

# THE Hidden Costs OF STUDENT LOANS



**DR. DORA GICHEVA**  
Associate Professor

You may have read about a law student with \$200,000 in loans who hasn't passed the bar or a grad student with six figures of debt and no job.

Stories like these are enough to strike fear in the hearts of parents and students everywhere.

But Dr. Dora Gicheva says the attention-grabbing headlines are the exception rather than the rule. What concerns her most as an economist is the impact that smaller student loans have on those who can least afford them as well as how student debt affects our economy as a whole.

"Student loans in and of themselves are not bad," says Gicheva, an associate professor of economics at the Bryan School of Business and Economics. "They are intended to help students who need assistance, and the idea is that students will get high-paying jobs to pay off debt. A lot of times that works. This is a necessary and effective policy, but there are areas where we can improve its implementation."

For instance, Gicheva has found that even small student loans of around \$15,000 can be insurmountable for those struggling to finish their degree or who have dropped out of college.

She also studies the impact that loans have on students' decision-making after graduation. Do they postpone marriage, for instance, or delay buying a home based on student debt? That can slow down economic activity overall and begin to affect everyone. In addition, credit card debt may increase as people try to balance student loan payments with everyday expenses.

Gicheva's focus on the economics of education has led her to be quoted in national media such as The Washington Post and NPR. She has also helped various institutions such as the University of North Carolina System and the North Carolina Department of Public Instruction evaluate their programs. She hopes her findings will illuminate students' hurdles a bit better while also making a difference. "I like to think all of my research has direct links to economic policy, including how we can help students succeed in their transition to college and after that."

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