The Check’s Not in the Mail:
Comparing Student Credit Card Habits With Class Level
By Mary Lehman

Contemporary college students graduate carrying more student loan debt than their predecessors of two decades ago did, and exist in a world where financial aid increasingly comes from loans rather than grants or gifts, as reported by The College Board (’00-’01 compared with ’80-’81). Debt payment habits, including credit card habits, formed by students while in school may become vital personal financial management skills after graduation. Yet these habits do not seem to improve as UCD students progress through their college careers, according to the results from two recent QuickSurveys. In fact, the opposite appears to be true.

This fall quarter, three QuickSurveys ran on the My.UCDavis web portal asking for student feedback on several angles of one subject: the relationship between UCD students and credit cards. The second and third surveys, forming the basis of this report, explored the habits and attitudes of students toward their own credit card activities.

Freshmen as a group were much less likely to own credit cards at all. Credit card ownership increased as students moved up through class levels, (88% of seniors vs. 44% of freshmen), perhaps because students had been living on their own for a longer period of time and had been exposed to more credit offers over time.

However, the more striking difference among the class levels was seen in payment habits. Of freshmen who own cards, 87% reported that they always pay their entire balance in full when it is due; this number dropped progressively through undergraduate class levels to 52% for seniors (Table 1). Graduate and professional students had about the same balance payment habits as did juniors.

Similarly, of credit-card-holding students who indicated that they do NOT always pay their entire balance in full when it is due, 30% of freshmen state that they skipped at least some payments in the past year; this proportion is 46% for seniors. Making only the minimum payment, another measure of debt-carrying patterns, was reported as occurring three or more times during the past year by 27% of card-owning freshmen who do not make full payments, and increased through class levels to 47% for seniors. Graduate/professional school students, however, exhibited about the same minimum-payment habits as did sophomores.
Self-reported concern about being “overextended” in credit card debt, addressed in the third QuickSurvey, increased steadily through the ranks of undergraduate class levels. Of students who have credit cards, the percentage moderately or very concerned about being overextended increased from 23% of all freshmen to 27% of all sophomores and 29% of all juniors, then jumped to 36% of all seniors.

Another important idea emerged from the data: the sheer number of students on this campus with moderate to serious concerns about their credit card debt load. Even after the data was weighted to remove the influence of a disproportionate response rate from freshmen, the percentage of the entire student body who were moderately or very concerned with being overextended topped 22%, and over half of them stated that they were very concerned, rather than moderately. In other words, there are 5872 students currently at UC Davis with these concerns (data based on fall ’02 enrollment figures).

Interestingly, graduate and professional school students – who reported payment habits at the better end of the range – were nearly as concerned about being overextended as were seniors: 34% of all graduate/professional school students reported being moderately or very concerned about being overextended. Could concern over their own accumulating credit load have increased over the years to the point that the payment habits of graduate students had finally reversed from earlier negative trends?

Contemporary students are studying in a time marked by heavier student loans, the wildcard mentioned at the start of this report. In an era in which 58% of financial aid comes in the form of loans (’00-’01 data), up from 41% in the early 1980s, many UCD students will face loan payments long after receiving their degrees. From the results of these two QuickSurveys, it appears that some of those students will also carry the added burden of unpaid credit card balances.

### Credit Card Payment Habits of Students Who Have Credit Card(s)

<table>
<thead>
<tr>
<th>Response</th>
<th>Class Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the past 12 months, I have always paid my entire credit card balance in full when it was due</td>
<td>Fresh</td>
</tr>
<tr>
<td>Number making this response</td>
<td>494</td>
</tr>
<tr>
<td>% of this class levels’ responses</td>
<td>87%</td>
</tr>
<tr>
<td>In the past 12 months, at least once I did not pay my credit card balance in full when it was due</td>
<td>Number making this response</td>
</tr>
<tr>
<td>% of this class levels’ responses</td>
<td>13%</td>
</tr>
</tbody>
</table>

Respondents for whom class level was not known have not been included

Table 1

This report was compiled by Student Affairs Research & Information (SARI) based on two My.UCDavis QuickSurveys, one running from November 6 through November 13, 2002, generating 3029 responses, and another running from October 26 through November 2, 2002, generating 3371 responses. Both QuickSurveys were available to all students. For more detailed information, contact us at (530) 754-7985.

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1 Source: The College Board, [http://www.collegeboard.com](http://www.collegeboard.com), ’00-01 and ’80-’81 data.