

Testimony of Melissa King
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Hearing on

“Consolidation Loans: What's Best for Past Borrowers, Future Students, & U.S. Taxpayers?”

10:00 a.m. in room 2175 Rayburn HOB

Subcommittee on 21st Century Competitiveness
House Committee on Education and the Workforce

July 22, 2003

Mr. Chairman, Ranking Member Kildee, and Members of the Subcommittee,

Thank you very much for allowing me to share my experiences with the limitations on refinancing consolidated student loans.

My name is Melissa King and I am a first and second grade multi-age teacher in Alexandria, VA. I graduated from The George Washington University in 1996 with a Bachelor's in Business Administration. I wanted to pursue a career in Human Resources, training in particular. And I kept asking myself, why are you not teaching children? A year in corporate America helped me realize that it was not a place for me.

This decision was not surprising to those who knew me. Stories are still told in family circles of my childhood pastime teaching a class of students visible only to my child's imagination. I habitually deny my grandmother's claim that I had a star pupil, named "Breb," whose papers I allegedly graded with vigor and pride. It was time for me to revisit my childhood and those early dreams of teaching. So I returned to The George Washington University Graduate School of Education and Human Development for my Master's of Education in Elementary Education. I earned my degree in May of 2000.

Both these educational decisions in my life had their financial costs. The George Washington University provided me some financial assistance. Combining this with federal loans allowed me to earn both my degrees. I felt fortunate that programs existed to help people in my position get through school. As an undergraduate and a graduate student I worked in the financial aid office, so I understand the complexities of these programs.

I feel that I know how to make good financial decisions. I was an informed borrower each time I signed my loan promissory notes. I waited until interest rates dropped to about 6% before I consolidated. This was 2 points lower than when I first started borrowing loans. I was proud of myself for having waited. But now some borrowers are consolidating at 3.5%, almost half the rate at which I consolidated.

I live a modest life. If I visit my family in New Hampshire, I drive instead of flying. I have not been able to save for a down payment on a house or condominium, so I live in an apartment. I drive an economical car. I never use my credit cards. My loan payments are scheduled to be 20% of my income, yet I cannot afford the full payment. Therefore, I am in forbearance and I pay what I can each month. But as I do this, my loan balance continues to grow as the 6.3% interest accrues.

It is difficult to get a handle on my school loan debt, but it is not difficult to do what I love every day. I knew the kind of annual income I would be making and I knew what expenses I would have. But I also knew that it was what I wanted to do. I know of colleagues in similar financial positions. Our classrooms need help and we need our teachers to feel they are being helped. If teachers were afforded the benefit of the current low interest rate, it would make a bit more bearable the burden of the lower salary scale and the realization that there are many things we can't do in our lives for lack of money. It might even help to keep some good teachers in classrooms.

Loan forgiveness for all teachers would be ideal, and I know you are working toward that with other legislation, but I understand that your proposal would not include me. Short of loan forgiveness, allowing teachers to reconsolidate in an advantageous market seems like a small step to take to help address the high rate at which new teachers leave the field. Further, it seems like a modest gesture to help people like me who truly want careers in teaching, but who suffer financially, and therefore personally, in pursuing our dreams and helping our nation's children.

Again, thank you for this opportunity to share my thoughts and experiences. I would also like to thank the National Education Association for its assistance in making this opportunity available to me. I would be happy to answer any questions you may have.