

CLERK: 26 ayes, 1 nay on adoption of Senator Warner's amendment.

SENATOR COORDSEN: The Warner amendment is adopted. Next item, Mr. Clerk.

CLERK: Senator Lindsay would move to amend. (See AM3820 on page 1383 of the Legislative Journal.)

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

SENATOR LINDSAY: Thank you, Mr. President and members. This is the kind of amendment that has a lot of meat and potatoes to it. Trying to get the attention of all those across the hall there. The...this amendment, picking up where Senator Warner left off, and it is when you...Senator Warner described the penalty that will be applied to...because of the federal law, will be applied in the case that a institution has more than a 20 percent default rate on student loans under these programs. The...for your information, during fiscal year '93, only four Nebraska institutions had a higher than 20 percent default rate, and all of those are proprietary colleges. That means they are for-profit colleges. All of the nonprofits, the generally that you're familiar with, would not have had those high default rates. Once Senator Warner's proposal or once his amendments kick in and establish that a penalty must be paid by the institutions, then this amendment would come into play, and that is, how do we get the dollars from the institution back to the state? The...it seems that the question would be, does the state send a bill and have a check written back to the state to pay for that? Or what this amendment would do is to have the amount of aid which is allocated to that institution that owes the penalty, have that aid reduced in an amount sufficient to absorb the cost of that penalty that is still owing. The...the primary rationale for doing this would be an ease in bookkeeping. As it stands now, the state would send a...would send out a bill or an invoice, or whatever. If that's not paid, what occurs? If there's no provision for reduction of aid anywhere else or anything to that effect, then it's simply a matter of having the lawyer write a demand letter, having the collection agency call them up, or I don't know how you do...how they do collect on a penalty like that if it has not been paid. This, though, would be very clear. If the penalty is not paid, the allocation for that particular school is reduced. And I