Credit: Student loans are growing

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money."

Creditors are succeeding with their campaigns to sign up college students, and according to the Roper College Track Financial Services Study, 64 percent of college students have a credit card, a jump of five percentage points from 1995.

"I think they target us because if you rack up your bill and can only afford to make minimum payments, they're making tons of money off the interest," said ASUO President Matthew Scotten. "It is their ideal situation."

"I just received a preapproved application for a Gold Card from Mastercard for $5,000," Ross said. "I'm in school with no job — how can I pay it off? It's temptation. I would use them too carelessly."

Scotten gave three reasons why he believes credit card debt is so high with college students.

"I think a lot of it has to do with the rising costs of education," he said. "For a lot of people, it is kind of a secondary loan. It covers the cost of living above and beyond what you [receive] in financial aid or family support."

"Another reason is that companies are getting into more risk with credit card [limits] today," Scotten said. "I'm personally surprised with the limits I get. I'm only 22. I think the third factor is ... a lot of students are just learning how to manage money." He said, "I think, sometimes, they can be kind of spontaneous rather than be frugal and diligent with their cash."

Nathan Stowe, a junior majoring in landscape architecture, said his credit card companies are not making any money off him. The owner of six credit cards, he only uses one card for "everything."

"I've never fallen into credit card debt," he said.

"I use my United Airlines Gold Card for everything — eating, plane tickets, groceries and books. I receive travel miles for every dollar I purchase. But I've always kept on top of it and never had an outstanding balance. I worked a lot and saved my money. I spent what I needed," Stowe said.

Although Stowe has a $7,500 limit on his United Airlines Gold Card, he has never come close to owing that amount, but he admits it could be easy to rack up a high debt.

"Sometimes, it is kind of scary," he said. "But if you're smart and use them correctly, it can be a great asset."

U-Lane-O Visa coordinator Bonnie Grady believes credit cards can be a useful tool to establish a credit history and financial responsibility.

"We do give an [introductory] lower limit of $500 if a student has no negative credit history," she said. "To increase the limit, the student must request it. Elevating limits may start some trouble."

Grady believes students and credit cards are not really a dangerous combination.

Dubois recommends not depending too much on credit cards. Work out payment plans, she urged, and if you're having trouble paying the bills, act quickly. Most companies will be more sympathetic if you know you're going to be in trouble.

"Action is the key word," she added.

American Express and Prime Option Mastercard were unavailable for comment on the issue.

Student Loans

Student loans are another debt that many college students need to consider. More than 50 percent of all college students have loans, and the average student-loan debt of graduating students is nearly $10,000, according to the Education Resources Institute of Boston.

In recent years, the cost of a college education has increased an average of 7 percent annually, more than double the current rate of inflation.

"Tuition has gone up increasingly faster than inflation for a reasonably long time," said Larry Singell, associate professor of the economics department. "Student loans are more expensive than what they used to be, but still cheaper than using a credit card."

Director of Financial Aid Edmond Vignoul notices a definite trend of borrowing more money to pay for college.

"As costs have gone up and grant money and work-study money stayed relatively constant, students have to borrow more money," he said. "I believe that last year, the 1995 and 1996 [University] undergraduate students probably ended up owing an average of $17,000 in student loans."

Lobby: Companies push their business interests

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contractor with Schmidt-Cannon, who was hired by Citibank, so we are not affiliated with [Citibank]."

But ASUO President Matthew Scotten said he learned of these institutions' activities from USSA, and ASUO took immediate action with the proposed ballot measure.

"We heard of other schools across the country who had a ballot measure like this one, [stating] we don't want these institutions on our campus," he said.

Scotten said these lobbying activities were done openly and the companies underestimated the network communication between campuses all over the country.

"They probably didn't think that students would even pay attention to what's going on in Capitol Hill," he said. "I don't think [these institutions] realized the ... amount of [student] national organizations that keep track of such lobbying."

Grants are shrinking, and companies such as Sallie Mae prefer lending money for their education at their own interest rates, Scotten added.

"They're in the business of debt and it's something that a lot of people can purchase, such as higher education, which is increasingly becoming more expensive," he said. "It's just business for them."

Chemical Bank was unavailable for comment on this issue.