

# Credit Cards & Student Debt

When scholarships, student loans, employment earnings, and other income sources are not enough to pay for living and education expenses, credit cards become an option that California college students turn to. While credit cards offer students a way to pay their bills on time, they can also mean an accumulation of high-interest debt that students may need to pay off in college and later in life. This spotlight brief explores what students told us in the 2018-19 Student Expenses and Resources Survey (SEARS) about their experience using credit cards while attending college.

## What percentage of students use credit cards to pay for college?

The SEARS survey asked students whether they have at least one credit card and if they carry over any amounts on their credit card(s) each month.

**60%** of students have at least one credit card in their name that is billed monthly.

Of those students with a credit card:

**77%** use their credit card to pay for education and/or living expenses during the academic year. Among the students paying for their education/living expenses with credit cards;

**70%** say that it is the only way that they can afford those expenses.

**61%** carry over an amount month-to-month

**\$4,306** The average amount that those students carry over monthly

**25% owe \$5,000 or more**

**26%** of students in the sample reported having some level of credit card debt but did not report using student loans as another way of paying for college.

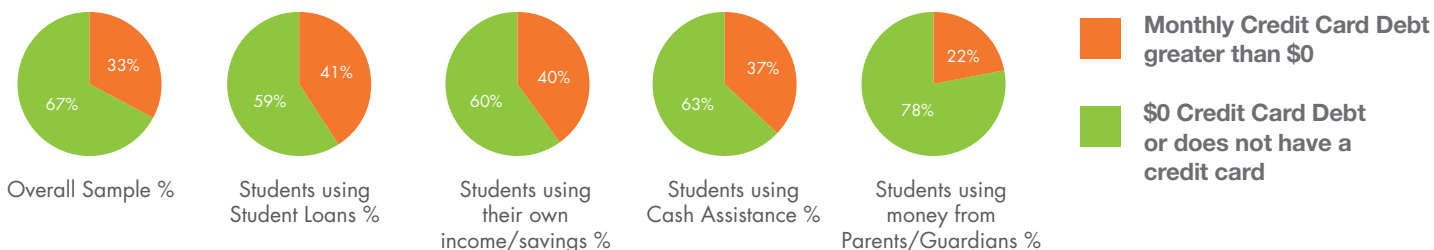
Students lack information about how to best finance their college education. They need information that helps them determine when it is more prudent to take out a low-interest student loan versus using high-interest credit cards. Campuses and policymakers should provide financial literacy opportunities to help students make informed borrowing decisions. It is important for students to learn that there are low-interest loan options that may be more judicious than borrowing against credit cards which could affect their long-term financial health.

“Essentially, I use my cards to survive. Whatever cash I have, I use for rent and minimum monthly credit card payments.

*Student, MiraCosta Community College*

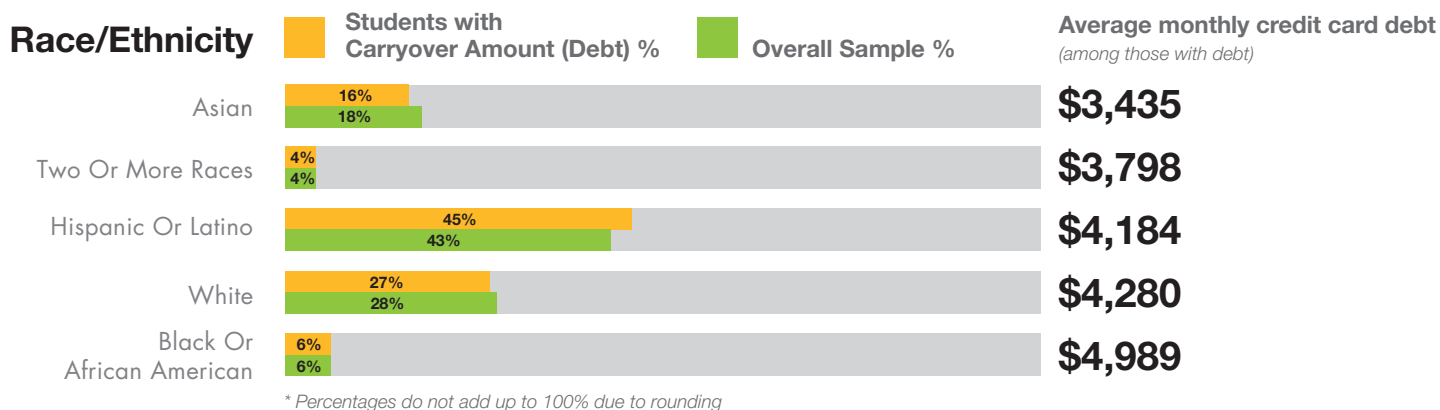
# Other Ways to Pay College Expenses in Addition to Credit Cards

Students using student loans, their own income/savings, or cash assistance are more likely to have credit card debt, while students using money from parents/guardians are less likely to have credit debt and more likely to have no debt or no credit card at all.

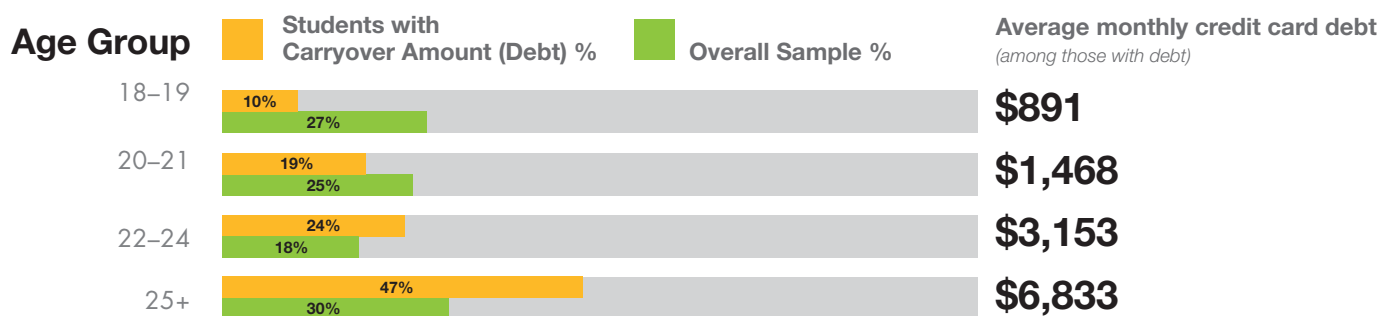


## Characteristics of Students with Credit Card Debt

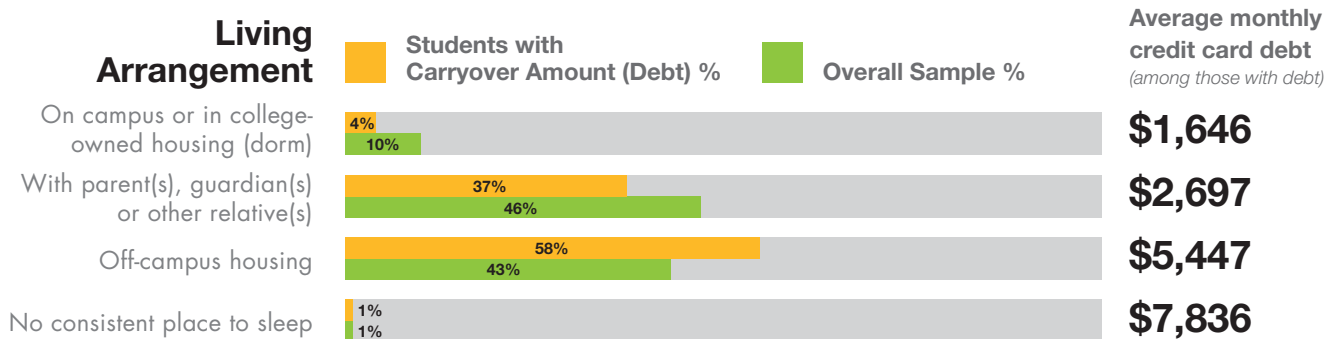
The distribution of race/ethnicity among students with carryover debt is similar to the surveyed sample. However, students who are Black/African American carry a higher amount of monthly credit card debt than other students.



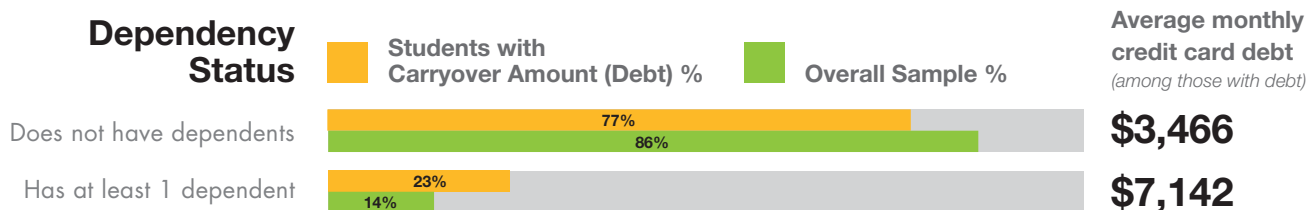
Credit card debt is also higher among older students, with students who are 25 or older carrying \$6,833 in credit card debt, more than twice that of any other age group.



In addition, credit card debt appears to be associated with living situation. Students who live off-campus or who have no consistent place to live disproportionately carry over debt. Students living off-campus have more than three times the amount of credit card debt as those living on campus.

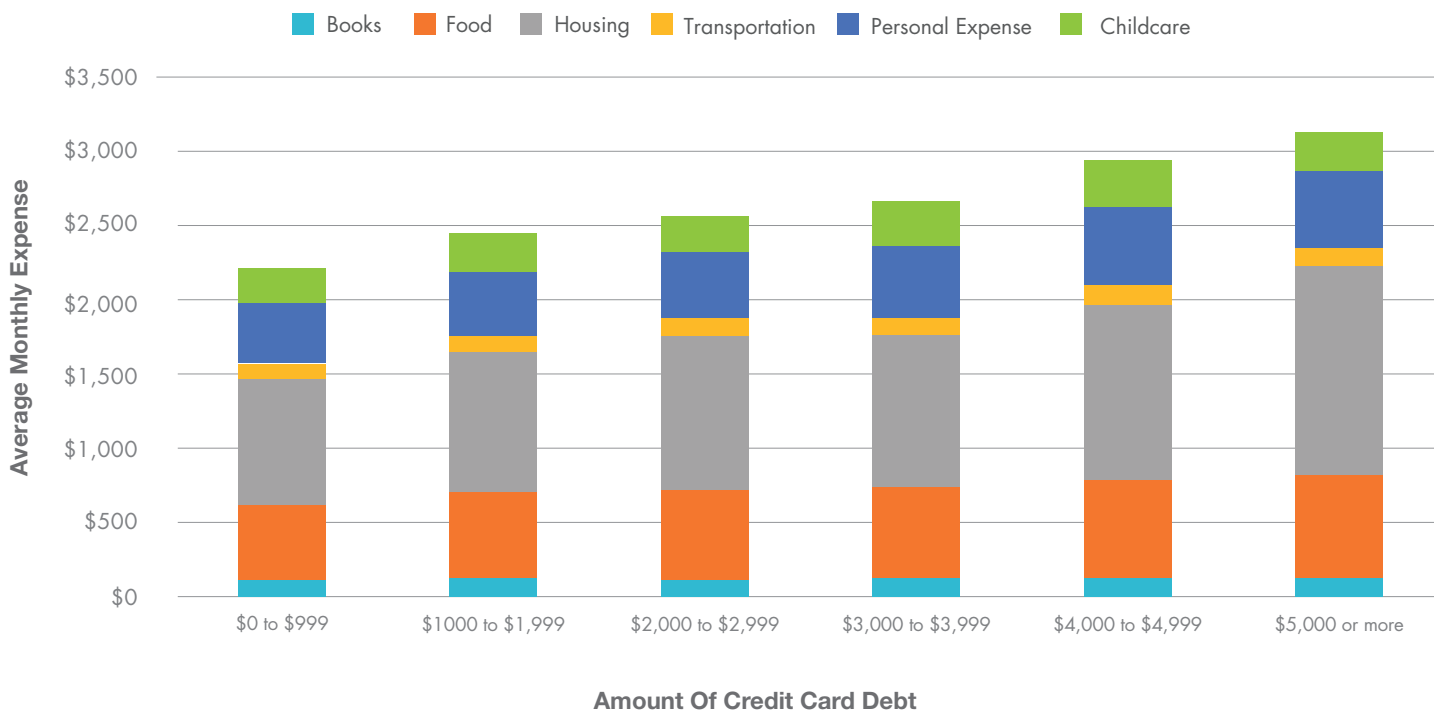


Similarly, students with dependents have more than twice the amount of credit card debt as those without.



## Education/Living Expenses and Credit Card Debt

On top of tuition, students must also pay for everyday basic living expenses, like food, transportation and books while attending college. For students with credit card debt, the average amount of debt is directly correlated with total monthly expenses:



“ I often find myself paying gas or groceries with a credit card because I cannot afford to pay with cash. All my books are purchased on credit and after interest, it breaks my heart to see how much I am really paying simply because I can not afford it.

*Student, California Lutheran University*

““ Regarding my credit cards, both are maxed out and have been sent to collection because I don't make enough to pay the minimum and they are not a priority at this time. My greatest fear is the future. I feel I am caught in a cycle of needing to borrow money, not being able to pay back, more loans, more credit cards.

*Student, California State University-Bakersfield*

““ With the limits to how much I can get through loans to help pay for expenses, I have acquired more credit card debt because my credit cards help me pay for ordinary and emergency expenses. These credit cards have high interest and are a struggle to maintain payments. However, without them, I would starve and be without most things.

*Student, University of California-Irvine*

““ In order to continue my undergraduate education I have had to take on a lot of debt...not only student loans but in credit cards as well.

*Student, California Lutheran University*



[www.csac.ca.gov](http://www.csac.ca.gov)