

Graduating Into Debt

Credit Card Marketing
on Maryland College Campuses

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The Maryland Consumer Rights Coalition is a nonprofit consumer education and advocacy organization that promotes fairness and safety in the consumer marketplace.

The Maryland Public Interest Research Group (MaryPIRG) is a nonprofit, nonpartisan consumer and environmental advocacy group with 5,000 members across the state and a student chapter at the University of Maryland, College Park.

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Executive Summary

Not long ago, credit cards were reserved for those who could prove that they had the income and self-discipline to manage credit. A college student could not obtain a credit card unless a parent co-signed.

In the past ten years, the stereotype of the financially struggling student has been replaced by the image of the credit card wielding student who wants for nothing. Credit cards have given students financial freedom – freedom to purchase clothes, electronic equipment, and exotic spring vacations. But many question whether that freedom has come at too high a price – increased bankruptcy filings among young adults, students being forced to drop out of school because of debt, and students graduating and starting life with a high debt load.

Complaints from students and parents in Maryland spurred several state legislators to introduce legislation to address credit card marketing to students.¹ No legislation was enacted, and the hearings that were held to consider the legislation left unanswered questions about the extent of credit card marketing on Maryland public campuses and the policies, if any, of public colleges and universities regarding credit card solicitation.

This report addresses those unanswered questions, including:

- *What type of credit card marketing occurs on Maryland campuses?*

- *Do schools have policies in place to prohibit or limit credit card marketing to students?*
- *Do schools sell their students' personal information to credit card issuers?*
- *Do colleges provide any education to students about the proper use of credit cards?*

The results of this survey show that credit card marketing varies widely among Maryland colleges and universities. Some schools prohibit credit card marketing on campus, some allow marketing with certain restrictions, and others have no restrictions. Specific findings include:

- Ø Credit card vendors are setting up tables on some campuses in violation of university policies prohibiting or limiting tabling.
- Ø At least two schools currently sell their student lists (names, addresses and telephone numbers) to credit card issuers.
- Ø Several schools have exclusive marketing agreements with one credit card issuer for which they receive financial compensation.
- Ø Only one school that allows on-campus marketing has a comprehensive written policy specifically governing credit card marketing.
- Ø A few schools teach students about credit card use and personal finance as part of student orientation.

- Ø Most education about credit cards and personal finance provided by schools is voluntary and few students attend.

We recommend the following actions be taken in order to address the problems and issues raised by credit card marketing to college students.

- Colleges and universities in Maryland should establish specific written policies with the input of students, parents and administrators on credit card marketing to students.
- Colleges and universities should be prohibited from selling students' personal information to commercial entities.
- Colleges and universities should provide credit card education as a required part of freshman orientation. The education should be provided by university personnel or by an independent source, not a credit card issuer.
- Personal finance education should be a graduation requirement for all Maryland high school seniors.
- Credit card issuers and universities should crack down on unauthorized marketing on college campuses.
- Credit card issuers should adopt more conservative lending policies for college students and should place reasonable credit limits on accounts based on students' income.
- Congress should enact a national interest rate cap for credit cards, require higher minimum payments, require disclosure of the length of time it will take to pay off an account if only the minimum payment is made, place limits on late fees and penalty interest rates, and prohibit penalty interest rates for late payments to other creditors.²

Introduction

The “buy now, pay later” attitude of many in our society has trickled down to college students, who during the last twenty years have become the target of credit card companies eager for new customers. Prior to the late 1980s, extending credit to college students was uncommon. However, since that time credit card companies, eager to find new customers, started pursuing college students as potential customers.³ In order to issue credit cards to college students, credit card companies have to ignore their own underwriting standards which normally prevent them from extending credit to individuals who are unemployed or have very low incomes.⁴

In 1994, when Congress held hearings on credit card marketing to students, student cards usually had limits of \$200 to \$300, and it was unusual to find students with high credit card debts.⁵ In the past ten years, the number of students with credit cards has increased dramatically, as has the average amount of student debt.

- In 1990, approximately one-half of all college students had at least one credit card.⁶ According to a 2001 study by Nellie Mae, 83% of undergraduate students had at least one credit card, a 24% increase since 1998.⁷

- The Nellie Mae study also found that the average credit card balance was \$2,327, and 21% of cardholders have high level balances between \$3,000 and \$7,000. Graduating seniors have an average of \$20,402 in combined education loan and credit card debt at the time they graduate.⁸

Credit card issuers have slick marketing campaigns aimed directly at college students encouraging them to obtain and use credit cards, regardless of whether or not they can afford it and of what their parents may want them to do. For example, Visa ran an ad that stated:

“Free from parental control at last. Now all you need is money. Cha-ching.”⁹

A quick internet search yields numerous sites aimed at selling credit cards to college students. The Chase Platinum for Students credit card advertises online that it is “perfect for small purchases like pizza and CD’s – and it’s helpful for bigger things like tuition or a new futon.”¹⁰ This attitude – that it’s perfectly fine to charge a pizza on your credit card – led the College Board to warn students, “Imagine being 30 years old and still paying off a slice of pizza you bought when you were in college.”¹¹ It sounds far fetched, but unfortunately it’s becoming all too common.

Survey Methodology

The survey was conducted by the Maryland Consumer Rights Coalition and the Maryland Public Interest Research Group during 2003. A question-

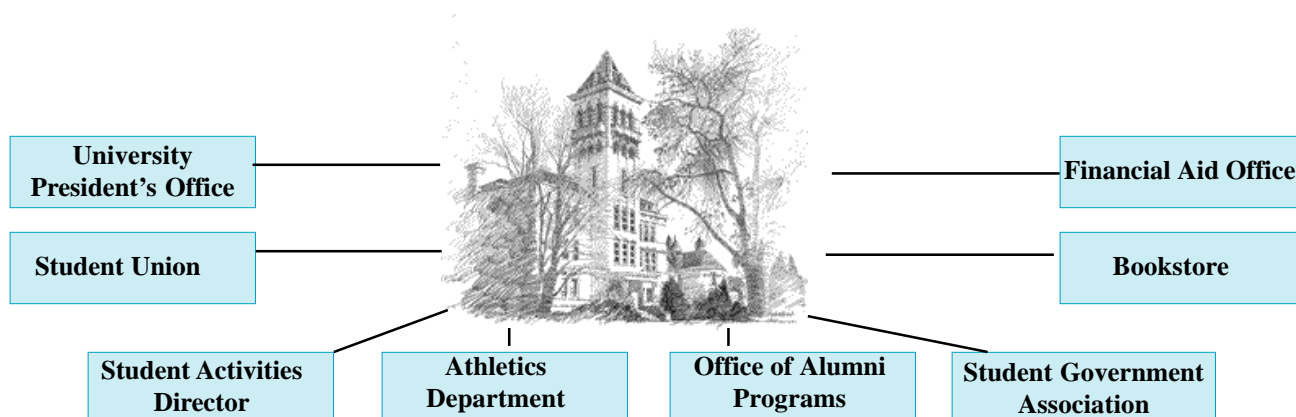
naire (see Appendix A) was sent to key officials at the 12 four-year public colleges and universities in Maryland. The schools surveyed were:

Bowie State University (Bowie)
Coppin State College (Coppin)
Frostburg State University (Frostburg)
Morgan State University (Morgan)
Saint Mary's College of Maryland (St. Mary's)
Salisbury University (Salisbury)
Towson University (Towson)
University of Baltimore (UB)
University of Maryland, Baltimore (UMAB)
University of Maryland, Baltimore County (UMBC)
University of Maryland, College Park (UMCP)
University of Maryland, Eastern Shore (UMES)

See Figure 1 for the entities contacted at each university. Follow-up telephone calls and e-mails were made to officials who did not respond to the ini-

tial questionnaire. We were unable to get responses from each official contacted. However, we did get responses from at least one key person at each school.

FIGURE 1: UNIVERSITY ENTITIES CONTACTED



Survey Results

Today, credit cards are widely available to college students, with no requirement for a parent to co-sign. Credit card companies solicit college students through a variety of methods, including

While UMCP's official policy is to prohibit credit card marketing elsewhere on campus, students report that it is common to see credit card vendors set up outside dining halls and other areas of campus.

direct mail marketing, the internet, tables set up on campus offering "freebies" (i.e. t-shirts, water bottles, compact discs, posters) for those who

sign-up for a credit card, and affinity cards (an exclusive agreement between a credit card issuer and a university to market

cards with the university's logo).¹² Credit card issuers hire vendors to conduct the tabling events on campuses.¹³

As of 2001, 83% of college students had at least one credit card,¹⁴ a dramatic increase from 10 years earlier.¹⁵ This increase is due in large part to the decision of credit card companies to suspend normal underwriting practices for college students and to aggressively market credit cards to students. It is this aggressive marketing that has garnered substantial media attention.¹⁶

The results of our survey show a variety of practices and policies regarding credit card solicitation on public college and university campuses in Maryland.

FIGURE 2: UNIVERSITY POLICIES ON CREDIT CARD MARKETING

Maryland College or University Surveyed	Bowie State U.	Coppin State U.	Frostburg State	Morgan State U.	St.Mary's College	Salisbury U.	Towson U.	U. of Baltimore	U of MD at Baltimore	U of MD, Baltimore County	U of MD, Eastern Shore	Uof MD, College Park
Credit Card Tabling Permitted			X	X		X ¹	X ²	X	X			X ³
Credit Applications in Bookstore Bags			X		X			X				
Alumni Affinity Card							X	X		X		X
Debt Education Offered	X	X	X	X	X	X	X	X	X	X	X	
Student Lists Sold						X	X ⁴	X ⁵				

1. Credit card companies can have tables on campus, but can only hand out information, not accept applications.

2. Credit card companies can have tables on campus, but can only hand out information, not accept applications.

Vendors must provide educational materials about credit cards with applications.

3. Credit card tabling is permitted only at certain athletic events.

4. Student lists including names, addresses and phone numbers are sold to MBNA.

5. Sells student list without addresses or phone numbers.

Source: Survey Responses

See Figure 2 for complete results. Four schools prohibit any credit card marketing to college students on their campuses: Bowie, Coppin, UMBC and UMES. The other schools allowed some form of credit card marketing.

Tables on Campus

Four schools allow credit card vendors to set up tables on campus, with no substantive limits on solicitation: Frostburg, Morgan, UB and UMAB. Frostburg allows student organizations to sponsor credit card vendors to set up tables on campus. Frostburg has a written off-campus vendor policy. (See Appendix B.) Morgan allows vendors, but states that it raised its fee to \$350 per day, which has reduced the number of vendors dramatically.¹⁷ UB charges \$100 per day to vendors, with the only restriction that they not “harass” students, faculty or staff.

UMAB has a facilities use policy allowing outside vendors set up tables on campus and charges \$75 per day. (See Appendix C.)

Salisbury and Towson allow tables on campus, but limit credit card vendors to handing out applications, not accepting completed applications. Towson also requires credit card vendors to hand out credit education materials along with credit applications. Towson is the only school to have a written policy specifically addressing credit card solicitation. (See Appendix D).

UMCP allows student athlete teams (for non-revenue sports) to market the alumni association’s affinity card at sport-

ing events. While the alumni association states that they do not intentionally market to students at these events,¹⁸ students report that they are actively solicited to complete credit card applications during the sporting events.¹⁹ According to the Maryland Department of Legislative Services, in 2001 UMCP’s alumni association had an \$8.5 million contract with a credit card issuer to solicit alumni for affinity credit cards.²⁰

While UMCP’s official policy is to prohibit credit card marketing elsewhere on campus, students report that it is common to see credit card vendors set up outside dining halls and other areas of campus.²¹ University officials acknowledge that unauthorized tables are set up on campus by credit card vendors and that because of the size of the campus it is difficult for the university to eliminate the unauthorized activity.²²

Selling Student Lists

Two schools acknowledge selling students’ personal information (including names, addresses and telephone numbers) to credit card companies. Towson University sells its student list to MBNA.²³ Salisbury sells its student list to anyone who requests it.²⁴ The University of Baltimore (UB) stated they provide their student directory to anyone who requests it.²⁵ However, due to complaints from students about solicitations, UB changed their student directory to include only students’ names, hometowns and information about attendance.

Bookstore Inserts

At least three schools allow credit card applications to be inserted in bookstore bags: Frostburg, St. Mary's and the University of Baltimore. Most of the bookstores are managed by independent companies and several of the bookstore managers refused to respond to our questions due to "corporate policy."

Personal Finance Education

While all of the schools except for UM College Park responded that they provide some form of personal financial edu-

cation for students, many of the programs are offered only occasionally, most are not mandatory, and none are credit classes. See Figure 3 for specific types of personal financial education by school.

Four schools (Bowie, Frostburg, Salisbury, and Towson) state that money management, personal finance or credit card education are provided as part of freshman orientation. Bowie, Frostburg and Salisbury state that all freshmen attend these programs. Towson's program is not mandatory, but highly recommended to students. UMBC provides a financial management seminar as part of its "Welcome Week" program. All students have access to the seminar, but only about 50 attend.

FIGURE 3: TYPES OF FINANCIAL EDUCATION PROGRAMS BY UNIVERSITY

Maryland College or University Surveyed	Bowie State U.	Coppin State U.	Frostburg State	Morgan State U.	St.Mary's College	Salisbury U.	Towson U.	U. of Baltimore	U of MD at Baltimore	U of MD, Baltimore County	U of MD, Eastern Shore	Uof MD, College Park
Type of Financial Education												
Financial Education at Freshman Orientation	X		X			X	X ¹			X ²		
University Course												
Financial Workshops Offered	X	X		X	X ³				X	X	X	
Financial Aid Office Education				X	X			X	X			
Educational Materials Must Accompany Credit Application							X					
Financial Education by Credit Vendors				X			X	X		X		
Financial Education by University or Unaffiliated Source									X		X	

1. Towson's program is not mandatory.

2. UMBC's program is not mandatory.

3. Financial education is sometimes provided by resident assistants or orientation leaders.

Source: Survey Responses

The other schools provide financial education on an ad hoc basis and attendance is voluntary. Coppin provides money management workshops. Morgan provides debt management education for its financial aid loan recipients. St. Mary's stated that it has no set program for financial education, so it varies from semester to semester. If credit education is provided at St. Mary's, it is usually done by a resident assistant or a student orientation leader. UB offers debt education

programs through its financial aid office. UMAB provides debt management and consumer credit programs through brown bag lunches, orientations and health fairs. According to UMAB, all graduating students attend some form of credit education and all incoming students are "exposed to it". UMES provides sessions on credit card management, which are open to all students, but not mandatory.

Credit Card Marketing Limits Needed

While most agree that credit cards can be beneficial when used properly, it is clear that the improper use of credit cards can have disastrous long-term impacts. Whether college students are prepared to use credit cards responsibly probably depends on the particular student. However, a recent study found that 21% of students with credit cards have balances over \$3,000.²⁶ This is a significant amount of debt for a population that generally has little or no income. Bankruptcy filings among 18 to 25 year olds increased 51% between 1991 and 1999.²⁷

According to a 2001 GAO report, some credit card issuers have adopted a code of conduct to govern solicitation of college students for credit cards.²⁸ (See Appendix E.) The code applies to tabling companies and vendors and is touted as promoting responsible marketing practices. However, it appears to be a common occurrence at UMCP and other schools for tabling companies to operate in direct violation of university policy.²⁹ Based on the blatant disregard of university policy that occurs at the UMCP campus and other schools, it appears that the voluntary code of conduct is not effective. The desire to tap into the college student market appears to outweigh any concern for the welfare of the students.

The combination of aggressive credit card marketing and lack of education about credit has led many students into financial difficulty prior to college graduation. Some university administrators state that they lose more students to credit card debt than to academic failure.³⁰ According to the Consumer Credit Counseling Service of Maryland and Delaware, approximately 10.6% of their clients are between the ages of 18 and 26.³¹ Bankruptcy filings among 18 to 25 year olds are on the increase. A testament to the breadth of the problem is the fact that a credit counseling organization aimed solely at college students with credit card debt is advertising on the Internet.³²

Unfortunately, the problems resulting from credit card use by teenagers and young adults seem to be getting worse – high school students are the latest “market” to be exploited by credit card issuers.³³ As a society, we need to ask ourselves if we want our young adults to start out their life burdened by credit card debt. If not, we need to take steps to assure that credit card marketing to college students is limited, that credit card terms are reasonable and that students have the knowledge to use credit wisely and responsibly.

Personal Finance Education Needed

Many college students have very little understanding of personal finance issues in general and credit cards in particular when they obtain their first credit card, and the result can be devastating to their futures. High schools in this country generally do a poor job of educating students about personal finance issues. In a nationwide survey of basic personal finance, high school seniors received an average grade of 50%, a failing grade by any standard.³⁴ In Maryland, only one jurisdiction requires that students take a course which includes instruction in personal finance as a graduation requirement.³⁵

The education about personal finance and credit cards at most universities is inadequate. University officials know that college students are going to receive a barrage of offers for credit cards, particularly since some of the schools have financial agreements with credit card companies allowing them to market on campus. Officials also know that many students do not have the knowledge neces-

sary to sort through the offers and understand the varying terms and the consequences of late and missed payments on credit cards.

Students often fail to understand even the basic fact that a credit card is a high interest rate loan.³⁶ In spite of historic drops in federal funds and prime rates in recent years, credit card rates remain exceptionally high.³⁷ The average credit card rate in 2001 was 14.9%. A recent internet search revealed student credit card rates ranging from 14% to 21% for the “preferred” rate. The “non-preferred” rate or “default” rate – imposed if a payment is late or charges go over the limit – ranged from 20% to 29%.

Another important fact that college students often fail to understand is the importance of making more than the minimum monthly payment on their credit card debt. If cardholders make only the minimum payment on a credit card, it will take them years to pay off even

FIGURE 4: MINIMUM REPAYMENT SCHEDULE ON \$1500 CREDIT CARD LOAN AT 21%

Monthly minimum payment amount	Number of months to pay	Total interest payment
\$30	120 months	\$2,095.89
\$50	43 months	\$ 645.57
\$70	28 months	\$ 396.47
\$90	20 months	\$ 289.02

Source: Payment calculators at Bankrate.com

relatively small balances and they will pay a significant amount in interest.

For example, a student with a \$1,500 credit card balance at 21% who pays the minimum payment of \$30 per month (2%) will take ten years to pay off the account and will have paid \$2,096 in interest. (See Figure 4.) Even scarier is the prospect for students with higher balances. A \$5,000 credit card balance at 15% with only the minimum 2% monthly payment paid would take 32 years to pay off, with a total interest cost of \$7,789.³⁸ These figures illustrate that college students, without some self-restraint and knowledge of credit, could easily still be paying for all that pizza they ate in college when they are 30, or even 50!

Another issue that students (and adults) often fail to understand is how credit card fees can add up quickly and make it difficult to pay off credit card debt. In addition to the interest that accrues on a credit card account, there are annual fees, late fees, over-the-limit fees, and penalty interest rates that can add significantly to the amount owed.

Since the mid-1990s there has been a steady rise in penalty fees imposed on consumers.

- In 1995, the revenue generated for credit card companies from penalty fees was \$8.3 billion. By 1998, the revenue from penalty fees increased to \$18.9 billion.³⁹
- Late fees, which now average \$29, are one of the fastest growing

sources of revenue for the credit card companies.⁴⁰ This is due in large part to the fact that most credit card issuers have eliminated any grace period for late payments and now impose a late fee if a payment is not received by 2 p.m. on the due date.⁴¹ Some companies set the time due as 8:00 a.m. on the due date.

A relatively new development is the penalty interest rate. If a cardholder is late making a payment, the issuer increases the interest rate to a higher rate (sometimes as high as 29%).⁴² All of the major credit card companies now impose a penalty interest rate the first time a payment is late.⁴³ Even more egregious is a provision in many card agreements that allows a credit card issuer to raise your interest rate if you are past due *to another creditor*.⁴⁴

Many college students do not understand the long term ramifications that mismanagement of credit cards can have on their credit rating.⁴⁵ High credit card balances and late payments will lower a person's credit rating, which means they will pay higher interest rates for other types of credit, or may be denied additional credit entirely.⁴⁶ In addition to its impact on the cost of credit, a poor credit rating may also increase the cost of automobile insurance, increase the amount required for utility deposits, and make it more difficult to rent an apartment.⁴⁷ A bad credit rating can even hinder employment opportunities.⁴⁸ In some cases, excessive credit card debt can lead to bankruptcy.⁴⁹

Recent Legislative Action

A number of states have considered legislation to address the issues caused by credit card marketing to college students and several have enacted legislation. According to a 2001 GAO Report, legislation to limit credit card solicitation on college campuses was introduced in at least 24 states.⁵⁰ As of 2001, Arkansas and Louisiana had enacted legislation.⁵¹ In 2002, West Virginia passed legislation.⁵² The proposals address credit card marketing in a number of ways, including: banning the use of free gifts as incentives to apply for credit; requiring a student's parent or guardian to give written consent before they can obtain a card; prohibiting debt collection actions against parents unless they co-signed the card; requiring credit card issuers to register with administrators before marketing on campus; requiring that universities provide credit card education for students; and prohibitions on selling student information to credit card issuers.⁵³

In Maryland, a number of bills have been introduced over the past few years to address the issue of credit card marketing on college campuses, although none of them have been enacted.

- In 2002, House Bill 903, which would have prohibited public universities and colleges from selling their student lists to commercial entities passed the House,

but was not voted on in committee in the Senate. The same bill was previously introduced in 2001 (as H.B. 819).

- In 2001, House Bill 45 and its companion bill, Senate Bill 470, proposed to limit the amount of credit that could be extended to students.
- Also introduced in 2001, House Bill 875 would have required the Maryland Higher Education Commission to establish guidelines for the marketing of credit cards on campuses.
- House Bill 959, introduced in 2001, would have required that education be provided to college students about credit cards and would have prohibited creditors from issuing cards to students unless they attended the credit education program.
- In 2000, House Bill 764 proposed to prohibit the selling of student information to credit card issuers, prohibit free gifts from being used as incentives to sign up for a card, require education on credit cards, and prohibit credit card companies from taking legal action against parents unless the parents agreed in writing to be liable.

Policy Recommendations

1. Colleges and universities in Maryland should establish specific written policies with the input of students, parents and administrators on credit card marketing to students.

2. Selling of student lists to commercial entities without specific permission of students should be prohibited. Recent studies indicate that more than one-third of college students received their credit cards through mail solicitation.⁵⁴

Some Maryland schools operate under the mistaken belief that they must sell their student lists upon request.⁵⁵ Those schools should reevaluate their policies and stop selling their lists.

3. Credit card marketing tables should not be allowed on campus. If schools do allow tables, marketing tactics such as giving away “freebies” to students who apply for cards should be prohibited. These free items are likely to entice students who do not need or want a credit card (or who already have a card) to sign up for one. A 2001 study by the State PIRGs found that one-third of respondents applied for a credit card at an on-campus table, and of these, 80% applied in order to get the free gifts.⁵⁶

4. If credit card tabling is allowed, credit card vendors should be prohibited from taking applications from students on the spot, to lessen the likelihood that a student will be pressured into signing up for a card that they do not want or need.

5. Allowing student groups to sponsor credit card companies should be prohibited. The student groups are en-

ticed by the money they are paid by the credit card companies and are not in a position to regulate the aggressive marketing of credit card vendors.

6. Credit card companies should act responsibly and set reasonable credit limits for college students, so that students will be less likely to be overwhelmed with high credit card balances.

7. Universities should not allow bookstores to include credit card inserts in shopping bags. If a university does allow book bag inserts, it should require the bookstore to also include an educational brochure to help students make informed decisions about whether to sign up for a card and how to use it responsibly. The educational brochures should be written by a source independent of the credit card company and the content should be approved by the university.

8. Colleges and universities should provide credit card education as a required part of freshman orientation. The education should be provided by university personnel or by an independent source, not a credit card issuer.

9. Personal finance education should be a graduation requirement for all Maryland high school students.

10. Congress should enact a national interest rate cap for credit cards, require higher minimum payments, require disclosure of the length of time it will take to pay off the account if only the minimum payment is made, place limits on late fee and penalty interest rates, and prohibit penalty interest rates for late payments to other creditors.⁵⁷

¹ See page 15 of report for discussion of legislation introduced in Maryland.

² These reforms cannot be enacted by the states because of federal preemption of many state laws regulating banks. Demos: A Network of Ideas and Action, *Borrowing to Make Ends Meet, The Growth of Credit Card Debt in the '90's*, Sept. 2003, New York, New York, p.33 to 35.

³ Dr. Robert D. Manning, Prepared Statement to U.S. Senate Committee on Banking, Housing and Urban Affairs, September 5, 2002, p. 2

⁴ General Accounting Office, Consumer Finance: College Students and Credit Cards, GAO-01-773, June 2001, p. 4-5.

⁵ Dr. Robert D. Manning, Prepared Statement to U.S. Senate Committee on Banking, Housing and Urban Affairs, September 5, 2002, p.2.

⁶ Id.

⁷ Nellie Mae, Undergraduate Students and Credit Cards: An Analysis of Usage Rates and Trends, Nellie Mae, Braintree, MA, April 2002.

⁸ Id.

⁹ Dr. Robert D. Manning, Credit Cards on Campus: Costs and Consequences of Student Debt, Statement to the National Press Club, Washington, D.C., June 8, 1999, p.3.

¹⁰ www.chasecreditcard.com

¹¹ Collegeboard.com, Credit Card Smarts, Take Charge of Your Cards, www.collegeboard.com.

¹² General Accounting Office, Consumer Finance: College Students and Credit Cards, GAO-01-773, June 2001, p. 4-5.

¹³ One such vendor advertises on its website that it delivered "over half a million credit applications from the college market last year alone." www.creditconcepts.8m.com

¹⁴ Nellie Mae, Undergraduate Students and Credit Cards: An Analysis of Usage Rates and Trends, Nellie Mae, Braintree, MA, April 2002.

¹⁵ Dr. Robert D. Manning, Prepared Statement to U.S. Senate Committee on Banking, Housing and Urban Affairs, September 5, 2002, p.2.

¹⁶ CBSNEWS.com, *Beware of Student Credit Cards*, New York, Sept. 2003; Ambrose, Eileen, *Essential item for college: a grounding in the use of credit*, The Baltimore Sun, July 27, 2003; Max, Sara, *Sex, Drugs and ... Credit Cards?*, CNNMoney, August 20, 2002; Corey, Adam, *Flunking Credit 101, College Students Learn About Consumer Debt the Hard Way*, abcNEWS.com, February 15, 2001; Dinnen, Steve, *Colleges confront on-campus creditors*, Chris-

tian Science Monitor, January 29, 2001.

¹⁷ Conversation with Floyd Taliaferro, Director McKeldin Center/Student Activities, Morgan, Dec.1, 2003.

¹⁸ Conversation with Danita Nias, Director of Alumni Relations, UMCP, Dec., 1, 2003.

¹⁹ Conversation with Karla Pippa, Dec. 5, 2003.

²⁰ Maryland General Assembly, Department of Legislative Services, 2001 Session, Fiscal Note to House Bill 819.

²¹ Karla Pippa, Daniel Eum, John Legato, Patricia Inman, and Gillian Ream have each reported such marketing.

²² Conversation with Jim Osteen, Director of Stamp Student Union and Campus Programs, UM College Park, Nov. 13, 2003.

²³ Beginning in mid-2004, Towson will no longer sell its student lists to credit card marketers. Conversation with Lori Armstrong, Director of Alumni Relations, Towson, Dec. 1, 2003.

²⁴ Salisbury states that they are required by law to provide their student list to anyone who requests it. Conversation with Dr. Carol Williams, Vice-President of Student Affairs, Salisbury, August 11, 2003.

²⁵ University of Baltimore also states it is required by law to provide this information. Written Survey Response of Kathleen Anderson, Associate Vice-President of Student Affairs.

²⁶ Nellie Mae, Undergraduate Students and Credit Cards: An Analysis of Usage Rates and Trends, Nellie Mae, Braintree, MA, April 2002.

²⁷ Dr. Robert D. Manning, Prepared Statement to U.S. Senate Committee on Banking, Housing and Urban Affairs, September 5, 2002, p.9.

²⁸ General Accounting Office, Consumer Finance: College Students and Credit Cards, GAO-01-773, June 2001, p. 29.

²⁹ Morgan officials have found unauthorized credit card vendors on campus. Conversation with Floyd Taliaferro, Director McKeldin Center/Student Activities, Dec.1, 2003. Unauthorized credit card vendors are a common occurrence at the University of Richmond. Christian Science Monitor, Electronic Edition, *Colleges confront on-campus creditors*, January 29, 2001.

³⁰ Utah Mentor, 2003; The Voice Digital News, 2003.

³¹ Conversation with Jim Godfrey, Consumer Credit Counseling Service of Maryland and Delaware, Inc., Dec. 9, 2003.

³² www.collegecreditcounseling.com

³³ Dr. Robert D. Manning, Prepared Statement to

U.S. Senate Committee on Banking, Housing and Urban Affairs, September 5, 2002, p.5.

³⁴ 2002 Jumpstart Coalition Survey, www.jumpstart.org.

³⁵ Per conversation with Dr. Carol Jarvis, Executive Director, Maryland Council on Economic Education, Dec. 9, 2003.

³⁶ Ambrose, Eileen, *Essential item for college: a grounding in the use of credit*, The Baltimore Sun, July 27, 2003.

³⁷ Demos: A Network of Ideas and Action, *Borrowing to Make Ends Meet, The Growth of Credit Card Debt in the '90's*, Sept. 2003, New York, New York, p.34.

³⁸ Id. at p. 37.

³⁹ Id. at p. 35.

⁴⁰ Id. Revenue generated from late fees has soared from \$1.7 billion to \$7.3 billion per year.

⁴¹ Id. at p. 35-36.

⁴² Id. at p. 36.

⁴³ Id.

⁴⁴ The Chase Platinum card for Students, advertised at www.chasecreditcard.com, contains this provision.

⁴⁵ General Accounting Office, Consumer Finance: College Students and Credit Cards, GAO-01-773, June 2001, p. 9.

⁴⁶ Collegeboard.com, Credit Card Smarts, Take Charge of Your Cards, www.collegeboard.com.

⁴⁷ Ambrose, Eileen, *Essential item for college: a grounding in the use of credit*, The Baltimore Sun,

July 27, 2003.

⁴⁸ Collegeboard.com, Credit Card Smarts, Take Charge of Your Cards, www.collegeboard.com.

⁴⁹ General Accounting Office, Consumer Finance: College Students and Credit Cards, GAO-01-773, June 2001, p. 40.

⁵⁰ Id. at p. 53.

⁵¹ Id.

⁵² West Virginia Senate Bill No. 217, 2002 Session.

⁵³ General Accounting Office, Consumer Finance: College Students and Credit Cards, GAO-01-773, June 2001, p. 53 – 54.

⁵⁴ Id. at p. 19.

⁵⁵ This misconception appears to result from provisions of the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. 1232g; 34 CFR Part 99, which provides that a school may disclose “directory information” (names, addresses, telephone numbers), but does not require disclosure. FERPA does require that schools notify students about disclosure of directory information and allow students a reasonable amount of time to request that the school not disclose directory information about them.

⁵⁶ The State PIRGs, *The Credit Card Trap: How to Spot It, How to Avoid It*, April 2001, p. 4.

⁵⁷ These reforms cannot be enacted by the states because of federal preemption of many state laws regulating banks. Demos: A Network of Ideas and Action, *Borrowing to Make Ends Meet, The Growth of Credit Card Debt in the '90's*, Sept. 2003, New York, New York, p. 33 to 35.

Appendix A: Survey Questionnaire

- 1) Are credit card companies allowed to solicit students on campus?
 - 1a) What type of solicitation is allowed? (e.g. tables in student union, at sports events, inserts in book stores?)
 - 1b) Where does solicitation take place? How often?
 - 1c) If so, are there restrictions on the solicitations? What are they (e.g. Code of Conduct designed by company or school, age limitations)?
 - 1d) Have there been complaints about solicitation practices (e.g. by students, parents)?
 - 1e) Are fees charged to credit card companies who solicit on campus? What are they?

- 2) Are student lists (with names, addresses and/or phone numbers) provided to credit card companies?
 - 2a) If so, what information is given (names, post or email addresses, phone number)?
 - 2b) If so, for what fee?

- 3) Does your university/office/association have a financial relationship with any credit card company under which the university receives a payment for the number of applications or a percentage of purchases?
 - 3a) What percentage of your overall operating budget does this constitute?
 - 3b) Do you offer an affinity card?

- 4) Does the university provide education for students about responsible use of credit cards?
 - 4a) If so, what type of education is provided (e.g. credit card management, debt management, academic or nonacademic course, bankruptcy lawyer)?
 - 4b) If so, who provides the information (e.g. credit card company, university, unaffiliated source?)
 - 4c) How many students take advantage of or have access to this education? Is it mandatory? How is it publicized?

Appendix B: Frostburg State University Off-Campus Marketing Policy

Off-Campus Vendors

- 1. Off-campus vendors may conduct commercial activities on campus only under either the sponsorship of the University or of a university organization, as provided below.**
- 2. If any recognized university organization wishes to invite and sponsor an off-campus vendor**
 - a. In any university facility other than residence halls, they must complete the Request for Sales Form in the Lane University Center Office, or**
 - b. In the residence halls, they must have the sponsorship of the appropriate residence hall government and must complete the Request for Sales Form in the Residence Life Office.**
- 3. Any organization-sponsored off-campus vendor must insure that any promotional or incidental benefit, monetary or in kind, is conferred upon the sponsoring organization rather than upon any individual(s).**
- 4. Off-campus vendors may also conduct commercial activity on campus with any resident student who initiates an order for his/her personal service within the residence hall, provided:**
 - a. Said commercial activity is not contrary to law or university policy.**
 - b. The transaction of that commercial activity is limited to the student(s) initiating the order or invitation.**
 - c. The vendor complies with university regulations as to the manner and method of commercial activity, and with the reasonable request of an authorized university official.**
 - d. Prior to the initiation of any food and nonalcoholic beverage delivery, the vendor thereof must complete the Delivery Permit available in the Residence Life Office and agree to abide by its terms. ALCOHOLIC BEVERAGES MAY NOT BE DELIVERED TO THE CAMPUS.**
 - e. Delivery service may not be to a student's room in a residence hall.**

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Appendix C: UMAB Facilities Use Policy

DAVID J. RAMSAY, D.M., D.Phil.
President

OFFICE OF THE PRESIDENT



UNIVERSITY OF MARYLAND

MEMORANDUM

TO: Deans and Vice Presidents

FROM: David J. Ramsay, D.M., D.Phil.
President

A handwritten signature in dark ink, appearing to read "David Ramsay", written over the printed name and title.

DATE: September 27, 2001

SUBJECT: Facilities Use Campus Policy

I have attached for your information and distribution the final revised Facilities Use Policy. I am sure that you will recall reviewing a draft of this policy over the summer. Several of your comments were incorporated in this final version. Please note that the advance approval of the President's Office for outside campus use (see II.B.2.b and III.B.1) may be sought either in writing or by telephone by your staff designee to Wilma Pemberton at 6-7004.

Also attached are two schedules - one for standard fees for use of campus facilities and the other for special costs associated with use of campus facilities - which were developed by Mr. Hill's staff after consultation with administrative staff in each school. These schedules should provide campus-wide consistency. The schedules will be reviewed periodically.

While this document is being placed on our campus web site, please distribute the policy to those individuals in your area who are responsible for scheduling space, making campus reservations, etc. Please direct any of your questions about the policy itself to Meryl Eddy at 6-5353.

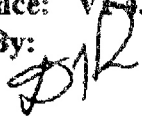
cc: Wilma Pemberton

Attachments

UMB ADMINISTRATIVE POLICIES AND PROCEDURES

FACILITIES USE

No. 6-1

Effective: 6/15/84
Revised: 7/1/89; 9/18/01
UM Reference: VL4.10
Approved By: 

PURPOSE: To identify the groups that can use UMB facilities, to establish administrative procedures for applications for use of UMB facilities, and to establish standards for allowing and denying use of facilities.

- I. A. Academic activities of UMB schools and activities organized by UMB take priority over all other uses of campus facilities. Non-academic uses by campus groups take priority over any uses by outside groups.
- B. "Campus groups" refers to: student organizations recognized by the Assistant Vice President for Student Affairs or a Dean's Office, faculty or student government organizations established under UMB policy, faculty or staff organizations established by State law or USM policy, academic and administrative offices of UMB, University Physicians, Inc., University of Maryland Medical System, faculty professional associations organized under University policy, and recognized alumni associations and foundations.
- C. "Outside groups" refers to unrecognized campus groups and other organizations.

II. School Buildings.

Use of a building designated specifically and completely for occupancy by one or more professional schools is administered and scheduled by the Dean(s) of the School(s) or designee(s). For this purpose, the University of Maryland School of Law includes the Law Library. Use of the Health Sciences and Human Services Library is administered and scheduled by the Director of the Library or designee. If a building is shared by schools, each Dean is responsible for areas used by that Dean's school.

A. Use by Campus Groups.

1. The Dean or Director will determine what areas, if any, in the building or its grounds are available for reserved use by campus groups.
2. Requests from campus groups for use of areas will be considered and acted on by the Dean or Director. Use of an area will not be permitted if the use is inconsistent with the academic mission of the School, would interfere with academic activities, or would result in unbudgeted costs (see part IV) which the Dean or Director is not willing to meet from the School's budget and which the campus group is unable to pay.
3. A use fee may be charged for use of a School area by a campus group associated with another School. A use fee (see part IV) may be charged for use of a Library area by any campus group.

B. Use by Outside Groups.

1. Requests for use of these areas by outside groups which (a) are professional organizations related to the academic mission of the School, or (b) administer professional, licensing, and other examinations related to the academic programs of the School, will be considered and acted on by the Dean or Director, who may permit use of areas subject to the criteria stated in II.A.
2. Use by outside groups not described in B.1. is subject to payment of a use fee, and special costs (See part IV) and the approval of the Dean or Director.
 - a. Use fees will be set by the Vice President for Administrative Services. Special costs will be determined by the Dean or Director. See part IV.
 - b. To assure consistent application of the requirements of this paragraph II.B, the Dean or Director, or designee, must obtain approval in advance from the President's Office for a request subject to this paragraph.
 - c. The Dean or Director may approve use of an area if the use is consistent with the academic mission of the school.

III. Other campus facilities -- designated areas in the Student Union Building, the Plaza Park and the Library Plaza at Greene and Lombard Streets -- are available for use by campus groups and outside groups. The Student Union/Resident Life designee will schedule use of the Student Union Building and the Campus Police Department designee will schedule use of the Plaza Park and the Library Plaza.

A. Use by Campus Groups.

1. Requests for use of these areas by campus groups should be made by an application requiring approval of the appropriate office as listed above. Events will be permitted in these areas subject to space, noise, and safety limitations, and payment of any use fees or special costs (see part IV).
2. The President may waive use fees or special costs for campus groups.

B. Use by Outside Groups.

1. Requests for use of these areas by outside groups should be made by an application to the appropriate office as stated above. To assure consistency in application of this campus policy, the designee from each of these offices will seek advance approval from the President's Office concerning each application. Approval from the President's Office is not required for table space in the Student Union Building.
2. If the application is acceptable and the area is available, the requesting user will be notified of the use fee or security deposit, any estimated special costs, and any restrictions specified as a condition of use of the area. Upon payment of the use fee or security deposit and estimated special costs, a permit for use of the area will be issued.
3. Plaza Park and Library Plaza. Requests to use Plaza Park and Library Plaza should be granted only after consideration of pedestrian and vehicle traffic control needs and costs, clean-up requirements, and impact of activities in the Park upon patient access and academic, patient care, and administrative activities in adjoining buildings. The Campus Police Department may establish sound regulations, weight limits, and other requirements for use of Plaza Park and Library Plaza. Use of Plaza Park and Library Plaza may be prohibited during certain times of day (e.g., rush hour) or on specific days when activities would be unduly disruptive (e.g., examination period; Opening Day).

- IV. A. The Vice President for Administrative Services shall issue at least annually a schedule of use fees and security deposits for use of campus facilities by recognized groups and/or non-campus groups. Use fees are intended to cover basic facilities costs. Security deposits are intended to cover any damage to the area or additional unanticipated special costs.
- B. Special costs are costs incurred by UMB over and above basic facilities costs. Special costs include cleaning, set-up, security, pedestrian and vehicle traffic control, and any other UMB work required to ensure that the use of an area has minimal impact upon the operations of the campus and the Medical Center and the area is restored to a normal condition after the use. Special costs will be estimated and must be pre-paid, subject to adjustment after special costs are calculated. The Vice President for Administrative Services will establish a price schedule for typical special costs.
- C. Use fees for School areas will be collected by the office that issues permission to use an area and retained by that School for use as determined by the Dean. Use fees for Library areas will be collected by the Library Director and retained for use by the Library as determined by its Director. Use fees for Student Union Building areas will be collected by the Student Union/Resident Life designee and retained for use by the Student Union as determined by the designee. Security deposits for Plaza Park and Library Plaza will be collected by the Campus Police Department and retained or distributed as directed by the Vice President for Administrative Services.
- D. Any special costs collected will be collected by the office that issues permission to use an area, but remitted to the campus unit(s) incurring the costs.

FY 2002 Space Rental Fee Schedule

Schedule of Fees for Use of Campus Facilities

Auditorium and Lobby

Nursing - Auditorium and Lobby - Capacity 470

Campus Groups / Outside Groups

For use up to four hours	\$800
For use four to eight hours	\$1200
For use eight to twelve hours	\$1600

Additional Fees

Breakout Rooms	\$75 per room
For Saturday or Sunday hours	\$100 per hour
For access prior to 7:45 am or after 10 pm	\$100 per hour
See attached Event Reservation Form	

MSTF - Auditorium and Lobby - Capacity 350

Campus Groups - No charge

Outside Groups

For use up to four hours	\$600
For use four to eight hours	\$900
For use eight to twelve hours	\$1200

Additional Fees

Breakout Rooms	\$75 per room
For Saturday or Sunday hours	\$100 per hour
For access prior to 7:45 am or after 10 pm	\$100 per hour

Social Work - Auditorium and Lobby - Capacity 175

Campus Groups - No charge

Outside Groups

For use up to four hours	\$300
For use four to eight hours	\$450
For use eight to twelve hours	\$600

Additional Fees

Breakout Rooms	\$75 per room
For Saturday or Sunday hours	\$100 per hour
For access prior to 7:45 am or after 10 pm	\$100 per hour

FY 2002 Space Rental Fee Schedule

Schedule of Fees for Use of Campus Facilities

President's Hall

Capacity 150

<u>Campus Groups</u> Mon-Thur	\$490 per day
Fri-Sun	\$630 per day
<u>Outside Groups</u> Mon-Thur	\$700 per day
Fri-Sun	\$900 per day

Conference Rooms Available for Non-campus Use

Capacity up to 20

<u>Campus Groups</u>	No charge
<u>Outside Groups</u>	\$100 half day; \$150 day

Capacity up to 40

<u>Campus Groups</u>	\$30 for clean up
<u>Outside Groups</u>	\$150 half day; \$225 day

Capacity up to 80

<u>Campus Groups</u>	\$30 for clean up
<u>Outside Groups</u>	\$200 half day; \$300 day

Health Sciences and Human Services Library

Microcomputer Classroom Use – Policy is on the Web

<u>Campus Groups</u>	\$250 half day; \$500 day
<u>Outside Groups</u>	\$500 half day; \$1000 day

Student Union (No Charges for Student Campus Groups)

Alumni Lounge

Capacity up to 40

<u>Campus Groups (Non-student)</u>	\$30 for clean up
<u>Outside Groups</u>	\$150 half day; \$225 day

Terrace Lounge

Capacity up to 80

<u>Campus Groups (Non-student)</u>	\$30 for clean up
<u>Outside Groups</u>	\$200 half day; \$300 day

<u>Outside Groups</u>	Lobby \$75 per day per table
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FY 2002 Space Rental Fee Schedule

Schedule of Fees for Use of Campus Facilities

Plaza Park

<u>Campus Groups</u>	No Charge
<u>Outside Groups</u>	\$500 Security Deposit

Library Plaza (Greene/Lombard)

<u>Campus Groups</u>	No Charge
<u>Outside Groups</u>	\$300 Security Deposit

Appendix D: Towson Solicitation Policy

POLICY GOVERNING THE SOLICITATION AND SALE OF CREDIT CARDS ON THE TOWSON UNIVERSITY CAMPUS

This policy addresses the issue of credit card vendors on the Towson University campus. Because credit card solicitation has continued to grow, the university has implemented the policy below to monitor and control access by credit card vendors to students and to assure that any such access is conditioned upon the dissemination of educational information relating to the responsible use of credit cards.

Credit card vendors will have access to Towson students only through official, university-sponsored events, such as programs presented by Towson University administrative offices. Examples of such programs include TU CARES/Orientation and "resource" and "involvement" fairs. Activities of student groups and organizations do not qualify for sponsorship under this policy.

Furthermore, credit card vendors are limited in the kinds of materials they may distribute. This consists of credit card application forms that students may, on their own initiative, choose to complete and return by mail, and information designed to educate individuals on the responsible use of credit. Specifically, educational information must accompany application forms whenever applications are distributed.

Under no circumstances will credit card vendors be permitted to accept credit card applications or to collect personal information (names, mailing and e-mail addresses, and telephone numbers) from students at the event.

All application and educational materials proposed for distribution must have been reviewed and approved by the Vice President for Student Life or his/her designee prior to dissemination to assure compliance with this policy. Additionally, representatives of participating institutions must obtain and have available for presentation a letter of verification from the university office authorizing the distribution of materials.

In order to provide for the timely evaluation of this document, the University Union Advisory Board will review and if necessary, recommend revisions of the policy annually at its February meeting, beginning February, 2002.

Approved by the President's Staff on November 17, 2000.

Appendix E: Solicitation Code of Conduct

"Code of Conduct" for On-campus Credit Card Solicitation

The financial institutions listed below are committed to responsible marketing practices on college campuses and to encouraging the responsible use of credit among college students. This Code of Conduct has been developed to ensure that tabling companies and their representatives understand and comply with these standards. A copy of this Code will be distributed by the financial institutions to the tabling companies with whom they work. The tabling companies will sign this code and will ensure their representatives sign the code. A copy will be kept on file. Credit card companies will continue to audit the practices of these vendors and, if a breach of this code is identified, will take appropriate action up to and including dismissal.

* * * * *

Tabling companies are responsible for ensuring that their representatives comply with these standards.

Tabling companies will provide financial education materials supplied by the issuer to students who inquire about credit cards.

Students will fill out their own applications; representatives of tabling companies will not tell a student what to put on the application, beyond giving general explanations.

Representatives of tabling companies will be respectful of a student's wishes not to fill out an application if the student indicates that he or she is not interested in acquiring a credit card, or if the student walks away from the table. Representatives are strictly prohibited from following students away from the tabling area.

Representatives of tabling companies will maintain a professional appearance and manner.

Representatives of tabling companies will carry identification and a letter of authorization from the tabling company and/or the credit card company. The letter of authorization should be valid for a specified period of time and should include contact information for the tabling company and the credit card company that the individual is representing.

To ensure accountability, all tabling company representatives will have a unique code, which they will put on applications submitted for processing.

Vendor: _____
Representative Name: _____
Representative Address: _____
Representative Code: _____
Issuer: _____
Date: _____

#

American Express
The Associates
Capital One
Citibank
Discover Financial Services
Household Credit Services
MasterCard International
MBNA America
Visa U.S.A.