

SENATOR COORDSEN: Senator Warner, to open on your amendment.

SENATOR WARNER: Mr. President and members of the Legislature, what this amendment does it would assess a penalty, in effect, to those institutions which caused the triggering, that is if they have a default rate in excess of 20 percent at a single institution, having that default rate is what triggers the mechanism for the whole...for the whole thing. This amendment, rather than having that institution merely pay what is in...they are required to pay, it would trigger...that triggered the whole thing, they would pay their prorated share plus 50 percent of that amount as an additional penalty for having caused that to occur. I also have an amendment to that, which I'd like to take up first, Mr. Clerk, which should be 3782.

CLERK: Senator, 3732 (sic) is found on page 1267 of the Journal.

SENATOR WARNER: What this amendment does, instead of 50 percent it makes the penalty substantially higher, it would be 200 percent. In addition, those institutions that were licensed under the...a Private Postsecondary Career School Act and had a cohort default rate which triggered this state liability, would also be subject to a hearing to be held as to whether or not they should continue to have their license or should it be revoked. I should point out a fee based on a newspaper story I saw a couple of weeks ago that was for proprietary institutions which exceeded the 20 percent, and they would be affected by the amendments, either one, the one amendment which is probably...places a higher percentage of 200 percent penalty of what they owed plus the possibility of being subjected to a hearing on the continuation of their license to operate. It's a fairly, perhaps fairly severe penalty. But on the other hand, it's the kind of thing that would encourage those institutions to perhaps be a little more guarded in their distribution of those student loan programs and, probably even more important, would assist in encouraging those institutions to help students that they do have attend to either remain and complete their work for the...for the education that they're trying to acquire, the skill they're trying to acquire or to assist them in finding positions if they have completed, in order that they could continue to pay back their loan. But I think it's a reasonable...it's a stronger penalty than what I originally