F I S C A L   I M P A C T   R E P O R T

SPONSOR HEC **ORIGINAL DATE** 03/02/09 **LAST UPDATED** **HB** 175/HECS

SHORT TITLE College Student List Sales **SB**

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	**FY10**		
	$0.1	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Higher Education Department (HED)
Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

The House Education Committee Substitute for House Bill 175 would prohibit furnishing personal contact information for undergraduate students, without the student's consent, to any credit card issuer. The bill also prohibits entering into any agreement to market credit cards to undergraduate students. The prohibitions apply to all public or private post-secondary educational institutions and includes the agents or employees of the institution as well as student and alumni organizations or its affiliates. The bill provides for civil liability up not to exceed $10,000 for each violation in addition to costs and attorney fees. The Federal Truth in Lending Act governs the meaning of credit card and card issuer.

FISCAL IMPLICATIONS

There is no fiscal impact beyond any costs associated with the institutions and organizations complying with the requirement to obtain written consent for release of undergraduate contact information to credit card issuers.

SIGNIFICANT ISSUES

The HED notes that the bill is not included in the Department's legislative recommendation for FY10.

The HED states that the need for credit cards to supplement paying for college and aggressive marketing by financial institutions are concerns associated with the amount of total debt a student can incur while in college. According to a study by the American Council on Education (2006), 56 percent of all dependant undergraduates owned at least one credit card with a median debt of $1,000. One out of four carried a balance on their credit card from month to month. In addition, the likelihood of owning a credit card did increase as students progressed through their academic careers. Forty-three percent of first-year undergraduates owned credit cards, compared to 74 percent of fourth- and fifth-year students. Approximately one out of four students with a credit card had used it to pay for tuition. Students with credit cards were not significantly more or less likely to borrow student loans than those who did not have a credit card.

According to a March 2008 national study of college students and credit card marketing conducted by the United States Public Interest Research Group, 76 percent of the students surveyed reported stopping at tables marketing credit cards on campuses, attracted by free items such as food, t-shirts, and other promotional items. Another 80 percent stated they had received some form of direct mailing from a credit card company.

The AGO comments that:

> HB 175 may only apply to undergraduate students and not to graduate students. HB 175 does not specifically refer to graduate students, while Graduates are students – HB 175 restricts public or private educational institutions from disclosing to card issuers “undergraduate” students’ identity and contact information.
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> HB 175 subsection 2 of subsection A may raise commercial free speech issues in its attempt to restrict post-secondary educational institution from entering into “any agreement to market credit cards to undergraduate students.” The language “any agreement” seems very broad and may apply to a post-secondary educational institution agreement that allows a card issuer access to its campus.

GH/mt:svb