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## Study Tracks Student Use of Credit Cards

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— More than half of college students have at least one credit card that is billed to them, a new study says, and about a quarter of those students have used their cards to pay tuition.

Overall, more than four in 10 student cardholders carried a balance from month to month, with a median balance of \$1,000, according to an American Council on Education analysis of 2003-2004 federal data released Monday.

Fifty-five percent of students who used their cards to pay tuition were carrying a balance, compared with 38 percent who had not charged tuition, the study said.

Beyond that, the data didn't indicate the extent to which tuition charges are the reason students carry credit-card balances. But the figures highlight concern about students relying on credit cards to pay for college, given that student loans and installment plans generally charge significantly lower interest.

"If students are floating their credit card payments, that's troubling, because there are certainly less expensive forms of credit," said Jacqueline King, director of the ACE Center for Policy Analysis.

Many schools, particularly state institutions and community colleges, let students or parents pay tuition bills with credit cards for convenience. But some institutions refuse to allow the practice, saying they worry it will steer students toward more expensive ways to borrow. Some colleges also say the fees charged by credit-card companies to process the payments aren't worth it, considering the biggest beneficiaries are often parents simply looking to pad their frequent-flier accounts.

The ACE study found that, among student cardholders, 48 percent carried a balance by their fourth or fifth year in college. The same was true for 37 percent of freshmen.

About 58 percent of students from families earning \$80,000 or more carried their own credit card, compared with 54 percent of students from families earning less than \$40,000. But only a third of students from the richest families carried a credit-card balance, compared with nearly half of students from the poorest families.

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