

No. 1981-62

## AN ACT

SB 269

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," further providing for investment of school district funds and for gross allocations to school districts.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 440.1, act of March 10, 1949 (P.L.30, No.14), known as the "Public School Code of 1949," amended April 25, 1968 (P.L.96, No.46), is amended to read:

Section 440.1. **[Temporary]** Investment of School District Funds.—

*(a) The board of school directors in any school district of the first class, first class A, second, third or fourth class [may authorize the treasurer of such school district to make temporary investment of school district funds in United States treasury bills, or to place such funds in time accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured or in certificates of deposit to the extent such certificates are secured by a proper bond in accordance with section 621 of this act or secured by such collateral as is set forth in section 622 of this act when, in its judgment, the interests of the school district will be enhanced thereby, and to dispose of such securities when the funds may be needed by the school district.] shall invest school district funds consistent with sound business practice.*

*(b) The board of school directors shall provide for an investment program subject to restrictions contained in this act and in any other applicable statute and any rules and regulations adopted by the board.*

*(c) Authorized types of investments for school district funds shall be:*

*(i) United States Treasury bills.*

*(ii) Short-term obligations of the United States Government or its agencies or instrumentalities.*

*(iii) Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.*

*(iv) Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its*

*agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.*

*(d) In making investments of funds, the board shall have authority:*

*(i) To permit assets pledged as collateral under subsection (c)(iii), to be pooled in accordance with the act of August 6, 1971 (P.L.281, No.72), relating to pledges of assets to secure deposits of public funds.*

*(ii) To combine moneys from more than one fund under school district control for the purchase of a single investment, provided that each of the funds combined for the purpose shall be accounted for separately in all respects and that the earnings from the investment are separately and individually computed and recorded, and credited to the accounts from which the investment was purchased.*

*(e) Any such purchase or sale shall be made by the treasurer of the school district on a resolution adopted by the board of school directors.*

Section 2. Section 2502.6 of the act, added July 13, 1979 (P.L.94, No.41), is amended to read:

Section 2502.6. Proportionate Reduction of Payments.—If the sums appropriated for the 1978-1979 school year and each school year thereafter are not sufficient to pay in full the total amounts to which all qualified school districts, intermediate units and nonpublic schools are entitled to receive under the provisions of sections 917.1-A, 919.1-A, 922.1-A, 923-A(d), 2501, 2502, 2502.3 and 2502.4 for such year, the allocations to the school districts, intermediate units and nonpublic schools shall be proportionately reduced to the extent necessary to bring the aggregate of the school district, intermediate unit and nonpublic school allocations within the limits of the amounts appropriated. However, no school district's gross allocation under the provisions of the sections referred to herein shall be less for the 1978-1979 [or the], 1979-1980, *1980-1981 or the 1981-1982* school year than its gross allocation under such sections for the previous school year.

Section 3. Section 1 of this act shall take effect in 60 days. Section 2 shall take effect immediately.

APPROVED—The 1st day of July, A. D. 1981.

DICK THORNBURGH