

## Using NewsHour Extra Feature Stories

### STORY

#### **Obama Goes After Credit Card Companies That Target Young People**, 04/21/2009

[http://www.pbs.org/newshour/extra/features/us/jan-june09/credit\\_04-21.html](http://www.pbs.org/newshour/extra/features/us/jan-june09/credit_04-21.html)

Estimated Time: One 45-minute class period with possible extension

[Student Worksheet](#) (reading comprehension and discussion questions without answers)

### PROCEDURE

#### **1. WARM UP**

Use initiating questions to introduce the topic and find out how much your students know.

#### **2. MAIN ACTIVITY**

Have students read NewsHour Extra's feature story and answer the reading comprehension and discussion questions on the student handout.

#### **3. DISCUSSION**

Use discussion questions to encourage students to think about how the issues outlined in the story affect their lives and express and debate different opinions.]

### INITIATING QUESTIONS

#### **1. How do credit cards work?**

#### **2. Who uses credit cards and for what purpose?**

#### **3. How might the bad economy affect the way Americans use credit cards?**

### READING COMPREHENSION QUESTIONS – [Student Worksheet](#)

#### **1. How much credit card debt does the average undergraduate carry?**

##### ANSWER

According to a study commissioned by Sallie Mae researchers, the average undergraduate carries \$3,173 of credit card debt -- the highest level since researchers started collecting data in 1998.

#### **2. How do credit card companies target young people?**

##### ANSWER

Credit card companies spend billions of dollars marketing to young people through the Internet, television, phone and old-fashioned brochures in the mail offering pre-approval, low interest rates, and even "free money" if you sign up now.

They are especially aggressive on college campuses, buying lists of students from schools and entering into agreements that allow them to set up tables in front of dining areas and activity fairs.

"They were everywhere...like vultures: outside of my dorm, at football games and in the quad. I took their teddy bears, free pizza, tote bags and complicated, convoluted signup forms," Kali Dun, a University of Virginia student, told a congressional hearing on credit card abuses.

#### **3. What is a debit card?**

##### ANSWER

Instead Thompson said his debit card, which takes money directly out of his bank account, has been a good tool for him to learn about using plastic.

"It's a very quick way of having payment. As long as you're checking your account, I think you're in pretty good standing, especially given how the credit markets have suffered in recent years. If you don't need credit, I think it's just a good time not to pursue it."

#### **4. Why is President Obama inviting credit card company executives to the White House?**

##### **ANSWER**

President Obama and members of Congress say cleaning up the credit card industry is part of stabilizing the economy.

The president is bringing executives of credit-card companies to the White House for a meeting Thursday to discuss deceptive practices such as enticing customers with low interest rates and then raising those rates after a few months without warning.

#### **5. How does the American Bankers Association feel about new laws controlling the credit industry?**

##### **ANSWER**

In a letter to Congress, the American Bankers Association and nine other large industry groups warned that new rules would make their services more expensive, forcing them to raise fees and "pull back on providing reasonably priced credit to a wide range of consumers and small businesses."

DISCUSSION QUESTIONS (more research might be needed)

- 1. How did this story change the way you think about credit cards?**
- 2. Do you think President Obama will be able to reform the industry? Why or why not?**
- 3. If you were the president of a college, would you allow credit card salespeople on campus? What if the money the company gave the school was enough to hire a professor, or offer 10 scholarships?**
- 4. For more on how credit cards work, visit this lesson plan from PBS's Electric Money [http://www.pbs.org/opb/electricmoney/teaching\\_guide/eMoney\\_Lesson\\_two.pdf](http://www.pbs.org/opb/electricmoney/teaching_guide/eMoney_Lesson_two.pdf) .**

##### **Extension Activity**

Have students write a 300-500 word essay on this topic providing clear examples. Send your completed editorial to NewsHour Extra (extra@newshour.org). Exceptional essays might be published on our Web site.