Behrend tuition increase less than other Erie colleges

by Jen Henderson staff writer

Seemingly along with everything else, tuition prices nationally are rising. Which means tuition prices at Penn State University, including Behrend, will also be affected.

According to the 2001-2002 budget report on the Penn State Web page, the tuition rates at Behrend and at other commonwealth campuses are expected to increase up to 4.25 percent. Reasons for the increase include basic operating costs, higher faculty and staff salaries, rising health care costs, and support for facilities improvements and deferred maintenance.

Due to the increase this academic year, the 2000 tuition price of \$6.852 for in-state students could very easily exceed \$7,000. For the past three

of about \$400 per year.

Penn State is not, however, the only school that is increasing tuition prices. Other colleges and universities in

the Erie area are also increasing

years, there has been a steady increase for tuition, room and board, and fees reached \$25, 660. Students entering Allegheny this academic year can expect to pay \$27,780.

To attend Mercyhurst College, students should expect to shell out

"Penn State's tuition prices are more reasonable than other local schools' prices."

-Sarah Dailey, Behrend student

expenses. Gannon University's 2001-2002 tuition and fees equal \$20,836 for two semesters of full-time study. These figures include a 15.3 percent raise from the 2000 price of \$18,062. Allegheny College, which is located in Meadville, has demonstrated a steady increase in tuition rates also. During the 1999 school year, the total

tuition costs and student living \$20,684 a year in tuition, room and board, and fees. The College is expecting a three to five percent increase to occur next year.

Compared with Allegheny's raise of 8.3 percent and Gannon's 15.3 percent, Penn State's increase of 4.25 percent is, perhaps, a bit easier to swallow.

"I believe Penn State's tuition

prices are more reasonable than other local schools' prices," said Behrend student Sarah Dailey. "[To improve tuition rates,] the University could possibly ask for more participation from alumni to donate more money toward the development of the school and its branch campuses."

"Penn State offers sensible prices for a good education, but it is a shame that we have to we to go so much into debt," added Heather Fleming, another Behrend student. "Hopefully it will be worth it."

Due to these increases in prices. many students may have to find new ways to finance their studies in order to attend the school of their choice. Whether it be with jobs, scholarships, or loans, something will have to compensate for the rising price of a college education.

ASK PAIGE'S DAD

~Gary R. Miles, stockbroker~

In what direction do you believe the economy is heading?

Down. No one feels good about the future.

What are some basic pointers on investing at this time?

Stay with top quality stocks and bonds; don't take risks.

Are people being overly paranoid about the economy at this point, or are their fears justified?

Everyone is paranoid, but yes, their fears are justified.

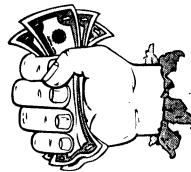
In what direction is the Erie economy heading?

Down — quicker than the national economy.

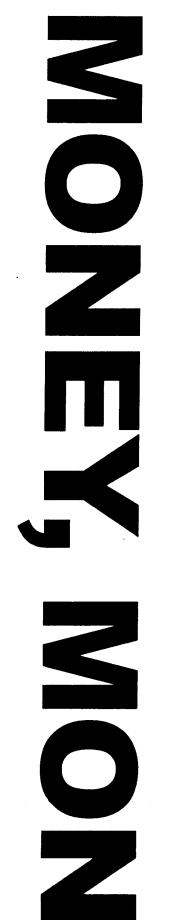
How harshly will the recent InternationI Paper closing affect the Erie economy?

It will affect the tax base and infrastructure along with schooling. It won't as much affect the Erie economy.

Have a question for Paige's dad? Send it to Berhcoll5@aol.com.



Liz Hayes, news editor



Students say 'yea' or 'nay' to credit cards

by Jen Henderson staff writer

They are only thin pieces of plastic, but when their power is released on the right (or wrong) person, watch out. Credit cards have been known to make or break the college budget. On Behrend's campus, there are usually several weekly opportunities to sign up for various credit cards. The companies lure people in with free gifts, ranging from pre-paid phone cards, T-shirts and hats, to calculators and various other items.

Spending varies for most students," as do the cards held. Many students sign up for the Penn State Alumni Association MasterCard through MBNA America. American Express, MasterCard, Visa, and Discover are all popular, however.

first-year student Scott Soltis. "The most I have spent in a month is around about \$500 and the least I have spent is about \$50.1

Soltis and Becky Snyder, a junior, have had their credit cards for three years. Soltis said he uses his card quite frequently and would be lost without it. Snyder advises students to get a card, but to not spend "more money than you can pay off in a month, maybe two."

Most students say they have heard and go tales of debt and don't really care to obtain a credit card at all. Others don't know how they ever lived without their precious pieces of plastic.

"I've heard so many horror stories, and I don't want to get caught up in the buy now, pay later [situation]," said first-year student Jamie Earls, "You have your big months, and explaining why she rarely uses her

you have your small months," said - card. "Plus, my mom would kill me!" Earls has one MasterCard, but only uses it for rare emergencies.

Maria Ruiz Diaz has one Visa Platinum card and uses it

frequently for shopping sprees. "T see Donna Karen, Kenneth

Cole, nuts. 'Just charge it.' That is my favorite quote of the year. If I keep this up I don't know how Γ m going to get through college. Good thing there isn't a Macy's around here!' Credit cards can be an advantage

or they can cause many problems if used in the wrong way. Student Courtney Bliss does not have a card and has no desire to gain one anytime soon. "I think a lot of people would be irresponsible and spend too much money," she said NAT INALIS

Meredith Hennon, another 🚴 student, also does not have a card and is glad she doesn't have to face the temptation. "We're college students. I'm speaking for myself when I say that I would compulsively spend and not think of the consequences that go along with excessive credit card spending. I'm glad I don't have one."

Campuses spin big-money deals with credit cards

by Erik Lords Knight Ridder Newspapers

On college campuses, the lure of easy credit is everywhere.

No job? No problem. Students are bombarded with credit card offers from the day classes begin. Companies solicit them from tables, hawking free gifts for applying. Applications flow in by e-mail and over the phone — and literally fall from the pages of new textbooks.

is wise or ethical to give easy credit to young customers who often have no jobs or income

Some students who signed up for their first cards as freshmen become so saddled with debt they are forced to drop out or consider bankruptcy.

Ron Holt, a junior mechanical engineering major at Wayne State University, said all he wanted was the free T-shirt when he applied for a Discover card at a campus table during his freshman year.

advocacy groups. At issue is whether it gotten that Discover card, I could have been off to a completely different financial start."

Meanwhile on campus, the marketing barrage has intensified. On a recent Wednesday, Kyle Schertzing, a junior from Chelsea, sat on the sidewalk outside of the campus bookstore at U-M holding a clipboard from an independent is poised to pass into law the Bankruptcy Reform Act, which is backed by card companies and the Bush administration. The legislation would make it more difficult to file for bankruptcy relief from credit card debt.

Card companies have lobbied hard to get the bill passed, and gave a combined \$9.3 million in the last election, according to the Center for Responsive Politics in Washington, D.C.

that students do a better job with credit cards than most people think.

"I don't think it's fair to assume that just because you are young, you are not too smart," said Jim Donahue, a spokesman for MBNA. "The overwhelming number of students who use MBNA cards have demonstrated that they can handle credit responsibly."

But Donahue declined to provide sta-

And colleges are cashing in.

The University of Michigan and Michigan State University each have bigmoney deals with Delaware-based banking giant MBNA to market cards to alumni, students, and staff. As part of the contracts, the schools give their students' names and telephone numbers to MBNA.

"These schools are coconspirators with the credit card companies," said Elizabeth Warren, a professor at Harvard University Law School and an expert on bankruptcy and consumer issues.

MBNA, which has dozens of contracts with colleges nationwide, is paying MSU \$4.25 million in a 5-year contract that expires in 2003, according to James Sheppard, director of the MSU Union and contract operations. Sheppard estimated that 43,000 MSU alumni and staff have cards, and about 9,400 students carry them.

U-M's MBNA contract, through its alumni association, is a 7-year pact that expires in 2004 and could pay the school up to \$10 million, according to Jerry Sigler, associate executive director of the U-M alumni association. At U-M, about 70,000 faculty and alumni hold MBNA cards as well as about 8,000 students.

Card companies and college officials say they are simply giving students a chance to establish good credit and learn money-management skills. No one, they say, is forced to sign up for a credit card or pressured to spend with one.

MSU Trustee Robert Weiss, who carries an MBNA card, said a table on campus gives a student a choice.

"If the university were advocating it or suggesting to students that they should do it, I think that would be wrong," he said. "I would push for getting more education out there.... Credit cards per se aren't bad. It's how they're used.'

U-M's Sigler said: "I'm very comfortable with MBNA being part of the financial education students receive. We provide an on-campus face and name for a bank that is sensitive to student needs."

Nevertheless, aggressive credit card marketing tactics aimed at college students have drawn heavy criticism in recent years from parents and consumer

"I thought for sure they were going to reject me," Holt said. "I didn't have a jobat the time, and I was fresh out of high school."

Instead of turning him down, Discover gave him the T-shirt and mailed him a card with a \$2,500 credit limit.

credit card contractor with nine credit card applications attached. A sign advertised free merchandise for students who filled out all the applications.

"I don't know if I'll get accepted for any of them," Schertzing said. "I'm just filling them out to get the free Gucci sunglasses."

For Schertzing and others, the problem usually doesn't start when they get the freebies. It begins when the credit

"Credit card companies want to have it both ways," said law professor Warren. "They want an unregulated market so they can target anyone, no matter how young or inexperienced. Then on the flip side, if someone gets into financial trouble, they want the government to jump in and squeeze consumers harder to make them pay."



KRT CAMPUS PHOTO

Geology grad student Xu Xiqiao, 21, applies for his first credit card on the campus of the University of Michigan where, like other campuses, the lure of easy money is too hard to pass.

spending.

4

Having the Discover card made it cards arrive in the mail and they start easier for him to get cards at Hudson's, J.C. Penney, and Sears. He bought things like gas, schoolbooks, clothes and soon found it difficult to pay on all of the cards each month. Late fees began to multiply.

Now the Discover card has been deactivated. Creditors hound Holt for money, he said, and mild damage has been done to his credit report. With late fees and other penalties, he owes about \$7,000 and is juggling two part-time jobs while attending school to pay them off.

"It's my fault, I fell for the trap," Holt said. "But I seriously believe if I hadn't Samuel Gerdano, executive director of

the American Bankruptcy Institute in Alexandria, Va., which tracks the number of American bankruptcies and the reasons behind them, said Holt and Schertzing's stories are common.

"You've got students who are already saddled with student loans," he said. "If you pile on this additional debt, you've got a lot of students who are behind the 8-ball before they've even started their careers.

The concerns come just as Congress

Aware of the trouble students can get into with credit cards, many colleges, including Wayne State University in Detroit, have recently banned companies from soliciting on campus.

"It was a real problem; I mean companies were lining up three or four a week here," said David Johnson, director of the student center and program activities at Wayne State. "As far as we're concerned we never want to see them again."

Part of the problem is that students come to college with little knowledge about using a credit card responsibly. Despite the studies, MBNA maintains

tistics showing what percentage of students with MBNA cards pay off their balances each month. According to industry-sponsored studies, 56 percent of undergraduates nationwide pay off their balances each month, compared with 43 percent of all credit card users.

On most campuses, the only groups conducting money-management sessions are the card companies themselves.

At MSU and U-M, MBNA offers free money-management workshops. If a student runs afoul with cards, MBNA will provide one-on-one counseling by telephone, Sigler said.

Still, Warren estimates that 120,000 people under age 25 filed for bankruptcy in 2000, and that bankruptcies in the 25and-under group rose about 51 percent between 1991 and 1999.

Research by the American Bankers Association shows that the first card most customers get is the one they keep for life, so getting into a customer's pocket early is essential.

Twenty-five years ago, students under 21 needed a cosigner to apply for a credit card. But when the over-21 market became saturated in the 1980s, the cosigner policy was all but abandoned. Today, when students turn 18 they can usually apply for a card on their own. And many do.

According to Nellie Mae, a national student loan provider, 67 percent of undergraduates had credit cards in 1998. The percentage jumped to 78 percent in 2000. The percentage of students with four

or more cards increased from 27 percent to 32 percent during that time, according to Nellie Mae. And about 13 percent of undergraduates have at least one card with a balance between \$3,000 and \$7,000. Lauren McNeary, 20, a sophomore at the University of Detroit Mercy, signed up for her first card a year ago. She has been careful not to get more cards, be-

cause she said she has enough trouble keeping track of one. She has a balance of about \$1,000 and said she has been hit with late charges 10 times, at \$29 each time, over the past year. "I never thought I'd be using the card

to buy books or pay tuition," she said. "But when you need things, and don't have money, the card is just there. So you end up using it."

BEACON •October 26, 2001•