

April 30, 2009 - Slaughter Student Credit Cardholder Protection Legislation Passes House

FOR IMMEDIATE
RELEASE

Thursday,
April 30, 2009

Slaughter's Student Credit Cardholder Protection
Legislation Passes House

Slaughter's Amendment to Reduce
Student Debt Included in Landmark Credit Cardholders' Bill of Rights

Washington, DC - Congresswoman

Louise M. Slaughter (D-NY-28), Chairwoman of the House Rules Committee, today proudly joined colleagues in passing her critical amendment to protect college students from excessive credit card debt and bankruptcy to H.R. 627, the Credit Cardholder's Bill of Rights.

The Credit

Cardholders' Bill of Rights provides crucial protections against unfair, but unfortunately common, credit card practices. This landmark legislation to level the playing field between card companies and cardholders also passed the House today. The legislation will be sent to the Senate for approval.

"You know we've

reached a tipping point when universities are citing credit card debt as a bigger factor in student drop-out rates than academic failure," said Rep. Slaughter. "Excessive credit card debt racked up during college is having serious consequences on student's futures as more and more young people are forced to drop out of school, change career plans, and file for bankruptcy."

Rep. Slaughter's

amendment to the Credit Cardholder's Bill of Rights strengthens the legislation by reducing the number of young people carrying excessive debt and filing for bankruptcy.

"If credit card

companies applied the same scrutiny to college students as they do to adults when approving them for credit cards, college students would not be maintaining balances that they are incapable of paying," Slaughter continued. "My amendment

ensures just that. This is not merely smart business practice but good public policy."

BACKGROUND

A Growing Problem with Serious Consequences

Excessive credit card debt among college students is a growing problem. According to Sallie Mae, a leading provider of student loans and administrator of college savings plans, eighty-four percent of undergraduates have at least one credit card, up from 76 percent in 2004. On average, students have 4.6 credit cards, and half of college students have four or more cards.

Only 17 percent said they regularly paid off all cards each month, and another 1 percent had parents or other family members paying the bill. The remaining 82 percent carried balances and thus incurred finance charges each month. The average balance grew to \$3,173 and median debt grew from 2004's \$946 to \$1,645 in 2009.

Carrying credit card debt can have serious ramifications for our student's futures. In fact, an Indiana University Administrator was quoted by the Chicago Tribune warning incoming freshman that the school "loses more students to credit card debt than to academic failure."

Many of our graduates have had to change their career plans because of debt. According to a 2006 poll by USA Today and the National Endowment for Financial Education, 22 percent of young people say they have taken a job that they wouldn't have otherwise to pay off debt. And 29 percent said they decided against pursuing more education because of debt.

Furthermore, in recent years we have seen the number of young people filing for bankruptcy increase by fifty percent.

Key Provisions of Slaughter's Amendment

- Limit credit lines for student's without a co-signer.

- Permit students to receive a starter credit card with a lower credit limit, allowing increases over time if prompt payments have been made.

- Require creditors to obtain a proof of income, income history, and credit history from college students before approving credit applications.

-
Limit students with no verifiable income to one credit card.

-
Require parents to agree in writing to increases in the credit limit of cards which they have co-signed.

###