

March 27, 1973

(Start Belt #10)

We're voting on the advancement of L.B. 413 as amended from general file. This morning that requires 6--26 votes. Have you all voted? Clerk will record.

CLERK: 27 ayes, no nays, 22 not voting.

PRESIDENT: L.B. 413 is advanced. We'll move on to the general file consideration of L.B. 435.

CLERK: Legislative Bill 435. Introduced by Senator Nore of the 22nd district. (read) The bill was first considered on March 23rd, read and laid over.

PRESIDENT: Chair recognizes Senator Nore.

SENATOR NORE: Mr. Chairman, I ask that this be laid over until tomorrow as I'm passing some--some correspondence with the Secretary of State and I haven't received that as yet.

PRESIDENT: Any objection to laying over the bill until tomorrow. Any objections? Hearing none, so ordered, 435 is laid over until tomorrow. Moves us to L.B. 396, Senator Whitney's bill.

CLERK: Legislative Bill 396. Introduced by Senator Whitney of the 44th District. (read). There were no committee amendments, Mr. President. There are lengthy amendments offered by Senator Carpenter to the bill which are found on page 396 of the Journal. Wait a minute, page 577, the bill is 396. Sorry about that.

SENATOR CARPENTER: Mr. President.

PRESIDENT: Senator Carpenter.

SENATOR CARPENTER: I, I'm going to make a motion after we discuss this to the extent that Senator Whitney might desire. We got a broad problem pertaining to the loans to students. I discussed this the other day in a nominal way. This is one of a number of bills which could be used as a vehicle in order to attempt to solve that problem if this body desires to do that. The Federal Government is guaranteeing but not buying, guaranteeing the interest and the principal on student loans as they have done for a good long time. Now the investment board has a substantial amount of money in which they invest in short term securities anywhere from a day to two days, up to two, three, four, five months, somewhere in the area of \$100,000,000 and as I remember, they're getting a return of somewhere around 7% net. What they object to I presume, at least one of the things they would object to, if they turned and loaned a substantial part of this money in the buying of insured student loan by the Federal Government. They'd have to be confronted with the paying of the administration which probably runs somewhere around 2%. These loans obviously run for a long period of time. They're broken up into various kinds of payments and various conditions and situations which are not always static so if we did this with the investment funds and we should, we'd have to pay the administration because those people who created the money in the first place, that's the employers, the schools and others, don't want to do anything except to get the highest return they can so if you took a 7% investment as an illustration, took 2% off for administration, they'd only get 5% which obviously is not desirable and I'm sure this body would not do it. On the other hand, if the State would pay the administration, whatever the