
	11.0%	2.8%	8.6%
Total	347	142	489
	100.0%	100.0%	100.0%

44. Are you a (n) 1 = undergraduate, 2 = graduate, or 3 = special status student?

	Other states	Virginia	
Undergraduate	241	139	380
	68.5%	97.9%	76.9%
Graduate	108	3	111
	30.7%	2.1%	22.5%
Special status student	3		3
	.9%		.6%
Total	352	142	494
	100.0%	100.0%	100.0%

45. Are you an 1= in-state student; 2 = out-of-state student; or 3 = international student?

	Other states	Virginia	Total
In-state student	230	100	330
	65.5%	70.4%	66.9%
Out-of-state student	68	39	107
	19.4%	27.5%	21.7%
International student	53	3	56
	15.1%	2.1%	11.4%
Total	351	142	493
	100.0%	100.0%	100.0%

46. Are you a member of a "Greek" social or service sorority or fraternity?

	Other States	Virginia	Total
Yes	72	27	99
	20.5%	19.0%	20.0%
No	280	115	395
	79.5%	81.0%	80.0%
Total	352	142	494
	100.0%	100.0%	100.0%

47. What is your best estimate of your parents' total income, before taxes, in 1998?

	Other states	Virginia	
Less than $25,000	38	6	44
	10.8%	4.3%	8.9%
$25,000 - $39,999	26	10	36
	7.4%	7.1%	7.3%
$40,000 - $59,999	51	15	66
	14.5%	10.7%	13.4%
$60,000 - $79,999	54	22	76
	15.3%	15.7%	15.4%
$80,000 - $99,999	38	32	70
	10.8%	22.9%	14.2%
$100,000 - $149,999	38	18	56
	10.8%	12.9%	11.4%
$150,000 - $199,999	22	15	37
	6.3%	10.7%	7.5%
$200,000 or more	13	5	18
	3.7%	3.6%	3.7%
Don't know	31	13	44
	8.8%	9.3%	8.9%
N/A - I am financially independent of my parents.	41	4	45
	11.6%	2.9%	9.1%
Total	352	140	492
	100.0%	100.0%	100.0%

48. Which category best represents your field of study?

	Other states	Virginia	
Arts & Humanities	5		5
	1.4%		1.0%
Biological or Physical Sciences	13	4	17
	3.7%	2.8%	3.4%
Business	70	25	95
	19.8%	17.6%	19.2%
Education	4	4	8
	1.1%	2.8%	1.6%
Engineering	242	81	323
	68.4%	57.0%	65.1%
Professional Studies	7	16	23
	2.0%	11.3%	4.6%
Social Sciences	8	7	15
	2.3%	4.9%	3.0%
Other fields	5	5	10
	1.4%	3.5%	2.0%
Total	354	142	496
	100.0%	100.0%	100.0%

FEDERAL TRADE COMMISSION INFORMATION (WEBSITE)

http://www.ftc.gov/bcp/menu-credit.htm

CONSUMER PROTECTION

Consumer Education

66 Ways to Save Money
Ads Promising Debt Relief May Be Offering Bankruptcy Alert
Advance-Fee Loan Scams Campaign
Automatic Debit Scams
Avoiding Credit and Charge Card Fraud
Building a Better Credit Record
Choosing and Using Credit Cards
Cosigning a Loan
Credit and ATM Cards: What To Do If They're Lost or Stolen
Credit and Divorce
Credit and Your Consumer Rights
Credit Card Blocking
Credit Card Loss Protection Offers: They're the Real Steal
Credit Repair: Getting Back in the Black Campaign
Credit Repair: Help Yourself First Alert
Credit Repair: Self-Help May Be Best
Credit Rules Bookmark
Credit Scoring
Easy Credit? Not So Fast. The Truth About Advance Fee Loan Scams
Electronic Banking
Equal Credit Opportunity
Fair Credit Billing
Fair Credit Reporting
Fair Credit Reporting Act, as amended Campaign
Fair Debt Collection
Fiscal Fitness: Choosing a Credit Counselor
Getting a Loan: Your Home as Security
Getting Credit When You're Over 62
Getting Purse-onal Alert
Gold and Platinum Cards
Guide to Online Payments
High-Rate, High-Fee Loans (Section 32 Mortgages)
Home Equity Credit Lines
Home Equity Scams: Borrowers Beware!
Home Financing Primer
How To Dispute Credit Report Errors
Identity Crisis... What to Do If Your Identity Is Stolen Alert
Identity Theft: Identity Thieves Can Ruin Your Good Name
ID Theft Consumer Education Campaign
ID Theft: When Bad Things Happen To Your Good Name
Just When You Thought It Was Safe... Adv. Fee Loan "Sharks" Alert
Knee Deep in Debt
Looking for the Best Mortgage?
Mortgage Discrimination

Mortgage Servicing
NCPWeek-ly: Credit Fraud - Know the Rules, Use the Tools
Need a Loan? Think Twice About Using Your Home as Collateral Alert
Negative Credit Can Squeeze a Job Search
New ID? Bad IDea: File Segregation Exposed
Now Consumers Can Tell It to the FTC - Toll-Free Alert
Refinancing Your Home
Reverse Mortgages
Second Mortgage Financing
Secured Credit Card Marketing Scams
The Credit Practices Rule
Using Ads To Shop for Home Financing
Utility Credit
Year 2000 Consumer Update: Banking
Y2K? Y 2 Care: Preparing Your Personal Finances for the Year 2000 Alert
Y2K? Y 2 Care: Protecting Your Finances from Y2K Scam Artists Alert

En Español

Cobro Justo de Deudas
Fair Debt Collection
Co-Firmando un Préstamo
Cosigning a Loan
Propaganda Prometedora el Alivio de Duedas Puede Estar Ofreciendo la Quiebra
Advertisements Promising Debt Relief May Be Offering Bankruptcy

Business Education

Advertising Consumer Leases
Consumer Reports: What Insurers Should Know About Them
Complying with the Credit Practices Rule
Credit Reports: What Information Providers Need To Know
Fair Credit Reporting Act, Campaign as amended
Getting Business Credit Alert
How to Advertise Consumer Credit: Complying with the Law
How to Write Readable Credit Forms
Using Consumer Reports: What Employers Need To Know
Y2K? Y 2 Care: 7 Steps to A Successful Transition For Consumer Financial Service Providers Alert

Rules and Acts

Consumer Leasing Act
Credit Repair Organizations Act
Electronic Fund Transfer Act
Equal Credit Opportunity Act
Fair Credit and Charge Card Disclosure Act
Fair Credit Billing Act
Fair Credit Reporting Act - Home Page
Fair Credit Reporting Act (FCRA), as amended (11/99)
Fair Debt Collection Practices Act - Home Page
Fair Debt Collection Practices Act (FDCPA), as amended
Federal Deposit Insurance Corporation Improvement Act of 1991

Home Ownership and Equity Protection Act
Identity Theft and Assumption Deterrence Act
Notices of Rights and Duties under the FCRA (July 1, 1997)
Information about the Opt-Out Provisions of the FCRA
Truth in Lending Act

Staff Comments and Letters

FCRA Staff Opinion Letters
FDCPA Staff Opinion Letters
FDCPA Annual Report To Congress (March 19, 1999)

§ 22.1-253.13:1

(Effective until July 1, 2000) Standard 1. Basic skills, selected programs, and instructional personnel

A. The General Assembly and the Board of Education believe that the fundamental goal of the public schools of this Commonwealth must be to enable each student to develop the skills that are necessary for success in school and preparation for life, and find that the quality of education is dependent upon the provision of the appropriate working environment, benefits, and salaries necessary to ensure the availability of high quality instructional personnel and adequate commitment of other resources.

B. The Board of Education shall establish educational objectives to implement the development of the skills that are necessary for success in school and for preparation for life in the years beyond. The current educational objectives, known as the Standards of Learning, shall not be construed to be regulations as defined in § 9-6.14:4; however, the Board of Education may, from time to time, revise these educational objectives to maintain academic rigor. In order to provide appropriate opportunity for input from the general public, teachers, and local school boards, the Board of Education shall conduct public hearings prior to establishing new educational objectives. Thirty days prior to conducting such hearings, the Board shall give written notice by mail of the date, time, and place of the hearings to all local school boards and any other persons requesting to be notified of the hearings and publish notice of its intention to revise these educational objectives in the Virginia Register of Regulations. Interested parties shall be given reasonable opportunity to be heard and present information prior to final adoption of any revisions of these educational objectives.

The Board shall seek to ensure that any revised educational objectives are consistent with the world's highest educational standards. These objectives shall include, but not be limited to, basic skills of communication, computation and critical reasoning including problem solving and decision making and the skills to manage personal finances and to make sound financial decisions, and the development of personal qualities such as self-esteem, sociability, self-management, integrity, and honesty.

With such funds as are made available for this purpose, the Board shall regularly review and revise the competencies for vocational education programs to require the full integration of English, mathematics, science and social studies Standards of Learning. Occupational vocational programs shall be aligned with industry and professional standard certifications, where they exist.

The Standards of Learning in all subject areas shall be subject to regular review and revision to maintain rigor and to reflect a balance between content knowledge and the application of knowledge in preparation for eventual employment and lifelong learning.
School boards shall implement these objectives or objectives specifically designed for their school divisions that are equivalent to or exceed the Board's requirements. Students shall be expected to achieve the educational objectives utilized by the school division at appropriate age or grade levels.

With such funds as are available for this purpose, the Board of Education may prescribe assessment methods to determine the level of achievement of these objectives by all students. Such assessments shall evaluate knowledge, application of knowledge, critical thinking, and skills related to the Standards of Learning being assessed. The Board, with the assistance of independent testing experts, shall conduct a regular analysis and validation process for these assessments.

By July 1, 1999, the Board shall develop and approve objectives for mathematics, at the middle and high school levels, for personal living and finances, which shall focus on money management skills for individuals and families. The personal living and finances objectives shall require instruction in those skills necessary to handle personal business and finances and shall include, but need not be limited to, the following: opening a bank account and how to judge the quality of a bank's services; balancing a checkbook; completing a loan application; the implications of an inheritance; the basics of personal insurance policies; consumer rights and responsibilities; dealing with salesmen and merchants; debt management, including retail and credit card debt; state and federal tax computation; local tax assessments; computation of interest rates by various mechanisms; understanding simple contracts; and how to contest an incorrect bill. These personal living and finances objectives shall not be required to be included in the Board's Standards of Learning, and shall be developed in a manner to ensure that instruction in the Standards of Learning shall not be de-emphasized. The Board shall not be required to evaluate student achievement concerning such objectives in the Standards of Learning Assessment Tests required by § 22.1-253.13:3.

C. Local school boards shall develop and implement a program of instruction for grades K through 12 which emphasizes reading, writing, speaking, mathematical concepts and computations, technological proficiency, and scientific concepts and processes; essential skills and concepts of citizenship, including knowledge of history, economics, government, foreign languages, international cultures, health and physical education, environmental issues and geography necessary for responsible participation in American society and in the international community; fine arts, which may include, but need not be limited to, music and art, and practical arts; knowledge and skills needed to qualify for further education and employment or, in the case of some handicapped children, to qualify for appropriate training; and development of the ability to apply such skills and knowledge in preparation for eventual employment and lifelong learning. School boards shall strive to employ licensed instructional personnel qualified in the relevant subject areas, including qualified teachers, licensed through the Board of Education's provisional licensure procedures, who have professional expertise in the relevant subject areas.

Local school boards shall also develop and implement programs of prevention, intervention, or remediation for students who are educationally at risk including, but not limited to, those whose scores are in the bottom national quartile on Virginia State Assessment Program Tests, who do not pass the literacy tests prescribed by the Board of Education, or who fail to achieve a passing score on any Standards of Learning assessment in grades three, five, and eight. Such programs may include summer school for all elementary and middle school grades and for all high school academic courses, as defined by regulations promulgated by the Board of Education, or other forms of remediation. Division superintendents shall require such students to take special programs of prevention, intervention, or remediation which may include attendance in public summer school programs, in accordance with clause (ii) of subsection A of § 22.1-254 and § 22.1-254.01. The requirement for remediation may, however, be satisfied by the student's attendance in a program of prevention, intervention or remediation which has been selected by his parent and is either (i) conducted by an accredited private school or (ii) a special program which has been determined to be comparable to the required public school remediation program by the division superintendent. The costs of such private school remediation program or other special remediation program shall be borne by the student's parent. Students required to attend such summer school programs or to participate in another form of remediation shall not be charged tuition by the local school division. Based on the number of students attending and the Commonwealth's share of the per pupil costs, additional state funds shall be provided for summer and other remediation programs as set forth in the appropriation act. Any student who does not pass the literacy tests or all Standards of Learning assessments in grades three, five, and eight shall be required to attend a summer school program or participate in another form of remediation. Such summer school program or other form of remediation shall be chosen by the school division to be appropriate to the academic needs of the student. State funds shall be provided, as set forth in the appropriation act, for the attendance in remediation programs conducted by local school divisions for those students who do not pass the literacy tests beginning with the 1997-1998 fiscal year and for students who do not pass all Standards of Learning assessments in grades three, five, and eight beginning with the 1998-1999 fiscal year.

To ensure consistency in program quality, each school board may establish a remediation program standards committee which may include, but need not be limited to, the superintendent or his designee, a teacher, a parent, and one representative of the community at large. The remediation program standards committee shall recommend the program components for the remediation programs and shall evaluate the success of the programs. Such program components may include transition mechanisms for children to ensure the smooth movement between remediation programs and regular programs, pupileacher ratios, objectives, and time, site, and duration of the various programs.

Such remediation programs shall include, when applicable, a procedure for early identification of students who are at risk of failure of the literacy tests or the Standards of Learning assessments in grades three, five, and eight. The identified students shall be provided appropriate remediation activities.

The Board of Education shall establish standards for full funding of summer remedial programs which shall include, but not be limited to, the minimum number of instructional hours or the equivalent thereof required for full funding and an assessment system designed to evaluate program effectiveness. Based on the number of students attending and the Commonwealth's share of the per pupil instructional costs, state funds shall be provided for the full cost of summer and other remediation programs as set forth in the appropriation act, provided such programs comply with such standards as shall be established by the Board, pursuant to § 22.1-199.2.

D. Local school boards shall also implement the following:

1. Programs in grades K through 3 which emphasize developmentally appropriate learning to enhance success.

2. Programs based on prevention, intervention, or retrieval designed to increase the number of students who earn a high school diploma or general education development (GED) certificate. As provided in the appropriation act, state funding, in addition to basic aid, shall be allocated to support programs grounded in sound educational policy to reduce the number of students who drop out of school. From such funds as may be

appropriated for this purpose, sufficient funds shall be provided to hold all local school divisions harmless by providing no-loss funding which maintains the level of each school division's funding as allocated for drop-out prevention programs on July 1, 1996, if the level of funding for such school division's drop-out prevention programs would be less than its level of funding for such programs in fiscal year 1995. Effective on and after July 1, 1996, the Board of Education shall develop and implement a funding mechanism to ensure that no school board is penalized in its state funding for drop-out prevention programs for reducing the drop-out rate in its school division.

3. Career education programs infused into the K through 12 curricula that promote knowledge of careers and all types of employment opportunities including, but not limited to, apprenticeships, the military, career education schools, and the teaching profession, and emphasize the advantages of completing school with marketable skills. School boards may include career exploration opportunities in the middle school grades.

4. Competency-based vocational education programs, which integrate academic outcomes, career guidance and job-seeking skills for all secondary students including those identified as handicapped that reflect employment opportunities, labor market needs, applied basic skills, job-seeking skills, and career guidance. Career guidance shall include employment counseling designed to furnish information on available employment opportunities to all students, including those identified as handicapped, and placement services for students exiting school. Each school board shall develop and implement a plan to ensure compliance with the provisions of this subsection.

5. Academic and vocational preparation for students who plan to continue their education beyond secondary school or who plan to enter employment.

6. Early identification of handicapped students and enrollment of such students in appropriate instructional programs consistent with state and federal law.

7. Early identification of gifted students and enrollment of such students in appropriately differentiated instructional programs.

8. Educational alternatives for students whose needs are not met in programs prescribed elsewhere in these standards. Such students shall be counted in average daily membership (ADM) in accordance with the regulations of the Board of Education.

9. Adult education programs for individuals functioning below the high school completion level. Such programs may be conducted by the school board as the primary agency or through a collaborative arrangement between the school board and other agencies.

10. A plan to make achievements for students who are educationally at risk a division-wide priority which shall include procedures for measuring the progress of such students.

11. A plan to notify students and their parents of the availability of advanced placement classes, the International Baccalaureate program, and Academic Year Governor's School Programs, the qualifications for enrolling in such classes and programs, and the availability of financial assistance to low-income and needy students to take the advanced placement and International Baccalaureate examinations.

E. Each local school board shall employ with state and local basic, special education, gifted, and vocational education funds a minimum number of licensed, full-time equivalent instructional personnel for each 1,000 students in average daily membership (ADM) as set forth in the appropriation act. Calculations of kindergarten positions shall be based on full-day kindergarten programs. Beginning with the March 31 report of average daily membership, those school divisions offering half-day kindergarten shall adjust their average daily membership for kindergarten to reflect eighty-five percent of the total kindergarten average daily memberships, as provided in the appropriation act.

F. In addition to the positions supported by basic aid and in support of regular school year remedial programs, state funding, pursuant to the appropriation act, shall be provided to fund certain full-time equivalent instructional positions for each 1,000 students in grades K through 12 estimated to score in the bottom national quartile on Virginia State Assessment Program Tests and those who fail the literacy tests or Standards of Learning assessments for grades three, five, and eight prescribed by the Board. State funding for remedial programs provided pursuant to this subsection and the appropriation act may be used to support programs for educationally at-risk students as identified by the local school boards. The Board of Education shall establish criteria for identification of educationally at-risk students, which shall not be construed to be regulations as defined in § 9-6.14:4; however, the Board of Education may, from time to time, revise these identification criteria. In order to provide appropriate opportunity for input from the general public, teachers, and local school boards, the Board of Education shall conduct public hearings prior to establishing or revising such identification criteria. Thirty days prior to conducting such hearings, the Board shall give written notice by mail of the date, time, and place of the hearings to all local school boards and any other persons requesting to be notified of the hearings and publish notice of its intention to establish or revise such identification criteria in the Virginia Register of Regulations. Interested parties shall be given reasonable opportunity to be heard and present information prior to final adoption of any such identification criteria or revisions thereto.
G. Licensed instructional personnel shall be assigned by each school board in a manner that produces division-wide ratios of students in average daily membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, counselors, and librarians, that are not greater than the following ratios: (i) twenty-five to one in kindergarten with no class being larger than thirty students; if the average daily membership in any kindergarten class exceeds twenty-five pupils, a full-time teacher's aide shall be assigned to the class; (ii) twenty-four to one in grade one with no class being larger than thirty students; (iii) twenty-five to one in grades two and three with no class being larger than thirty students; (iv) twenty-five to one in grades four through six with no class being larger than thirty-five students; and (v) twenty-four to one in English classes in grades six through twelve.

Further, pursuant to the appropriation act, school boards may implement in kindergarten through third grade, within certain schools, lower ratios of students in average daily membership to full-time equivalent teaching positions by assigning instructional personnel in a manner that produces ratios of students in average daily membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, counselors, and librarians, as follows: (i) in schools having high concentrations of at-risk students, eighteen to one and (ii) in schools having moderate concentrations of at-risk students, twenty to one. For the purposes of this subsection, "schools having high concentrations of at-risk students" and "schools having moderate concentrations of at-risk students" shall be as defined in the appropriation act.

In addition, instructional personnel shall be assigned by each school board in a manner that produces school-wide ratios of students in average daily memberships to full-time equivalent teaching positions of twenty-five to one in middle schools and high schools.

School boards shall, however, annually, on or before January 1, report to the public the actual pupil-teacher ratios in elementary school classrooms by school for the current school year. Such actual ratios shall include only the teachers who teach the grade and class on a full-time basis and shall exclude resource personnel. School boards shall report pupil-teacher ratios which include resource teachers in the same annual report. Any classes funded through the voluntary kindergarten through third grade at-risk student/lower ratio program shall be identified as such classes. Any classes having waivers to exceed the requirements of this subsection shall also be identified. Schools shall be identified; however, the data shall be compiled in a manner to ensure the confidentiality of all teacher and pupil identities.

H. Students enrolled in a public school on a less than full-time basis shall be counted in average daily membership (ADM) in the relevant school division. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home instruction pursuant to § 22.1-254.1, and who are enrolled in public school on a less than full-time basis in any mathematics, science, English, history, social science, vocational education, fine arts, foreign language, or health education or physical education course shall be counted in the average daily membership (ADM) in the relevant school division on a pro rata basis as provided in the appropriation act. However, no such nonpublic or home school student shall be counted as more than one-half a student for purposes of such pro rata calculation. Such calculation shall not include enrollments of such students in any other public school courses.

Objectives for Personal Living and Finances

Developed as directed by the *Code of Virginia* §22.1-253.13:1.B
and
correlated with the
Mathematics Standards of Learning
for Virginia Public Schools

Virginia Board of Education
1999

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Prepared by the
Virginia Department of Education

Virginia Board of Education
1999

Acknowledgments

The principal investigators of this project were Maureen Hijar, Specialist, Mathematics, and Anne Rowe, Specialist, Business Program, Virginia Department of Education. They are grateful for the assistance of Margaret L. Watson, Director, and Mary Grattan, Writer-Editor, Virginia Vocational Curriculum and Resource Center. Dr. Margaret N. Roberts, Policy Analyst, Virginia Department of Education, provided insight and counsel in the process of conducting and producing this project.

Appreciation is extended also to the following mathematics teachers in Virginia: David Van Vleet, Annandale High School, Fairfax County; Sandra Connor, Park View Middle School, Mecklenburg County; Judy Newhouse, Instructional Support Team, Prince William County; Janece Bibby, John Marshall High School, Richmond City; and Jane Williams, Moody Middle School, Henrico County.

The principal investigators also acknowledge with grateful appreciation Dr. Jo Lynne DeMary, Assistant Superintendent for Instruction; Dr. Patricia I. Wright, Director, Office of Secondary Education; and Dr. Neils W. Brooks, Director, and James A. Gray, Jr., Associate Director, Office of Vocational and Adult Education Services, Virginia Department of Education, for their supervision of the development of this study and final report.

Table of Contents

Introduction

The Purpose

In accordance with a mandate from the General Assembly of Virginia, this document presents to Virginia teachers a list of personal living and finances objectives to be incorporated in middle and high school mathematics classes for the purpose of teaching students “the skills to manage personal finances and to make sound financial decisions.” To further assist the classroom teacher, this document correlates the personal living and finances objectives with the Virginia Mathematics Standards of Learning and with the Virginia vocational-technical course competencies.

The Background

On April 22, 1998, the General Assembly of Virginia approved SB527, a bill that directed the Virginia Board of Education to “develop and approve objectives for mathematics, at the middle and high school levels, for personal living and finances, which shall focus on money management skills for individuals and families.”

The *Code of Virginia* §22.1-253.13:1.B specifies:

- By July 1, 1999, the Board shall develop and approve objectives for mathematics, at the middle and high school levels, for personal living and finances

- the personal living and finances objectives shall require instruction in those skills necessary to handle personal business and finances and shall include, but need not be limited to
  - opening a bank account and how to judge the quality of a bank’s service
  - balancing a check book
  - completing a loan application
  - the implications of an inheritance
  - the basics of personal insurance policies
  - consumer rights and responsibilities
  - dealing with salesmen and merchants
  - debt management, including retail and credit card debt
  - state and federal tax computation
  - local tax assessments
  - computation of interest rates by various mechanisms
  - understanding simple contracts
  - how to contest an incorrect bill.

- the objectives shall not be required to be included in the Board’s Standards of Learning
- the objectives shall be developed in a manner to ensure that instruction in the Standards of Learning shall not be de-emphasized
- the Board shall not be required to evaluate student achievement concerning such objectives in the Standards of Learning Assessment Tests required by §22.1-253.13:3 of the *Code of Virginia*.

The full text from the *Code of Virginia* §22.1-253.13:1.B relating to the development of personal living and finances objectives is provided in Appendix A.

The Response

In response to this directive, the Virginia Department of Education developed a process for compliance. The Department called together a statewide panel of Virginia mathematics teachers to examine the list of objectives in light of the educational needs of Virginia students and in light of existing Virginia Mathematics Standards of Learning.

The Results

The results of this panel’s work are a list of personal living and finances objectives validated for Virginia students and a correlation of these objectives with the Virginia Mathematics Standards of Learning. The results are presented in this document.

This document also includes correlations of the personal living and finances objectives with existing Virginia vocational-technical courses that currently include the related content. One chart presents the correlation for grades 6-9 and the other, for grades 10-12. The information in these charts is intended to assist mathematics teachers and vocational-technical teachers who wish to work together in helping their students fulfill the personal living and finances objectives. The charts also are intended to identify existing courses that support and reinforce the attainment of the financial and personal living objectives.

Objectives for Personal Living and Finances

The chart on page five represents the Objectives for Personal Living and Finances that were validated by a panel of Virginia mathematics teachers on October 22, 1998. The Objectives are based on topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*. The mathematics teacher panel included additional objectives after examining personal living and finances materials from local, state, and national sources. A list of these resources appears in Appendix B.

Objectives for Personal Living and Finances

Validated by Panel of Virginia Mathematics Teachers
October 22, 1998

Approved by the Virginia Board of Education
April 28, 1999

These Objectives are based on topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*.

Compute and Understand Taxes

- Investigate the implications of an inheritance.
- Compute State and Federal taxes.
- Verify local tax assessments.

Prepare and Balance a Personal/Family Budget

- Judge the quality of a bank's services to open a bank account.
- Balance a check book.
- Investigate the basics of personal insurance policies.

Manage Debt, including Retail and Credit Card Debt

- Complete a loan application.
- Compute (simple and compound) interest rates by various mechanisms.

Examine and Compare Various Savings Options

- Compute (simple and compound) interest rates by various mechanisms.

Identify Consumer Rights and Responsibilities

- Communicate with salespersons and merchants.
- Analyze simple contracts.
- Contest an incorrect bill.

Objectives for Personal Living and Finances Correlated with Virginia Mathematics Standards of Learning

The table beginning on page nine lists the identified Objectives for Personal Living and Finances, the related Mathematics Standards of Learning (SOL), and examples (non-inclusive list). The examples are intended to clarify the content of the objectives and to help teachers begin developing topics for instruction. This table provides the correlation of the personal living and finances objectives with the appropriate Mathematics Standards of Learning. This correlation will help teachers strengthen SOL instruction without burdening the teachers with additional objectives. In many instances, personal living and finances objectives are applications of SOL content.

Objectives for Personal Living and Finances Correlated with Virginia Mathematics Standards of Learning

These Objectives address topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*.

Objective	Related Mathematics SOL	Examples (List not inclusive)
Compute and Understand Taxes	6.8, 7.5, 8.4, 8.13	• Self-employed/independent contractor taxes • Business taxes
Investigate the implications of an inheritance.	8.4	· State and federal taxes · Right of survivorship · Investment options
Compute state and federal taxes.	7.5, 8.18, A.2	· Income tax · Sales tax
Verify local tax assessments.	8.4	· Sales tax · Food tax · Real estate tax · Utility tax · Lodging tax · Personal property tax
Prepare and Balance a Personal/Family Budget	6.1, 6.7, 6.8, 6.18, 7.1, 7.5, 7.6, 7.19, 7.20, 7.21, 8.4, 8.13	· Estimation of income · Estimation of expenses · Construction of budget · Financial management techniques for living within the budget
Judge the quality of a bank's services to open a bank account.	6.1, 7.1, 7.5, 7.6, 7.7, 8.4, 8.13, 8.14	· Interest rates of savings accounts/certificates of deposit · Checking and other services · Savings options

Objective	Related Mathematics SOL	Examples (List not inclusive)
		· Penalties
Balance a check book.	6.6, 6.7, 7.5, 7.6, 8.4	· Reconciliation · Overdrafts
Investigate the basics of personal insurance policies.	8.4	· Automobile · Property · Health · Life · Disability
Manage debt, including retail and credit card debt.	6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.19, A.1, A.2	· Record-keeping system for credit purchases · Interest penalties · Late payment penalties · Debt payment plan
Complete a loan application.	***Note: Completing an application is outside the purview of the Virginia Mathematics Standards of Learning. However, the skill is addressed in at least three other Standards (English 10.4, English 11.4, and History/Social Science 7.9).***	· Automobile · Personal · Equity · Home
Compute [simple and compound] interest rates by various mechanisms.	6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.18, 8.19, A.1, A.2	· Simple interest calculation · Compound interest calculation · Manual vs. automated calculation alternatives
Examine and compare various savings options.	6.1, 6.6, 6.7, 7.5, 7.21, 8.4, 8.13, 8.19, A.4	· Stocks · Bonds · Real estate · Mutual funds · Retirement accounts · Passbook savings · Certificates of deposit
Compute [simple and compound] interest rates by various	6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.18, 8.19, A.1, A.2	· Simple interest calculation · Compound interest calculation

Objective	**Related Mathematics SOL**	**Examples (List not inclusive)**
mechanisms.		· Manual vs. automated calculation alternatives
Identify consumer rights and responsibilities.	6.8, 7.5, 8.4, A.4	· Receipts · Guarantees · Warranties · Purchase agreements · Discounts · Rebates · Statistics
Communicate with salespersons and merchants.	6.8, 7.5, 8.4	· Receipt verification · Mathematically-based sales techniques (e.g., discounts)
Analyze simple contracts.	6.8, 7.5, 8.4	· Loans · Employment contracts · Purchase agreements for products and services
Contest an incorrect bill.	6.8, 7.5, 8.4	· Receipt verification · Comparison to previous bills

Objectives for Personal Living and Finances Correlated with Virginia Mathematics Standards of Learning

(with complete text of Standards of Learning)

The table beginning on page 13 lists the Objectives for Personal Living and Finances and the complete text of related Mathematics Standards of Learning (SOL). This table provides the correlation of objectives with a particular SOL.

Objectives for Personal Living and Finances Correlated with Virginia Mathematics Standards of Learning (with complete text of Standards of Learning)

These Objectives address topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*.

Objectives for Personal Living and Finances	**Related Mathematics Standards of Learning**
· Judge the quality of a bank's services to open a bank account. · Examine and compare various savings options. · Manage debt, including retail and credit card debt. · Compute [simple and compound] interest rates by various mechanisms. · Prepare and balance a personal/family budget.	6.1 The student will identify representations of a given percent and describe orally and in writing the equivalence relationship between fractions, decimals, and percents.
· Examine and compare various savings options. • Balance a checkbook.	6.6 The student will · solve problems that involve addition, subtraction, and/or multiplication with fractions and mixed numbers, with and without regrouping, that include like and unlike denominators of 12 or less and express their answers in simplest form; and · find the quotient, given a dividend expressed as a decimal through thousandths and a divisor expressed as a decimal to thousandths with exactly one non-zero digit. For divisors with more than one non-zero digit, estimation and calculators will be used.
· Examine and compare various savings options • Balance a check book. · Manage debt, including retail and credit card debt. · Compute [simple and	6.7 The student will use estimation strategies to solve multistep practical problems involving whole numbers, decimals, and fractions.

Objectives for Personal Living and Finances	Related Mathematics Standards of Learning
compound] interest rates by various mechanisms. · Prepare and balance a personal/family budget.	
· Identify consumer rights and responsibilities. · Communicate with salespersons and merchants. · Manage debt, including retail and credit card debt. • Compute and understand taxes. · Compute [simple and compound] interest rates by various mechanisms. · Analyze simple contracts. · Contest an incorrect bill. · Prepare and balance a personal/family budget.	6.8 The student will solve multistep consumer application problems involving fractions and decimals and present data and conclusions in paragraphs, tables, or graphs.
· Prepare and balance a personal/family budget.	6.18 The student, given a problem situation, will collect, analyze, display, and interpret data in a variety of graphical methods, including line, bar, and circle graphs and stem-and-leaf and box-and-whisker plots. Circle graphs will be limited to halves, fourths, and eighths.
· Judge the quality of a bank's services to open a bank account. · Prepare and balance a personal/family budget.	7.1 The student will compare, order, and determine equivalent relationships between fractions, decimals, and percents, including scientific notation.
· Judge the quality of a bank's services to open a bank account. • Examine and compare various savings options. · Balance a check book. · Identify consumer rights and responsibilities. · Communicate with salespersons and merchants. · Manage debt, including retail and credit card debt.	7.5 The student will solve consumer application problems involving tips, discounts, sales tax, and simple interest, using whole numbers, fractions, decimals, and percents.

Objectives for Personal Living and Finances	**Related Mathematics Standards of Learning**
• Compute and understand taxes · Compute state and federal taxes. · Compute [simple and compound] interest rates by various mechanisms. · Analyze simple contracts. · Contest an incorrect bill. · Prepare and balance a personal/family budget.	
· Judge the quality of a bank's services to open a bank account. · Balance a check book. · Prepare and balance a personal/family budget.	7.6 The student will · solve practical problems involving basic operations with integers by formulating rules for operating with integers and using a number line to compute; and · explain the need for integers, using examples from real-life situations.
· Judge the quality of a bank's services to open a bank account. · Manage debt, including retail and credit card debt. · Compute [simple and compound] interest rates by various mechanisms.	7.7 The student will use proportions to solve practical problems, including scale drawings that contain whole numbers, fractions, decimals, and percents.
· Prepare and balance a personal/family budget.	7.19 The student will create and solve problems involving the mean, median, mode, and range of a set of data.
· Prepare and balance a personal/family budget.	7.20 The student will display data, using frequency distributions, line plots, stem-and-leaf plots, box-and-whisker plots, and scattergrams.
· Examine and compare various savings options. · Prepare and balance a personal/family budget.	7.21 The student will make inferences and predictions based on the analysis of a set of data that the student(s) collect.
· Judge the quality of a bank's services to open a bank account. • Examine and compare various savings options. · Balance a check book.	8.4 The student will solve practical problems involving whole numbers, integers, and rational numbers, including percents. Problems will be of varying complexities, involving real-life data.

Objectives for Personal Living and Finances	Related Mathematics Standards of Learning
· Investigate the implications of an inheritance. · Investigate the basics of personal insurance policies. · Identify consumer rights and responsibilities. · Examine consumer purchasing decisions. · Communicate with salespersons and merchants. · Manage debt, including retail and credit card debt. • Compute and understand taxes. · Verify local tax assessments. · Compute [simple and compound] interest rates by various mechanisms. · Analyze simple contracts. · Contest an incorrect bill. · Prepare and balance a personal/family budget.	
· Judge the quality of a bank's services to open a bank account. • Examine and compare various savings options. · Prepare and balance a personal/family budget. • Compute and understand taxes.	8.13 The student will use information displayed in line, bar, circle, and picture graphs and histograms to make comparisons, predictions, and inferences.
· Judge the quality of a bank’s services to open a bank account.	8.14 The student will use a matrix to organize and describe data.
· Compute state and federal taxes. · Compute [simple and compound] interest rates by various mechanisms.	8.18 The student will describe and represent relations using tables, graphs, and rules.
· Examine and compare various savings options. · Manage debt, including retail and credit card debt. · Compute [simple and	8.19 The student will create and solve problems using proportions, formulas, and functions.

Objectives for Personal Living and Finances	Related Mathematics Standards of Learning
compound] interest rates by various mechanisms.	
· Manage debt, including retail and credit card debt. · Compute [simple and compound] interest rates by various mechanisms.	A.1 The student will solve linear equations and inequalities in one variable, solve literal equations (formulas) for a given variable and apply these skills to solve practical problems. Graphing calculators will be used to confirm algebraic solutions.
· Manage debt, including retail and credit card debt. · Compute state and federal taxes. · Compute [simple and compound] interest rates by various mechanisms.	A.2 The student will represent verbal quantitative situations algebraically and evaluate these expressions for given replacement values of the variables. Students will choose an appropriate computational technique, such as mental mathematics, calculator, or paper and pencil.
· Examine and compare various savings options. • Identify consumer rights and responsibilities.	A.4 The student will use matrices to organize and manipulate data, including matrix addition, subtraction, and scalar multiplication. Data will arise from business, industrial, and consumer situations.

Objectives for Personal Living and Finances	**Other Standards of Learning**
Note: Completing an application is outside the purview of the Virginia Mathematics Standards of Learning. However, the skill is addressed in at least three other Standards, as follows:	
Complete a loan application.	English 10.4 The student will read and interpret printed consumer materials. · Identify essential information needed to operate specific tools, appliances, technology hardware, or other equipment. · Analyze the information contained in warranties, contracts, job descriptions, and technical descriptions. · Skim manuals or consumer texts to locate information. · Compare and contrast product information contained in advertisements with instruction manuals and warranties. · Apply the information contained in labels, warnings, manuals, directions, applications, and forms to complete simulated or real-world tasks.
Complete a loan application.	English 11.4 The student will read a variety of print material. · Use information from texts to clarify or refine understanding of academic concepts. · Read and follow directions to complete an application for college admission, a scholarship, or for employment. · Read and follow directions to complete a laboratory experiment. · Extend general and specialized vocabularies for reading and writing. · Generalize ideas from selections to make predictions about other texts.
Complete a loan application.	History/Social Science 7.9 The student will demonstrate an

Objectives for Personal Living and Finances	**Other Standards of Learning**
	understanding of the rights and responsibilities of citizens in America by · describing ways individuals participate in the political process, such as registering and voting, communicating with government officials, participating in political campaigns, serving on juries and in voluntary appointed positions; · describing and evaluating common forms of credit, savings, investments, purchases, contractual agreements, warranties, and guarantees; and · analyzing career opportunities, in terms of individual abilities, skills, and education, and the changing supply and demand for those skills in the economy.

Personal Living and Finances Objectives in Virginia Vocational-Technical Programs (Grades 6-9)

The personal living and finances objectives identified in this document are **reinforced and taught** in certain vocational-technical courses in **Grades 6 - 9**. Those courses are identified by course code in the chart beginning on page 23. Each code listed indicates a vocational-technical course in the program area listed at the top of the column. The objectives listed in the column on the left side of the chart are the personal living and finances objectives. The objectives address topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*. A complete list of vocational-technical courses, their course descriptions, and the competencies to be achieved and measured are available from the Virginia Department of Education.

The information in the following chart is provided to assist mathematics teachers and vocational-technical teachers who wish to work together to ensure that students fulfill the personal living and finances objectives. The chart also indicates where these objectives are already available to those students who enroll in certain vocational-technical courses of study.

Personal Living and Finances Objectives in Virginia Vocational-Technical Programs (Grades 6-9)

The personal living and finances objectives identified in this document are reinforced and taught in the vocational-technical courses indicated below. In the chart, objectives address topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*. The information in this chart is provided to assist mathematics teachers and vocational-technical teachers who wish to work together to ensure that students fulfill the personal living and finances objectives.

	VOCATIONAL PROGRAMS					
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connections**
	Course Codes					
Compute and Understand Taxes (6.8, 7.5, 8.4, 8.13)		6115	8115			
Investigate the implications of an inheritance. (8.4)						
Compute state and federal taxes. (7.5, 8.18, A.2)		6115	8115		8211/12 8214/19	
Verify local tax assessments. (8.4)					8214/19	
Prepare and balance a personal/family budget. (6.1, 6.7, 6.8, 6.18, 7.1, 7.5, 7.6, 7.19, 7.20, 7.21, 8.4, 8.13)	8072	6115	8115		8211/12	9075/76 9082/83

	VOCATIONAL PROGRAMS					
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connections**
	Course Codes					
Judge the quality of a bank's services to open a bank account. (6.1, 7.1, 7.5, 7.6, 7.7, 8.4, 8.13, 8.14)		6115	8115		8211/12	
Balance a check book. (6.6, 6.7, 7.5, 7.6, 8.4)		6115	8115			
Investigate the basics of personal insurance policies. (8.4)		6115	8115		8211/12	9077/84
Manage debt, including retail and credit card debt. (6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.19, A.1, A.2)					8211/12 8214/19	
Complete a loan applica-tion. (*Note: Completing an application is outside the purview of the Virginia Mathematics Standards of Learning. However, the skill is addressed in at least three other Standards —*		6115	8115		8214/19	

	VOCATIONAL PROGRAMS					
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connections**
	Course Codes					
English 10.4, English 11.4, and History/Social Science 7.9.)						
Compute [simple and compound] interest rates by various mechanisms. (6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.18, 8.19, A.1, A.2)		6115	8115			
Examine and compare various savings options. (6.1, 6.6, 6.7, 7.5, 7.21, 8.4, 8.13, 8.19, A.4)		6115	8115		8211/12 8214/19	
Compute [simple and compound] interest rates by various mechanisms. (6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.18, 8.19, A.1, A.2)		6115	8115			
Identify consumer rights and responsibilities. (6.8, 7.5, 8.4, A.4)		6115	8115		8214/19	
Communicate with sales-persons and						

	VOCATIONAL PROGRAMS					
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connections**
	Course Codes					
merchants. (6.8, 7.5, 8.4)						
Analyze simple contracts. (6.8, 7.5, 8.4)		6115	8115		8214/19	
Contest an incorrect bill. (6.8, 7.5, 8.4)		6115	8115			

Personal Living and Finances Objectives in Virginia Vocational-Technical Programs (Grades 10-12)

The personal living and finances objectives identified in this document also are **reinforced at a higher level of application** in certain vocational-technical courses in **Grades 10-12**. Those courses are identified by course code in the chart beginning on page 29. Each code listed indicates a vocational-technical course in the program area listed at the top of the column. The objectives listed in the column on the left side of the chart are the personal living and finances objectives. The objectives address topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*. A complete list of vocational-technical courses, their course descriptions, and the competencies to be achieved and measured are available from the Virginia Department of Education.

The information in the following chart is provided to assist mathematics teachers and vocational-technical teachers who wish to work together to ensure that students fulfill the personal living and finances objectives. The chart also indicates where those objectives are already available to those students who enroll in certain vocational-technical courses of study.

Personal Living and Finances Objectives in Virginia Vocational-Technical Programs (Grades 10-12)

The personal living and finances objectives identified in this document are reinforced at a higher level of application in the vocational-technical courses indicated below. In the chart, objectives address topics specifically cited in §22.1-253.13:1.B of the *Code of Virginia*. The information in this chart is provided to assist mathematics teachers and vocational-technical teachers who wish to work together to ensure that students fulfill the personal living and finances objectives.

	VOCATIONAL PROGRAMS						
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Health Occ.**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connec-tions**

	Course Codes						
Compute and Understand Taxes (6.8, 7.5, 8.4, 8.13)	8014 8022	6115 6120		8115 8120 8130		8293/94 8214 8219	
Investigate the implications of an inheritance. (8.4)	8014	6131					
Compute state and federal taxes. (7.5, 8.18, A.2)	8014 8022 8042	6115		8115 8120 8130	8901/02	8214/19	
Verify local tax assessments. (8.4)	8018 8042	6120				8214/19	
Prepare and balance a personal/family budget. (6.1, 6.7, 6.8, 6.18, 7.1, 7.5, 7.6, 7.19, 7.20, 7.21, 8.4, 8.13)	8014 8022 8042 8072	6115 6120	8332	8115	8901/02		
Judge the quality of a bank's services to open a bank account. (6.1, 7.1, 7.5, 7.6, 7.7, 8.4, 8.13, 8.14)	8024	6115 6120		8115	8901/02		
Balance a check book. (6.6, 6.7, 7.5, 7.6, 8.4)	8014 8022	6115 6120	8332	8115			
Investigate the basics of personal insurance policies. (8.4)	8014 8024 8042	6115 6120 6131	8328/29 8345/46	8115	8901/02		9077/84
Manage debt, including retail and credit card	8014	6120		8130	8901/02	8214/19	

	VOCATIONAL PROGRAMS						
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Health Occ.**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connec-tions**
	Course Codes						
debt. (6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.19, A.1, A.2)							
Complete a loan application. (*Note: Completing an application is outside the purview of the Virginia Mathematics Standards of Learning. However, the skill is addressed in at least three other Standards — English 10.4, English 11.4, and History/Social Science 7.9.)*	8014 8026 8042	6115 6120		8115		8214/19	
Compute [simple and compound] interest rates by various mechanisms. (6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.18, 8.19, A.1, A.2)	8014	6120		8120		8293/94 8214 8219	
Examine and compare various	8024	6115 6120		8115	8901/02	8211/12 8214/19	

	VOCATIONAL PROGRAMS						
PERSONAL LIVING AND FINANCES OBJECTIVES with MATHEMATICS STANDARDS OF LEARNING	**Agriculture**	**Business**	**Health Occ.**	**Marketing**	**Trade and Industrial**	**Work and Family Studies**	**Career Connec-tions**
	Course Codes						
savings options. (6.1, 6.6, 6.7, 7.5, 7.21, 8.4, 8.13, 8.19, A.4)							
Compute [simple and compound] interest rates by various mechanisms. (6.1, 6.7, 6.8, 7.5, 7.7, 8.4, 8.18, 8.19, A.1, A.2)	8014	6120		8120			
Identify consumer rights and responsibilities. (6.8, 7.5, 8.4, A.4)	8018 8022	6115 6120 6131	8331 8332 8360/62 8333/34	8115 8130		8214/19	
Communicate with sales-persons and merchants. (6.8, 7.5, 8.4)				8130	8901/02		
Analyze simple contracts. (6.8, 7.5, 8.4)	8014 8022 8042	6115 6120 6131	8328/29	8115 8130		8214/19	
Contest an incorrect bill. (6.8, 7.5, 8.4)		6115		8115			

APPENDIX A

Text of the *Code of Virginia* §22.1-253.13:1.B

Below is the text from the *Code of Virginia* §22.1-253.13:1.B relating to the development of personal living and finances objectives:

> *By July 1, 1999, the Board shall develop and approve objectives for mathematics, at the middle and high school levels, for personal living and finances, which shall focus on money management skills for individuals and families. The personal living and finances objectives shall require instruction in those skills necessary to handle personal business and finances and shall include, but need not be limited to, the following: opening a bank account and how to judge the quality of a bank's services; balancing a check book; completing a loan application; the implications of an inheritance; the basics of personal insurance policies; consumer rights and responsibilities; dealing with salesmen and merchants; debt management, including retail and credit card debt; state and federal tax computation; local tax assessments; computation of interest rates by various mechanisms; understanding simple contracts; and how to contest an incorrect bill. These personal living and finances objectives shall not be required to be included in the Board's Standards of Learning, and shall be developed in a manner to ensure that instruction in the Standards of Learning shall not be de-emphasized. The Board shall not be required to evaluate student achievement concerning such objectives in the Standards of Learning Assessment Tests required by §22.1-253.13:3.*

APPENDIX B

Resources for Personal Living and Finances

Virginia (State Level) - Current

Standards of Learning for Virginia Public Schools, 1995
- Mathematics Standards of Learning (SOL)
- Consumer References in English and History/Social Science SOL

Agricultural Education
- Agricultural Business Fundamentals (Course code—8022)
- Agricultural Business Operations (Course code—8024)
- Agricultural Business Management (Course code—8026)

Business
- Principles of Business and Marketing (Course codes—6115, Business; 8115, Marketing)
- Finance (Course code—6120)
- Business Law (Course code—6131)

Marketing
- Principles of Business and Marketing (Course codes—8115, Marketing; 6115, Business)
- Fundamentals of Marketing (Course code—8110)
- Marketing (Course codes—8120, 8121)
- Advanced Marketing (Course code—8130, 8131)

Trade and Industrial Education
- Industrial Cooperative Training (ICT) (Course codes—8901, 8902, 8903, 8904)

Work and Family Studies
- General Employability Skills
- Resource Management (Course codes—8214, 8219)
- Graduation, Reality, and Dual-Role Skills Program (GRADS) (Course codes—8211, 8212)

Career Connections
- Education for Employment (EFE) (Course codes—9075, 9076, 9077, 9078, 9079, 9080. 9082, 9083, 9084, 9085, 9086, 9087)
- Career Pathways (Course codes—9070, 9071, 9072)

Virginia (State Level) - Former

Standards of Learning Objectives, 1987/88
- Consumer Mathematics
- Applied Mathematics

Business
- Business Mathematics (1980)
- Business Economics (1980)
- Business Economics (1985)

Virginia (Local Level)

Rockingham County Public Schools Consumer Math

Other States

Colorado - Consumer Math
Florida - Applied Consumer Math
Florida - Personal and Family Finance

Florida - Practical Financial Skills
Michigan - Consumer Education
Ohio - Model Competency-Based Mathematics Program
Texas - Consumer and Family Economics
Washington (Mukilteo School District No. 6) - Consumer Math
Washington (Renton School District No. 403) - Consumer Math
Washington (Mukilteo School District No. 6) - Occupational Math

National/Regional Organizations

Economics America
- Voluntary National Content Standards in Economics
- Handbook: Voluntary National Content Standards
- Framework for Teaching Basic Economic Concepts
- Personal Finance Economics, 9-12: Wallet Wisdom

National Council on Economic Education
V-TECS: Home and Career Skills
National Council of Teachers of Mathematics: Curriculum & Evaluation Standards
Council of Chief State School Officers: State Curriculum Frameworks in Mathematics and Science
National Assessment of Educational Progress: Mathematics Framework, 1996
National Business Education Standards

Textbooks

Applied Business Mathematics (South-Western, 1997)
Applied Mathematics (Work Keys, ACT, 1994)
The Confident Consumer (Goodheart-Willcox, 1995)
Consumer Economics (South-Western, 1998)
Decisions: Making Personal Economic Choices (EMC, 1992)
Consumer Education and Economics (Glencoe, 1989)
Dollars and Sense (South-Western, 1989)
Managing Your Personal Finances (South-Western, 1997)
Mathematics of Money with Algebra (South-Western, 1995)
Money Skills (NationsBank, 1994)

Taxonomies

The Basic/Essential Skills Taxonomy, Lester M. Snyder (Arizona Department of Education, 1990)

WWW Sites

Consumer Education (http://www.powersource.com/mmbm/consumer/default.htm)
Consumer Math (http://www.cybersyte.com/scp/SESD%20Themeboxes/Consumer%20Math%20(10-12)/consumer_math.htm)
Developing Educational Standards—Math (http://putwest.boces.org/StSu/Math.html)
EcEdWeb (http://ecedweb.unomaha.edu/home2.htm)
Economics America (http://www.economicsAmerica.org)
Economics International: Personal Finance Links (http://www.economicsintl.org)
National Council on Economic Education (http://www.nationalcouncil.org)
National Institute for Consumer Education: Advertising and Young Consumers

(http://www.emich.edu/public/coe/nice/advertrl.html)
National Institute for Consumer Education: Facts about NICE (http://www.emich.edu/public/coe/nice/mission.html)
Pathways to School Improvement—Topics—Math (http://www.ncrel.org/sdrs)
Personal Finance Economics (http://www.economicsAmerica.org/cat5.html)
Personal Finance Resources (http://www.emich.edu/public/coe/nice/pfinance.html)

Selected Internet Resources for Teachers of Economics in Secondary Schools
(http://www.ecom.unimelb.edu.au/ecowww/school.html)
United States Consumer Information Center: Online Booklets on Money Management
(http://www.pueblo.gsa.gov/money.htm)
Utah Link: Economics/Business Education and Personal Finance
(http://www.uen.org/utahlink/links/econ-business.html)
What is a Household Budget? (http://dacomp.hypermart.net/whatis.html)

For further information about these and other relevant resources, contact the Virginia Vocational Curriculum and Resource Center at 804/261-5075 (fax 804/261-5079; mgrattan@vvcrc.tec.va.us).

§ 22.1-208.01

Character education required

A. Each school board shall establish, within its existing programs, a character education program in its schools. The purpose of the character education program shall be to instill in students civic virtues and personal character traits so as to improve the learning environment, promote student achievement, reduce disciplinary problems, and develop civic-minded students of high character. The components of each program shall be developed in cooperation with the students, their parents, and the community at large. The basic character traits taught may include (i) trustworthiness, including honesty, integrity, reliability, and loyalty; (ii) respect, including the precepts of the Golden Rule, tolerance, and courtesy; (iii) responsibility, including hard work, economic self-reliance, accountability, diligence, perseverance, and self-control; (iv) fairness, including justice, consequences of bad behavior, principles of nondiscrimination, and freedom from prejudice; (v) caring, including kindness, empathy, compassion, consideration, generosity, and charity; and (vi) citizenship, including patriotism, the Pledge of Allegiance, respect for the American flag, concern for the common good, respect for authority and the law, and community-mindedness.

Classroom instruction may be used to supplement a character education program; however, each program shall be interwoven into the school procedures and environment and structured to instruct primarily through example, illustration, and participation, in such a way as to complement the Standards of Learning.

This provision is intended to educate students regarding those core civic values and virtues which are efficacious to civilized society and are common to the diverse social, cultural, and religious groups of the Commonwealth. Nothing herein shall be construed as requiring or authorizing the indoctrination in any particular religious or political belief.

B. The Board of Education shall establish criteria for character education programs, consistent with the provisions of this section. To assist school divisions in implementing character education programs and practices that are designed to promote the development of personal qualities as set forth in this section and the Standards of Quality and that will improve family and community involvement in the public schools, the Board of Education shall also establish, within the Department of Education, the Commonwealth Character Initiative. The Board shall provide resources and technical assistance to school divisions regarding successful character education programs and shall (i) identify and analyze effective character education programs and practices and (ii) collect and disseminate among school divisions information regarding such programs and practices and potential funding and support sources. The Board may also provide resources supporting professional development for administrators and teachers in the delivery of any character education programs.

C. The Board of Education shall award, with such funds as are appropriated for this purpose, grants to school boards for the implementation of innovative character education programs.