

Clothed, Fed + Over Their Heads?

Credit Card Use of NH Student Loan Borrowers

The following data are presented as profiles of borrowers. These profiles highlight students and consumers, and also examine them as broken down into eight categories.

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I. Profiles

All Borrowers

- 30,577 borrowers were included in this analysis. This includes both Stafford and alternative loan borrowers.
- 27,238 (89%) of all borrowers had an open credit card
- 3,339 (11%) of all borrowers did not have an open credit card
- Average credit card debt for all borrowers with open credit cards was \$2,557.
- Average student loan debt for all borrowers was \$13,148.
- 15,904 (52%) of borrowers with open credit cards have been reported delinquent. 6,682 (22%) were delinquent at least 120 days.
- There was no connection noted between credit card delinquencies and NHHEAF student loan balance among any of the eight groups of borrowers.
- There was no connection noted between average credit card debt and average NHHEAF student loan debt among any of the four borrower categories with active credit cards.

For the purpose of this analysis, borrowers in school at the time of the analysis will be referred to as “students”. Borrowers in repayment at the time of the analysis will be referred to as “consumers”.

“Open” credit cards are any credit card available for use, including ones that are used and have a balance, and those that are not used and saved for emergencies.

“Active” credit cards are credit cards that have been used in the last billing cycle, and/or have a balance. The user either pays off the charges in full, or carries a balance over into the next month.

“Inactive” credit cards are credit cards that have not been used in the last billing cycle, and have no balance, but are available to be used when needed.

Students

- 8,391 (27%) of the borrowers in the analysis were students.
 - 6,956 (83%) of these borrowers had open credit cards.
 - 4,954 (59%) of students had active credit cards, with an average credit card debt of \$2,880. These borrowers had an average credit limit of \$7,330.
 - Average student loan debt for students was \$16,831.
 - Average student loan debt for all Grade 4 borrowers was \$23,182.
 - Average credit card debt for all Grade 4 borrowers with active credit cards was \$3,185.
 - Average credit limit for all Grade 4 borrowers with active credit cards was \$8,558.
 - 3,074 (37%) of students have been reported delinquent on their credit card payments. This includes students who did not have open credit cards at the time of this analysis but did at one point in the past. 1,002 (12%) have been reported delinquent at least 120 days.
 - 1,881 (22%) of students have 6 or more open credit cards.

Students with active and inactive credit cards

- 3,917 borrowers were included in this category. (13% of total pool of borrowers.)
- 3,917 (100%) of these borrowers had an open credit card
- 0 (0%) of these borrowers did not have an open credit card
- Average credit card debt for these borrowers was \$3,106.
- Average credit limit for all active credit cards was \$7,937.
- Average student loan debt for these borrowers was \$17,276.
- 1,769 (46%) of borrowers have been reported delinquent.
 - 12% were delinquent at least 120 days.

Table 1: Open credit cards for students with active and inactive credit cards

	Number of Borrowers	Average Credit Card Debt	Average Student Loan Debt
Have 2 open credit cards	n=540 (14%)	\$1,120	\$17,401
Have 3 open credit cards	n=664 (17%)	\$1,626	\$16,732
Have 4 open credit cards	n=570 (15%)	\$2,078	\$17,934
Have 5 open credit cards	n=500 (13%)	\$2,724	\$16,755
Have 6 or more open credit cards	n=1,643 (42%)	\$4,830	\$17,384

Table 2: Averages by grade level for students with active and inactive credit cards

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Credit Limit	% With Less than 25% Available Credit on Their Cards	Average Cumulative Student Loan Debt
Grade 1 (n= 572)	5.94	2.04	3.90	\$2,724	\$6,414	32%	\$6,628
Grade 2 (n= 1,007)	6.26	2.11	4.24	\$3,153	\$7,864	29%	\$14,371
Grade 3 (n= 1,041)	5.50	1.89	3.61	\$2,920	\$7,391	23%	\$18,663
Grade 4 (n= 1,297)	6.04	1.91	4.13	\$3,388	\$9,100	20%	\$23,113
All Students	5.96	1.98	3.99	\$3,106	\$7,937	25%	\$17,276

Table 3: Credit card debt by grade for students with active and inactive credit cards

	Credit Card debt <\$1,000	Credit Card debt \$1,000 to \$3,000	Credit Card debt >\$3,000
Grade 1	n=263 (46%)	n=149 (26%)	n=159 (28%)
Grade 2	n=418 (42%)	n=270 (27%)	n=314 (31%)
Grade 3	n=490 (47%)	n=259 (25%)	n=283 (27%)
Grade 4	n=582 (45%)	n=292 (23%)	n=419 (32%)
All Students	n=1,753 (45%)	n=970 (25%)	n=1,175 (30%)

Students with active credit cards only

- 1,037 borrowers were included in this category. (3% of total pool of borrowers.)
- 1,037 (100%) of these borrowers had an open credit card.
- Average credit card debt for these borrowers was \$2,031.
- Average credit limit for all active credit cards was \$5,042.
- Average student loan debt for these borrowers was \$16,537.
- 243 (23%) of borrowers have been reported delinquent.
 - 4% were delinquent at least 120 days.

Table 7: Open credit cards for students with active credit cards only

	Number of Borrowers	Average Credit Card Debt	Average Student Loan Debt
Have 1 open credit card	n=676 (65%)	\$1,345	\$16,359
Have 2 open credit cards	n=242 (23%)	\$2,688	\$16,711
Have 3 open credit cards	n=79 (8%)	\$4,248	\$16,923
Have 4 open credit cards	n=27 (3%)	\$4,863	\$15,916
Have 5 open credit cards	n=9 (1%)	\$6,657	\$16,429
Have 6 or more open credit cards	n=4 (0%)	\$4,803	\$32,836

Table 8: Averages by grade level for students with active credit cards only

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Credit Limit	% With Less than 25% Available Credit on Their Cards	Average Cumulative Student Loan Debt
Grade 1 (n= 145)	1.59	1.59	0	\$1,806	\$3,708	42%	\$5,355
Grade 2 (n= 267)	1.69	1.67	0	\$2,073	\$4,248	45%	\$12,818
Grade 3 (n= 337)	1.38	1.40	0	\$1,918	\$5,330	30%	\$18,643
Grade 4 (n= 288)	1.49	1.45	0	\$2,236	\$6,115	28%	\$23,148
All Students	1.52	1.51	0	\$2,031	\$5,042	35%	\$16,537

Table 9: Credit card debt by grade for students with active credit cards only

	Credit Card debt <\$1,000	Credit Card debt \$1,000 to \$3,000	Credit Card debt >\$3,000
Grade 1	n=82 (57%)	n=44 (30%)	n=19 (13%)
Grade 2	n=139 (52%)	n=69 (26%)	n=58 (22%)
Grade 3	n=187 (56%)	n=90 (27%)	n=58 (17%)
Grade 4	n=148 (52%)	n=71 (25%)	n=68 (24%)
All Students	n=556 (54%)	n=274 (27%)	n=203 (20%)

Students with inactive credit cards only

- 2,002 borrowers were included in this category. (7% of total pool of borrowers.)
- Average student loan debt for these borrowers was \$17,018.
- 870 (43%) of borrowers have been reported delinquent.
 - 20% were delinquent at least 120 days.

Table 13: Open credit cards for students with inactive credit cards only

	Number of Borrowers	Average Credit Card Debt	Average Student Loan Debt
Have 1 open credit card	n=673 (34%)	\$0	\$16,471
Have 2 open credit cards	n=484 (24%)	\$0	\$17,033
Have 3 open credit cards	n=324 (16%)	\$0	\$17,249
Have 4 open credit cards	n=169 (8%)	\$0	\$17,009
Have 5 open credit cards	n=116 (6%)	\$0	\$19,511
Have 6 or more open credit cards	n=236 (12%)	\$0	\$17,014

Table 14: Averages by grade level for students with inactive credit cards only

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Cumulative Student Loan Debt
Grade 1 (n= 358)	2.99	0	2.99	\$0	\$7,040
Grade 2 (n= 536)	3.04	0	3.04	\$0	\$14,785
Grade 3 (n= 588)	2.65	0	2.65	\$0	\$18,956
Grade 4 (n= 520)	2.96	0	2.96	\$0	\$23,999
All Students	2.92	0	2.92	\$0	\$17,018

Students with no credit cards

- 1,435 borrowers were included in this category. (5% of total pool of borrowers.)
- Average student loan debt for these borrowers was \$15,540.
- 192 (13%) of borrowers have been reported delinquent on credit cards they had at some point in the past.
 - 6% were delinquent at least 120 days.

Table 17: Averages by grade for students with no credit cards

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Cumulative Student Loan Debt
Grade 1 (n= 237)	0	0	0	\$0	\$6,130
Grade 2 (n= 353)	0	0	0	\$0	\$12,620
Grade 3 (n= 497)	0	0	0	\$0	\$17,320
Grade 4 (n= 348)	0	0	0	\$0	\$22,370
All Students	0	0	0	\$0	\$15,540

Consumers

- 22,186 (73%) of the borrowers in the analysis were borrowers in repayment, or “consumers”.
 - 20,282 (91%) of these borrowers had open credit cards.
 - 15,007 (68%) of consumers had active credit cards, with an average credit card debt of \$4,260. These borrowers had an average credit limit of \$11,102.
 - Average student loan debt for consumers was \$11,775.
 - 12,830 (58%) of consumers have been reported delinquent on their credit card payments. This includes consumers who did not have open credit cards at the time of this analysis but did at one point in the past. 5,680 (26%) have been reported delinquent at least 120 days.
 - 9,108 (41%) of consumers had 6 or more open credit cards.

Consumers with active and inactive credit cards

- 13,452 borrowers were included in this category. (44% of total pool of borrowers.)
- 13,452 (100%) of these borrowers had an open credit card
- 0 (0%) of these borrowers did not have an open credit card
- Average credit card debt for these borrowers was \$4,433.
- Average credit limit for all active credit cards was \$11,708.
- Average student loan debt for these borrowers was \$11,863.
- 7,442 (55% of borrowers have been reported delinquent.)
 - 18% were delinquent at least 120 days.

Table 4: Open credit cards for consumers with active and inactive credit cards

	Number of Borrowers	Average Credit Card Debt	Average Student Loan Debt
Have 2 open credit cards	n=995 (7%)	\$1,321	\$12,242
Have 3 open credit cards	n=1,406 (10%)	\$2,079	\$11,733
Have 4 open credit cards	n=1,587 (12%)	\$2,724	\$12,171
Have 5 open credit cards	n=1,544 (11%)	\$3,638	\$12,221
Have 6 or more open credit cards	n=7,920 (59%)	\$5,740	\$11,707

Table 5: Averages for consumers with active and inactive credit cards

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Credit Limit	% With Less than 25% Available Credit on Their Cards	Average Student Loan Debt
All Consumers	7.40	2.19	5.21	\$4,433	\$11,708	24%	\$11,863

Table 6: Credit card debt for consumers with active and inactive credit cards

	Credit Card debt <\$1,000	Credit Card debt \$1,000 to \$3,000	Credit Card debt >\$3,000
All Consumers	n=4,600 (34%)	n=3,471 (26%)	n=5,367 (40%)

Consumers with active credit cards only

- 1,555 borrowers were included in this category. (5% of total pool of borrowers.)
- 1,555 (100%) of these borrowers had an open credit card
- Average credit card debt for these borrowers was \$2,749.
- Average credit limit for all active credit cards was \$5,870.
- Average student loan debt for these borrowers was \$11,504.
- 669 (43%) of borrowers have been reported delinquent.
 - 14% were delinquent at least 120 days.

Table 10: Open credit cards for consumers with active cards only

	Number of Borrowers	Average Credit Card Debt	Average Student Loan Debt
Have 1 open credit card	n=903 (58%)	\$1,373	\$11,224
Have 2 open credit cards	n=395 (25%)	\$3,306	\$11,636
Have 3 open credit cards	n=170 (11%)	\$6,124	\$11,948
Have 4 open credit cards	n=53 (3%)	\$7,227	\$11,581
Have 5 open credit cards	n=20 (1%)	\$8,090	\$13,987
Have 6 or more open credit cards	n=14 (1%)	\$9,721	\$16,663

Table 11: Averages for consumers with active cards only

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Credit Limit	% With Less than 25% Available Credit on Their Cards	Average Student Loan Debt
All Consumers	1.68	1.68	0	\$2,745	\$5,870	40%	\$11,504

Table 12: Credit card debt for consumers with active cards only

	Credit Card debt <\$1,000	Credit Card debt \$1,000 to \$3,000	Credit Card debt >\$3,000
All Consumers	n=677 (44%)	n=464 (30%)	n=414 (27%)

Consumers with inactive credit cards only

- 5,275 borrowers were included in this category. (17% of total pool of borrowers.)
- Average student loan debt for these borrowers was \$12,062.
- 3,839 (73%) of borrowers have been reported delinquent.
 - 46% were delinquent at least 120 days.

Table 15: Open credit cards for consumers with inactive credit cards only

	Number of Borrowers	Average Student Loan Debt
Have 1 open credit card	n=1,327 (25%)	\$11,003
Have 2 open credit cards	n=954 (18%)	\$11,036
Have 3 open credit cards	n=766 (15%)	\$12,272
Have 4 open credit cards	n=610 (12%)	\$12,432
Have 5 open credit cards	n=444 (8%)	\$12,879
Have 6 or more open credit cards	n=1174 (22%)	\$13,456

Table 16: Average for consumers with inactive credit cards only

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Student Loan Debt
All Consumers	3.84	0	3.84	\$0	\$12,062

Consumers with no credit cards

- 1,904 borrowers were included in this category. (6% of total pool of borrowers.)
- Average student loan debt for these borrowers was \$10,359.
- 880 (46%) of borrowers have been reported delinquent on credit cards they had at some point in the past.
 - 30% were delinquent at least 120 days.

Table 18: Averages for consumers with no credit cards

	Average number of open credit cards	Average number of active credit cards	Average number of inactive credit cards	Average Credit Card Debt	Average Student Loan Debt
All Consumers	0	0	0	\$0	\$10,359

II. Methodology

New Hampshire Higher Education Assistance Foundation (NHHEAF) contracted with TransUnion for a data set matching credit card debt to borrower records. CBC Innovis facilitated the credit screening process using the TransUnion credit repository information file. A file of 86,295 loan records was sent to TransUnion on 3/19/07. The file was returned to the NHHEAF business systems analysts on 4/10/07 with matches to 85,016 of the records. The file was sent and received via TransUnion's secure ftp transfer site.

Borrowers included in the analysis include:

- New Hampshire Residents (at the time of borrowing)
- Student loan borrowers with Federal Stafford loans and alternative loans
- Current undergraduate students of Dependent and Independent statuses.
- Those in repayment who borrowed for undergraduate education
- Borrowers in Claims status excluded
- Does not include parent credit cards with borrowers also on account as authorized users

Notes:

- Open Credit Card as defined by the analysis is: any credit card available for use, including ones that are used and have a balance, and those that are not used and saved for emergencies.
- Active Credit Card as defined by the analysis is: credit cards that have been used in the last billing cycle, and/or have a balance. The user either pays off the charges in full, or carries a balance over into the next month.
- Inactive Credit Card as defined by the analysis is: credit cards that have not been used in the last billing cycle, and have no balance, but are available to be used when needed.
- Credit Card Refers to Bank Cards Only (i.e. MasterCard, Visa). Does not include store cards or gasoline cards.
- Borrower statuses are reflective of 3/30/07.

30,577 borrower records were ultimately used in the analysis. Why is there a difference between the 85,016 records received from TransUnion, and the 30,577 records included in the analysis? After fine-tuning the criteria of who we wanted to include in the analysis, we decided to exclude groups of borrowers from the analysis. We excluded: non-NH residents (44,832), PLUS loan borrowers (192), Borrowers in Claims status (1403), Borrowers with only Consolidation loans (518), Graduate students in school (506), Graduate students in repayment (4,930), Alternative loan borrowers in school (482), Alternative loan borrowers in repayment (1,401). This leaves us with 31,022 borrowers. An additional 175 borrowers failed to meet the acceptance criteria noted above for multiple reasons. Borrowers with credit limits over \$250,000 were excluded from analysis.

- Characteristics of borrower information TransUnion matched to our borrower records include:
 - Number of bank card trades,
 - Percentage of bank card trades > 50% of limit,
 - Percentage of bank card trades > 75% of limit,

- Total current balance of all bank card trades,
- Ratio of total current balance of high credit/ credit limit for all bank card trades,
- Total open to buy on revolving bank cards,
- Total bank revolving high credit/ credit limit,
- Total current balance of all bank revolving trades,
- Total current balance of all finance revolving trades,
- Average current balance of all finance revolving trades,
- Number of 30 day ratings,
- Number of 60 day ratings,
- Number of 90 day ratings,
- Number of 120 day ratings,
- Number of 150 day ratings,
- Number of satisfactory revolving trades,
- Total revolving high credit/ credit limit,
- Maximum current balance owed on all revolving trades,
- Total current balance of all revolving trades,
- Ratio of total current balance to high credit/ credit limit for all revolving trades,
- Average current balance of all revolving trades.

III. Appendices: Select Graphs

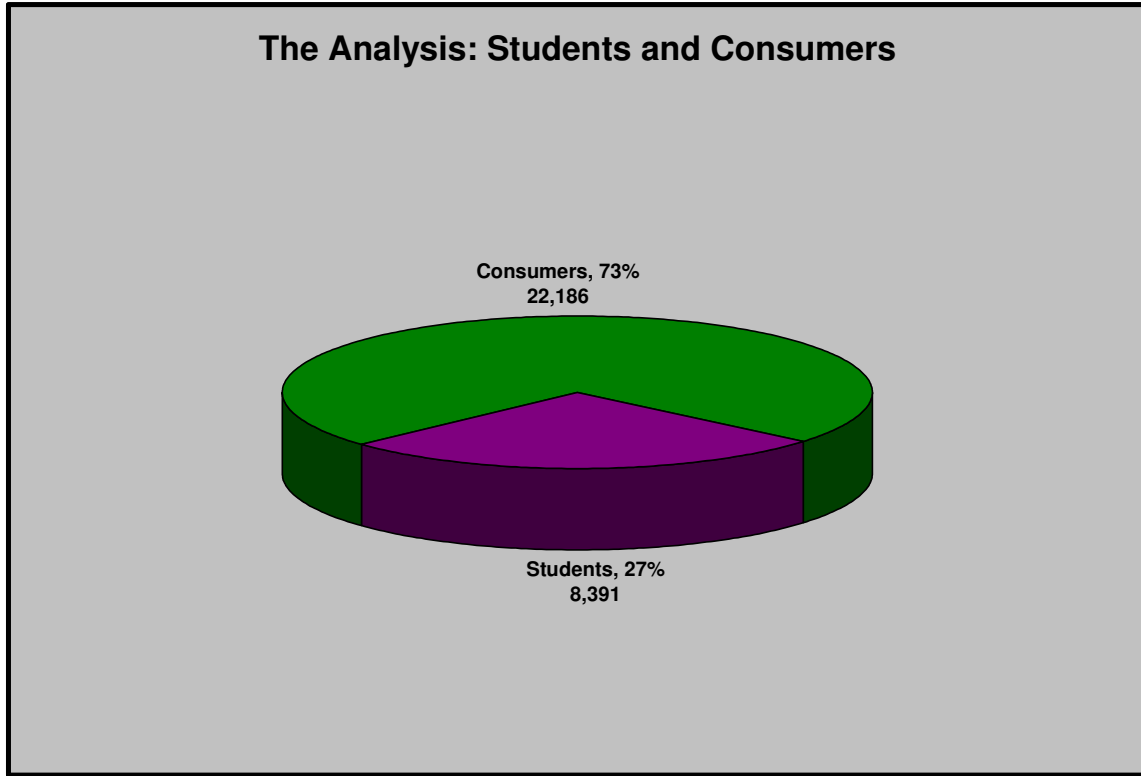


Figure 1

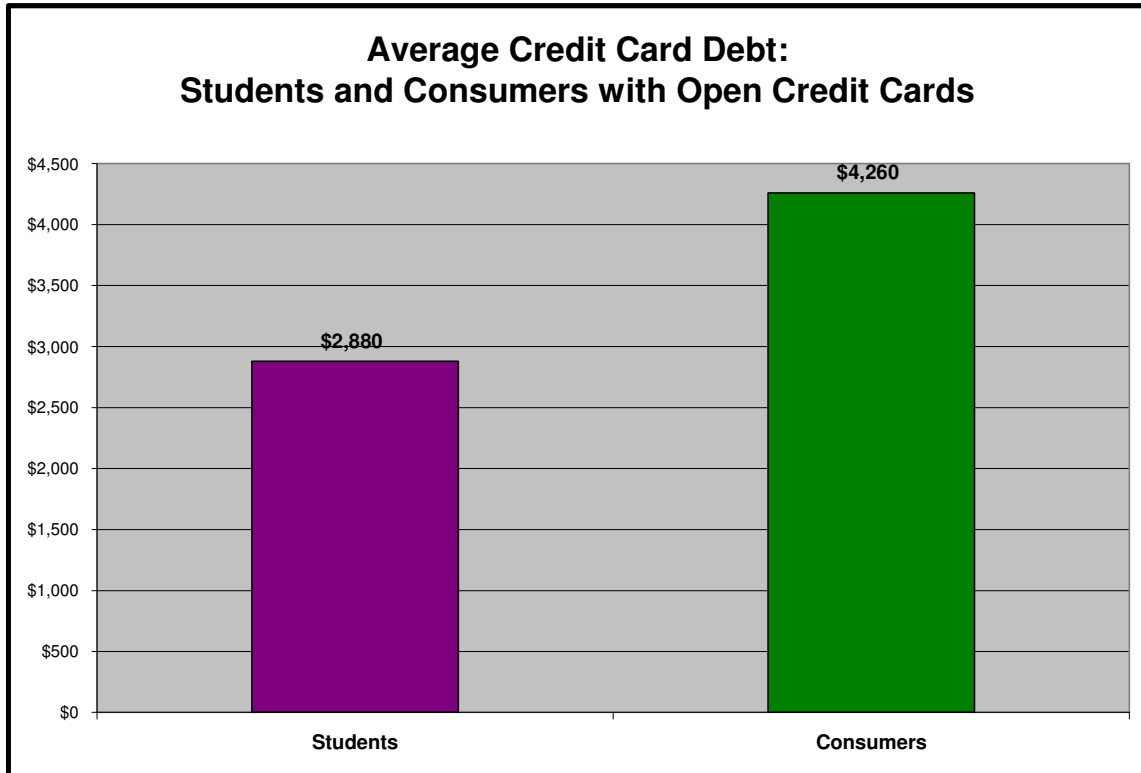


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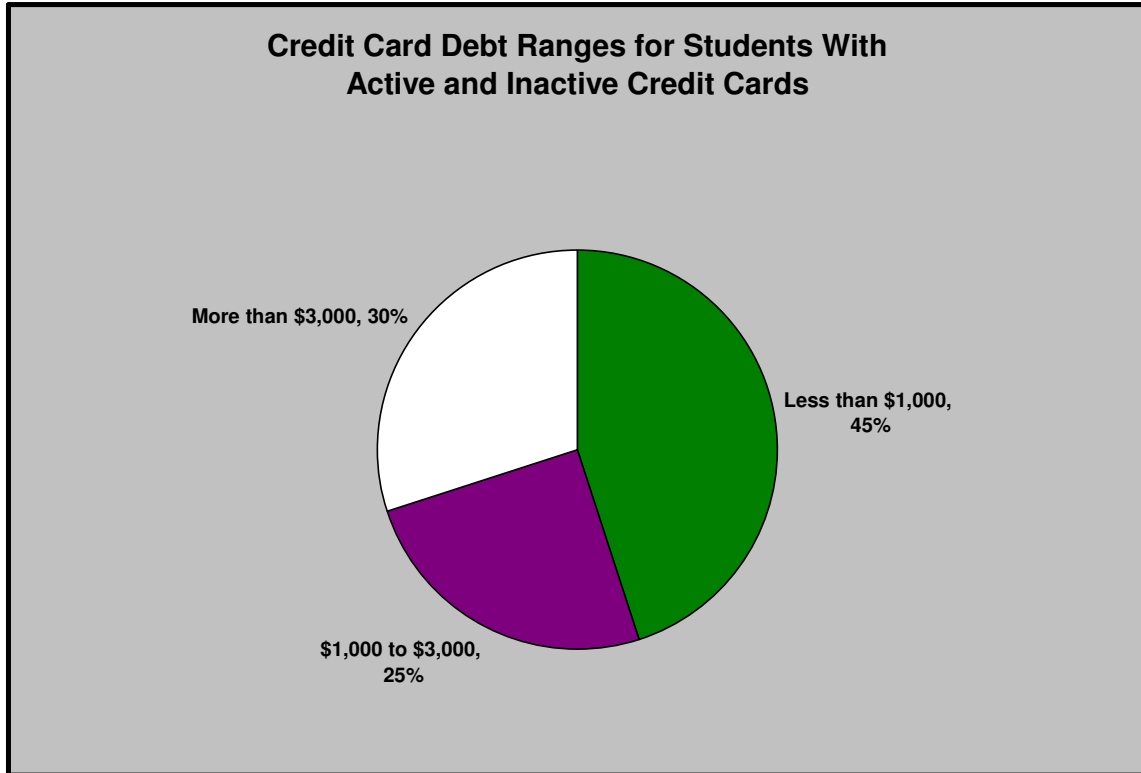


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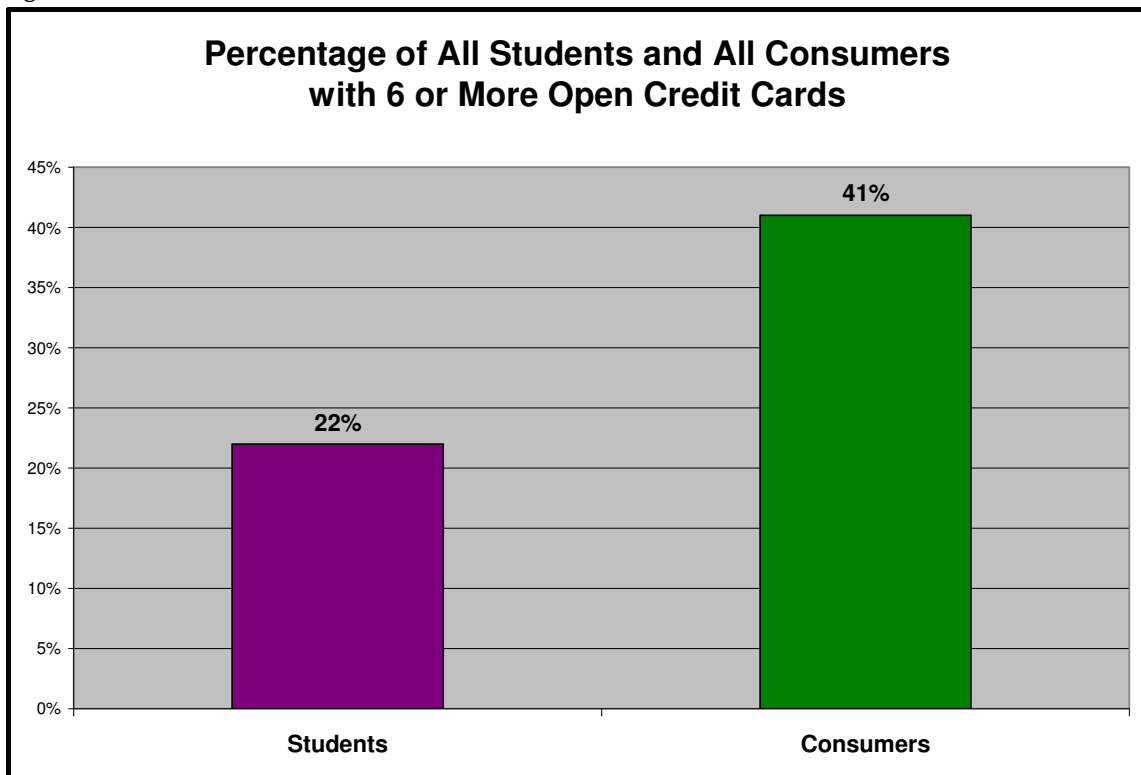


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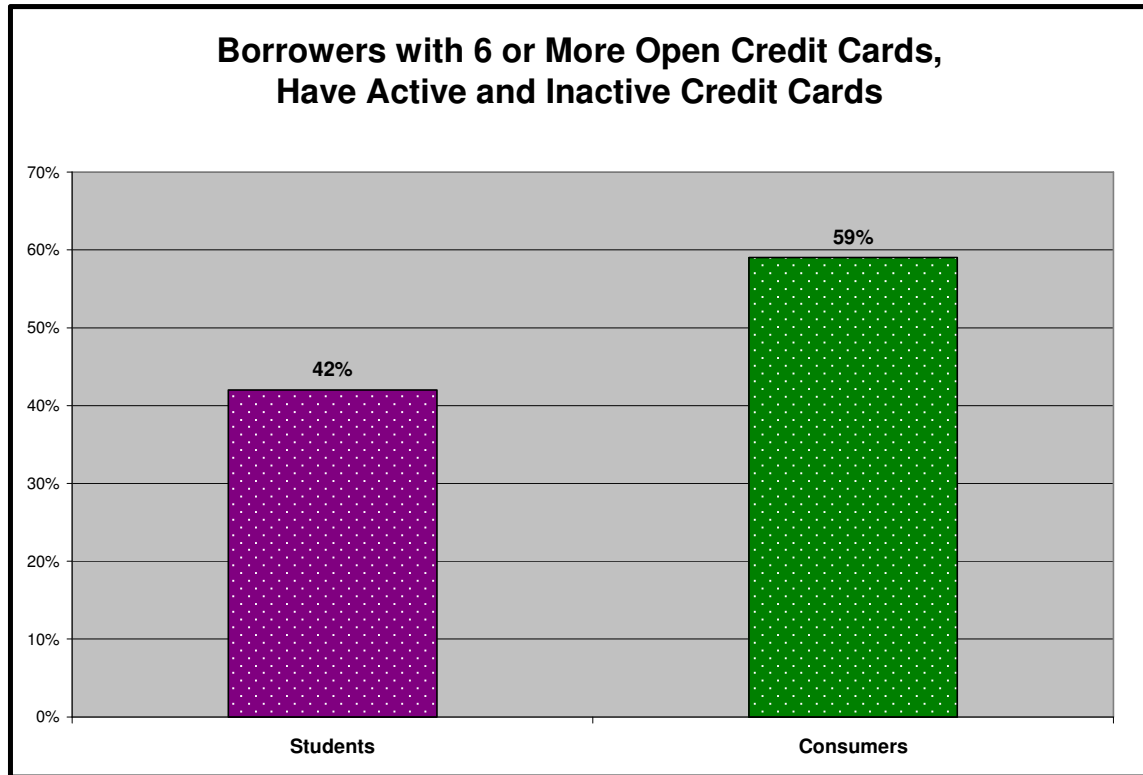


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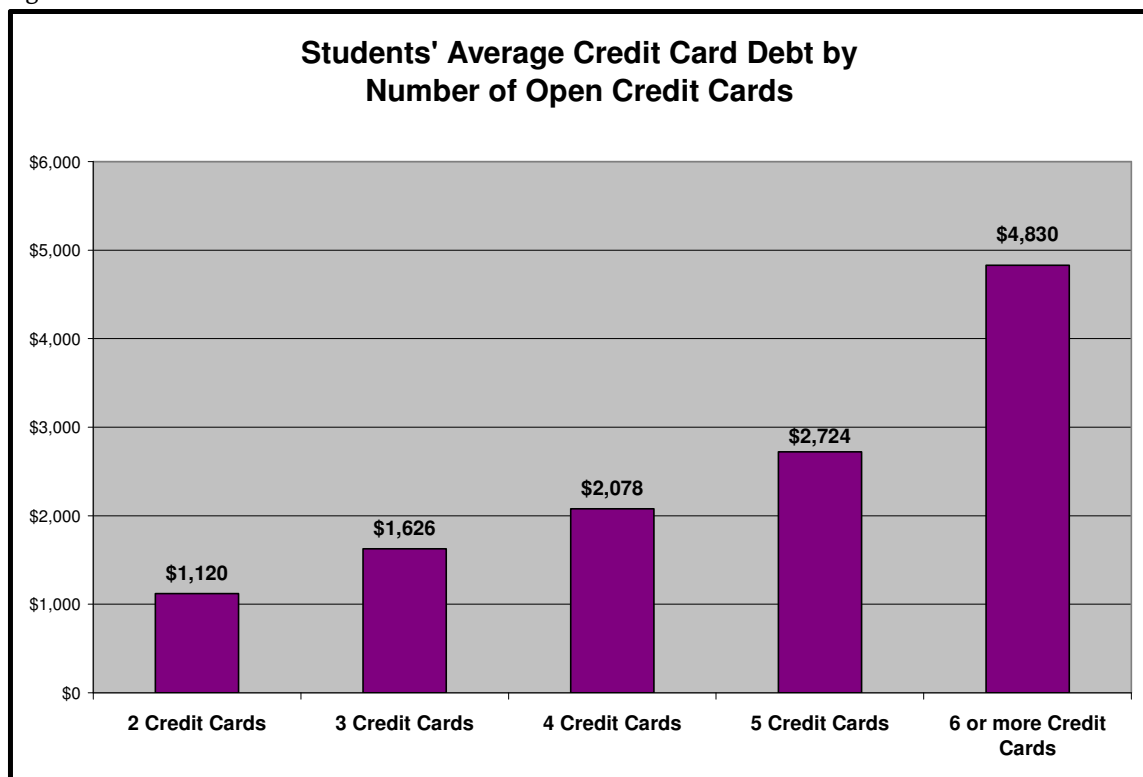


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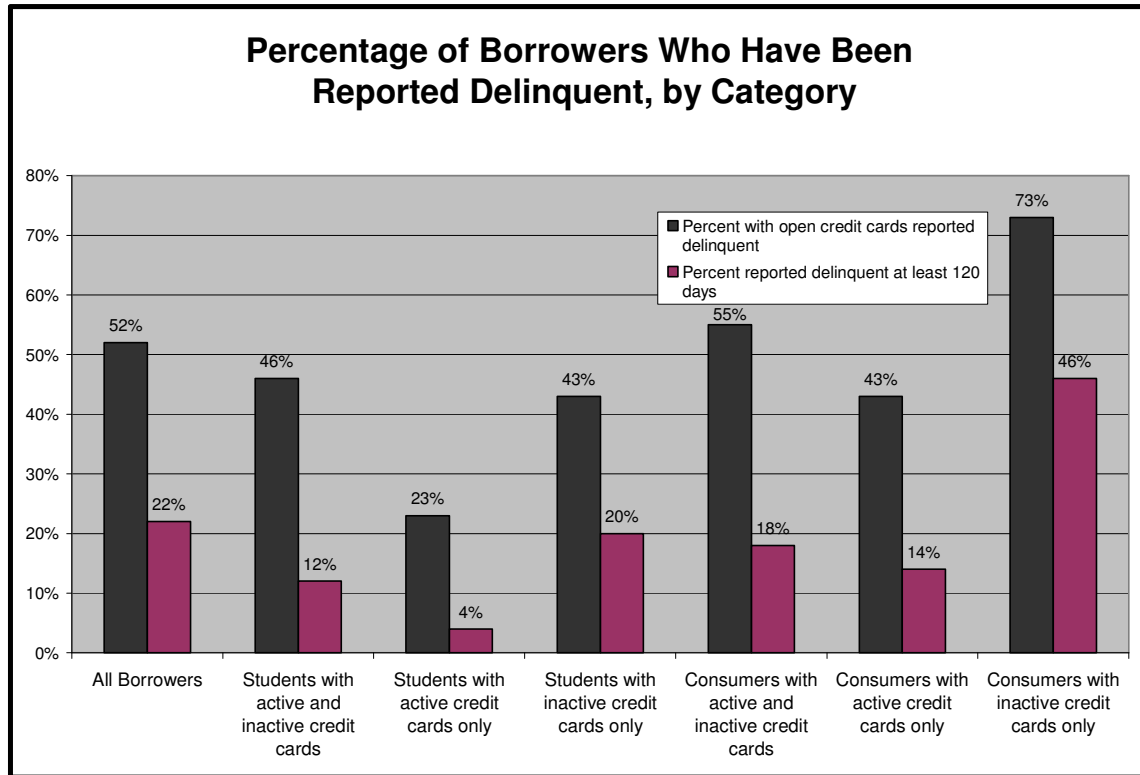


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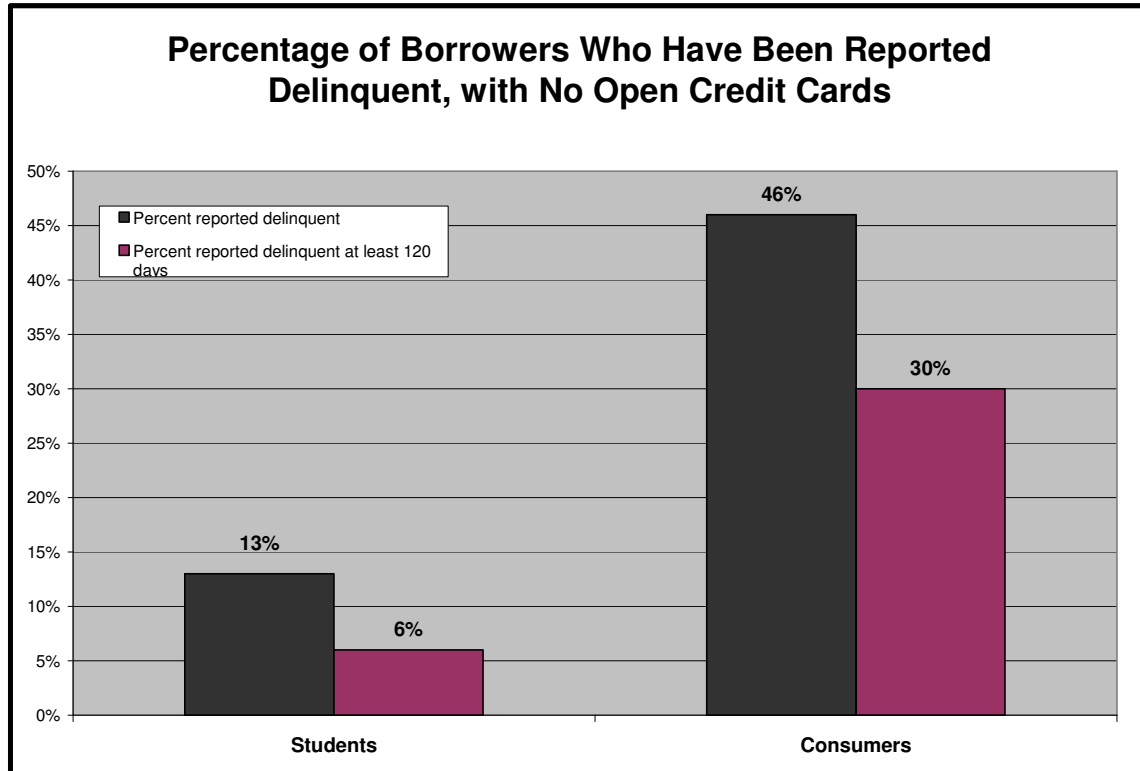


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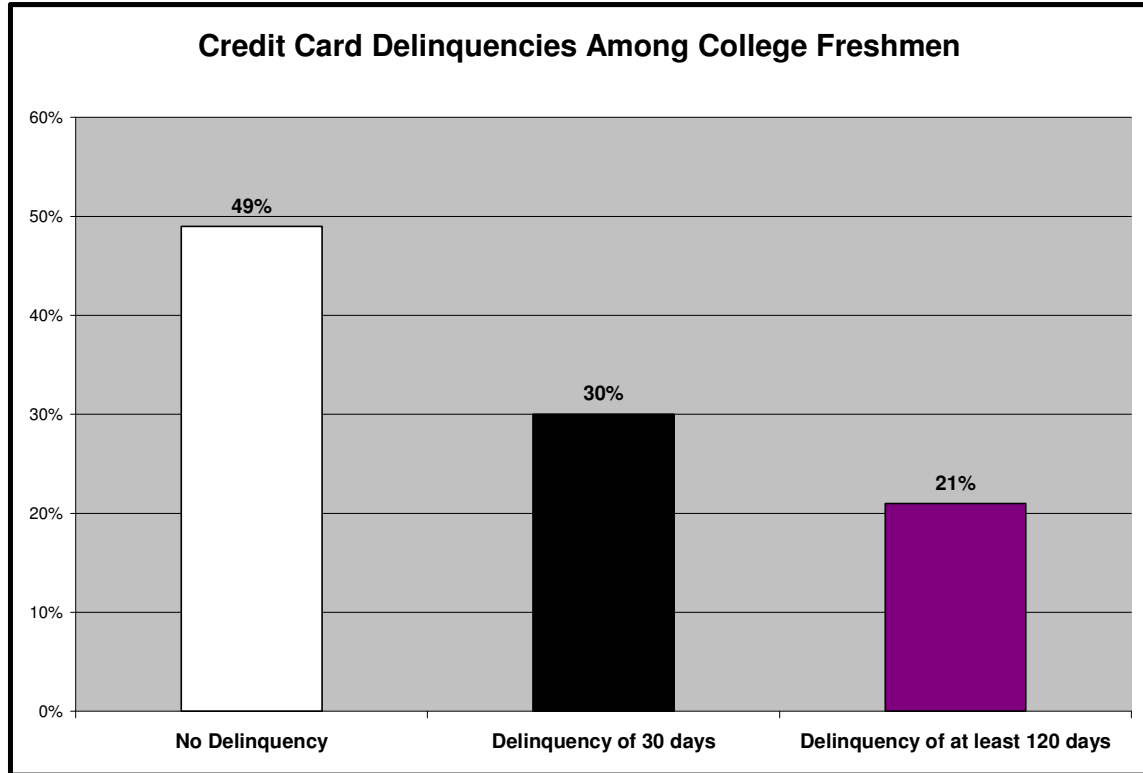


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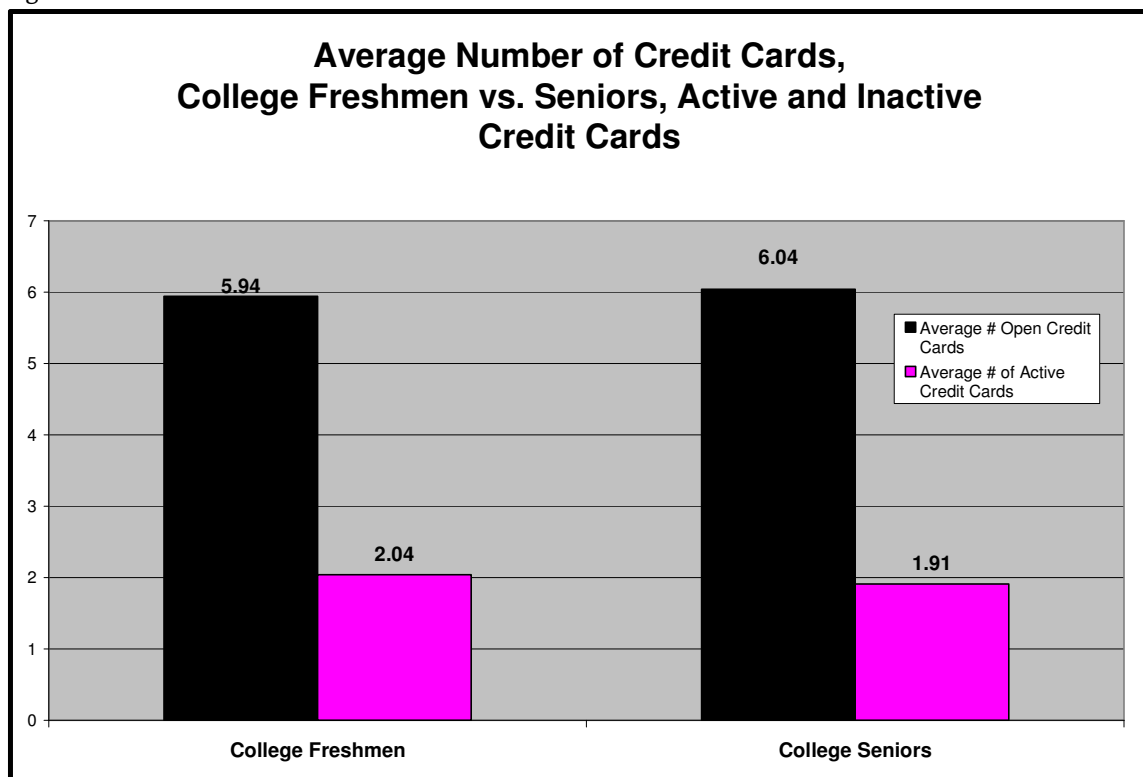


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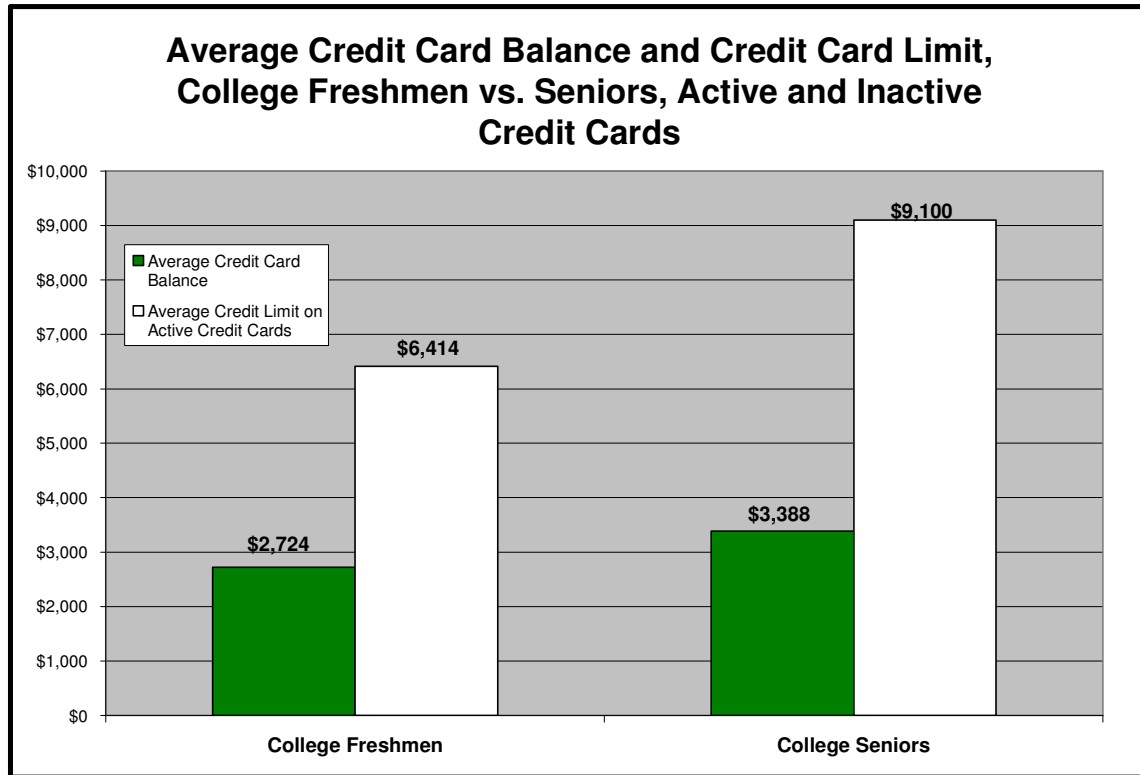


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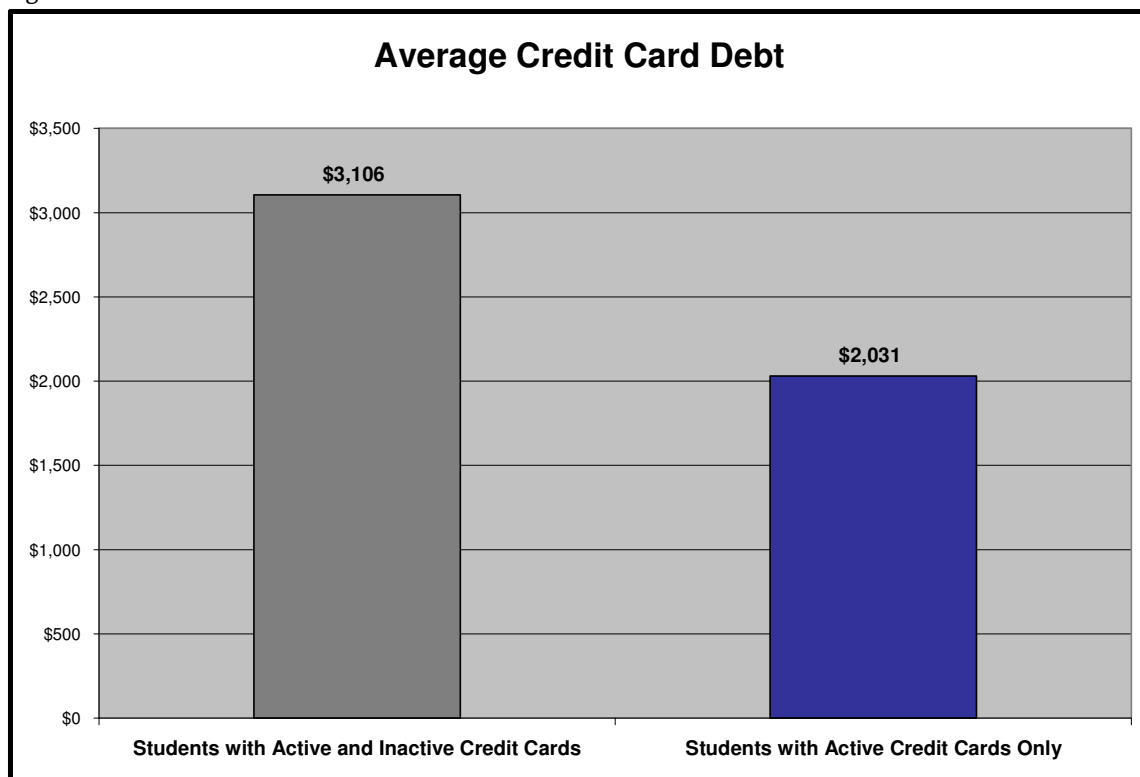


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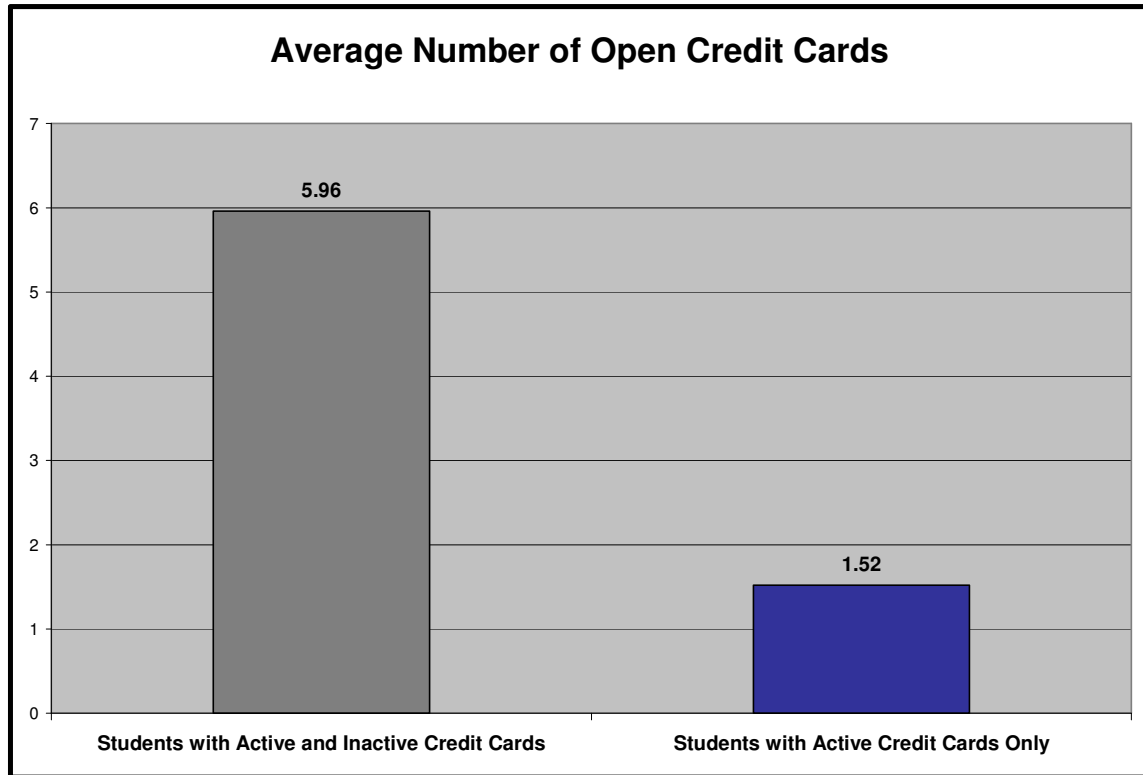


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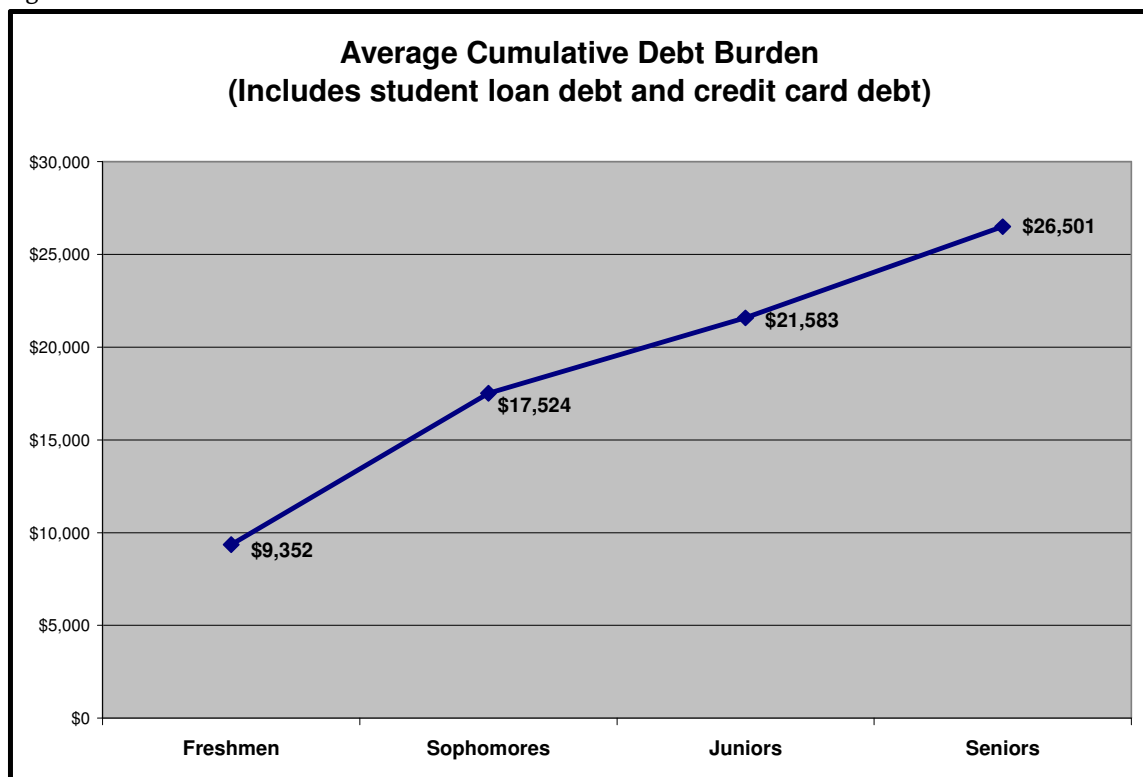


Figure 14