Mississippi Legislature

By: Representative McCoy

To: Education; Appropriations

House Bill No. 808

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Mississippi Legislature Regular Session 2001

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An Act to Amend Section 27-103-203, Mississippi Code of 1972, to Limit the Amount of the Unencumbered Ending Cash Balance Which May Be Transferred at the End of Each Fiscal Year to the Education Enhancement Fund to $50,000,000.00, and to Require the Balance of the Unencumbered Funds Exceeding $50,000,000.00 Which Otherwise Would Be Transferred to the Education Enhancement Fund to Be Transferred Fifty Percent into the Education Improvement Trust Fund and Fifty Percent into the Higher Education Improvement Trust Fund Created in This Act; To Amend Section 37-61-33, Mississippi Code of 1972, to Limit the Appropriation of Education Enhancement Funds That Are Derived from the Unencumbered Ending Cash Balance to Nonrecurring Expenditures; To Create in the State Treasury a Trust Fund to Be Known as the Higher Education Improvement Trust Fund; To Provide that the Principal of the Trust Fund Shall Remain Inviolate, and the Interest and Income Derived from Investment of the Principal May Be Appropriated by the Legislature Exclusively for the Support of the Institutions of Higher Learning and the Community and Junior Colleges; To Provide that One-Half of the Interest and Income Shall Be Reserved for the Support of the Institutions of Higher Learning, and One-Half of the Interest and Income Shall Be Reserved for the Support of the Community and Junior Colleges; To Amend Sections 7-9-101 Through 7-9-107, Mississippi Code of 1972, to Provide the Manner in Which the Principal of the Higher Education Improvement Trust Fund Will Be Invested; And for Related Purposes.

Be It Enacted by the Legislature of the State of Mississippi:

Section 1. Section 27-103-203, Mississippi Code of 1972, is amended as follows:

27-103-203. (1) There is created in the State Treasury a special fund, separate and apart from any other fund, to be designated the Working Cash-Stabilization Reserve Fund, into which shall be deposited one hundred percent (100%) of the unencumbered General Fund cash balance at the close of each fiscal year until such time as the balance in the fund reaches Forty Million Dollars ($40,000,000.00). After the balance in the fund reaches Forty Million Dollars ($40,000,000.00), fifty percent (50%) of the unencumbered General Fund cash balance at the close of each fiscal year, not to exceed seven and one-half percent (7-1/2%) of the
General Fund appropriations for such fiscal year, shall be deposited into the fund. The remainder of the year-end unencumbered cash after transfer to the Working Cash-Stabilization Reserve Fund shall remain in the General Fund; however, if the balance of the Working Cash-Stabilization Reserve Fund reaches seven and one-half percent (7-1/2%) of the General Fund appropriations for the fiscal year, fifty percent (50%) of the unencumbered cash balance shall be allocated as follows: (a) that portion of the fifty percent (50%) of the unencumbered cash balance which does not exceed Fifty Million Dollars ($50,000,000.00) shall be transferred into the Education Enhancement Fund created in Section 37-61-33; and (b) one-half (1/2) of any amount that exceeds Fifty Million Dollars ($50,000,000.00) shall be transferred into the Education Improvement Trust Fund created in Section 206A of the Mississippi Constitution of 1890 and the other one-half (1/2) shall be transferred into the Higher Education Improvement Trust Fund created in Section 3 of this act. Unencumbered cash in the General Fund may be used for new year cash flow needs and may also be used for deficit appropriations or regular appropriations. (2) The Working Cash-Stabilization Reserve Fund shall not be considered as a surplus or available funds when adopting a balanced budget as required by law. The State Treasurer shall invest all sums in the Working Cash-Stabilization Reserve Fund not needed for the purposes provided for in this section in certificates of deposit, repurchase agreements and other securities as authorized in Sections 27-105-33(d) or 7-9-103, as the State Treasurer may determine to yield the highest market rate available. The interest earned on such sums shall be deposited in the fund until the balance of principal and interest in the fund reaches seven and one-half percent (7-1/2%) of the total General Fund appropriations for the current fiscal year, and all interest earned in excess of amounts necessary to maintain the seven and
one-half percent (7-1/2%) fund balance requirement shall be deposited by the State Treasurer into the State General Fund.

(3) The Working Cash-Stabilization Reserve Fund, except for Nineteen Million Dollars ($19,000,000.00) and the amount of the interest and income earned on the principal of the Ayers Endowment Trust created by Section 37-101-27, shall be used by the State Treasurer for cash flow needs throughout the year when the Executive Director of the Department of Finance and Administration certifies that in his opinion there will be cash flow deficiencies in the State General Fund. No borrowing of monies from other special funds for such purposes as authorized by Section 31-17-101 et seq. shall be made as long as an unencumbered balance in excess of Nineteen Million Dollars ($19,000,000.00) and the interest and income earned on the principal of the Ayers Endowment Trust created by Section 37-101-27 remains in the fund. The State Treasurer shall reimburse the fund for all sums borrowed for such purposes from General Fund revenues collected during the fiscal year in which such funds are used. The State Treasurer shall immediately notify the Legislative Budget Office and the State Department of Finance and Administration of each transfer into and out of such fund. Four Million Dollars ($4,000,000.00) in the Working Cash-Stabilization Reserve Fund shall remain available for use pursuant to Section 27-103-81. Fifteen Million Dollars ($15,000,000.00) in the Working Cash-Stabilization Reserve Fund shall remain available for exclusive use of the Ayers Endowment Trust created by Section 37-101-27.

(4) The Working Cash-Stabilization Reserve Fund, except for Forty Million Dollars ($40,000,000.00), shall also be used for the purpose of covering any projected deficits that may occur in the General Fund at the end of a fiscal year as a result of revenue shortfalls. In the event the Governor determines that a deficit in revenues from all sources may occur, it shall be the duty of the Executive Director of the Department of Finance and
Administration to transfer such funds as necessary to the General Fund to alleviate the deficit in accordance with Sections 27-104-13 and 31-17-123; however, not more than Fifty Million Dollars ($50,000,000.00) may be transferred from the fund for such purpose in any one (1) fiscal year. In the event it becomes necessary to apply a part of the fund to this purpose, the amount so applied shall be restored to the Working Cash-Stabilization Reserve Fund out of future annual surpluses, as provided in subsection (1) of this section, until the seven and one-half percent (7-1/2%) maximum is again attained.

(5) The Working Cash-Stabilization Reserve Fund also shall be used to provide funds for the Disaster Assistance Trust Fund when such funds are immediately needed to provide for disaster assistance under Sections 33-15-301 through 33-15-317. Any transfer of funds from the Working Cash-Stabilization Reserve Fund to the Disaster Assistance Trust Fund shall be made in accordance with the provisions of subsection (5) of Section 33-15-307.

(6) The Department of Finance and Administration shall immediately send notice of any transfers made, or other action taken under authority of this section, to the Legislative Budget Office.

(7) Funds deposited in the Working Cash-Stabilization Reserve Fund shall be used only for the purposes specified in this section and as long as the provisions of this section remain in effect, no other expenditure, appropriation or transfer of funds in the Working Cash-Stabilization Reserve Fund shall be made except by act of the Legislature making specific reference to the Working Cash-Stabilization Reserve Fund as the source of such funds.

SECTION 2. Section 37-61-33, Mississippi Code of 1972, is amended as follows:

[Until July 1, 2002, this section reads as follows:]}
37-61-33. (1) There is created within the State Treasury a special fund to be designated the "Education Enhancement Fund" into which shall be deposited all the revenues collected pursuant to Sections 27-65-75(7) and (8), 27-67-31(a) and (b) and 27-103-203(1)(a).

(2) Of the amount deposited into the Education Enhancement Fund, excluding revenues deposited pursuant to Section 27-103-203(1)(a), Sixteen Million Dollars ($16,000,000.00) shall be appropriated each fiscal year to the State Department of Education to be distributed to all school districts. Such money shall be distributed to all school districts in the proportion that the average daily attendance of each school district bears to the average daily attendance of all school districts within the state for the following purposes:

(a) Purchasing, erecting, repairing, equipping, remodeling and enlarging school buildings and related facilities, including gymnasiums, auditoriums, lunchrooms, vocational training buildings, libraries, teachers' homes, school barns, transportation vehicles (which shall include new and used transportation vehicles) and garages for transportation vehicles, and purchasing land therefor.

(b) Establishing and equipping school athletic fields and necessary facilities connected therewith, and purchasing land therefor.

(c) Providing necessary water, light, heating, air conditioning and sewerage facilities for school buildings, and purchasing land therefor.

(d) As a pledge to pay all or a portion of the debt service on debt issued by the school district under Sections 37-59-1 through 37-59-45, 37-59-101 through 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302 and 37-41-81, or debt issued by boards of supervisors for agricultural high schools pursuant to Section 37-27-65, if such
pledge is accomplished pursuant to a written contract or resolution approved and spread upon the minutes of an official meeting of the district's school board or board of supervisors. The annual grant to such district in any subsequent year during the term of the resolution or contract shall not be reduced below an amount equal to the district's grant amount for the year in which the contract or resolution was adopted. The intent of this provision is to allow school districts to irrevocably pledge a certain, constant stream of revenue as security for long-term obligations issued under the code sections enumerated in this paragraph or as otherwise allowed by law. It is the intent of the Legislature that the provisions of this paragraph shall be cumulative and supplemental to any existing funding programs or other authority conferred upon school districts or school boards. Debt of a district secured by a pledge of sales tax revenue pursuant to this paragraph shall not be subject to any debt limitation contained in the foregoing enumerated code sections.

(3) The remainder of the money deposited into the Education Enhancement Fund, excluding funds deposited pursuant to Section 27-103-203(1)(a), shall be appropriated as follows:

(a) To the State Department of Education as follows:

(i) Eight and thirty-five one-hundredths percent (8.35%) to be distributed to public school districts for the funding of textbooks and other educational materials and to be used by the State Department of Education for the purchase of textbooks to be loaned under Sections 37-43-1 through 37-43-59 to approved nonpublic schools, as described under Section 37-43-1. The amount of funds under this item to be used by the department for purchasing textbooks to loan to approved nonpublic schools shall be in the proportion that the average daily attendance of the nonpublic schools that are loaned textbooks by the state bears to the average daily attendance of all school districts in the state. The funds distributed to the school districts under this
item shall be in the proportion that the average daily attendance
of each school district bears to the average daily attendance of
all school districts within the state and shall be used to assist
in the funding of textbooks and other educational materials, to
include not more than Two Million Dollars ($2,000,000.00) each
year for technology enhancement projects for elementary and
secondary education programs;

(ii) Seven and ninety-seven one-hundredths percent
(7.97%) to assist the funding of transportation operations and
maintenance pursuant to Section 37-19-23;

(iii) Eight and twenty-six one-hundredths percent
(8.26%) to assist the funding of the Uniform Millage Assistance
Grant Program pursuant to Section 37-22-1; and

(iv) Nine and sixty-one one-hundredths percent
(9.61%) for classroom supplies, instructional materials and
equipment, including computers and computer software, to be
distributed to all school districts in the proportion that the
average daily attendance of each school district bears to the
average daily attendance of all school districts within the state.

Such funds shall not be expended for administrative purposes.

Local school districts shall allocate classroom supply funds
equally among all classroom teachers in the school district. For
purposes of this subparagraph, "teacher" shall mean any employee
of the school board of a school district who is required by law to
obtain a teacher's license from the State Board of Education and
who is assigned to an instructional area of work as defined by the
State Department of Education, but shall not include a federally
funded teacher. Two (2) or more teachers may agree to pool their
classroom supply funds for the benefit of a school within the
district pursuant to the development of a spending plan that
supports the overall goals of the school which includes the type,
quantity and quality of such supplies, instructional materials,
equipment, computers or computer software. This plan shall be
236 submitted, in writing, to the school principal for approval.
237 Classroom supply funds allocated under this subparagraph shall
238 supplement, not replace, other local and state funds available for
239 the same purposes. School districts need not fully expend the
240 funds received under this subparagraph in the year in which they
241 are received, but such funds may be carried forward for
242 expenditure in any succeeding school year. The State Board of
243 Education shall develop and promulgate rules and regulations for
244 the administration of this subparagraph consistent with the above
245 criteria, with particular emphasis on allowing the individual
246 teachers to expend funds as they deem appropriate, with minimum
247 input from school principals;
248    (b) Twenty-two and nine one-hundredths percent (22.09%)
249 to the Board of Trustees of State Institutions of Higher Learning
250 for the purpose of supporting institutions of higher learning; and
251    (c) Fourteen and forty-one one-hundredths percent
252 (14.41%) to the State Board for Community and Junior Colleges for
253 the purpose of providing support to community and junior colleges.
254 (4) The amount remaining in the Education Enhancement Fund
255 after funds are distributed as provided in subsections (2) and (3)
256 of this section, excluding funds deposited pursuant to Section
257 27-103-203(1)(a), shall be disbursed as follows:
258    (a) Twenty-five Million Dollars ($25,000,000.00) shall
259 be deposited into the Working Cash-Stabilization Reserve Fund
260 created pursuant to Section 27-103-203(1), until the balance in
261 such fund reaches the maximum balance of seven and one-half
262 percent (7-1/2%) of the General Fund appropriations in the
263 appropriate fiscal year. After the maximum balance in the Working
264 Cash-Stabilization Reserve Fund is reached, such money shall
265 remain in the Education Enhancement Fund to be appropriated in the
266 manner provided for in paragraph (b) of this section.
267    (b) The remainder shall be appropriated for other
268 educational needs.
None of the funds appropriated pursuant to subsection (3)(a) of this section shall be used to reduce the state's general fund appropriation for the categories listed in an amount below the following amounts:

(a) For subsection (3)(a)(i) of this section, Six Million Three Hundred Thirty Thousand Nine Hundred Twenty Dollars ($6,330,920.00);

(b) For subsection (3)(a)(ii) of this section Thirty-six Million Seven Hundred Thousand Dollars ($36,700,000.00);

(c) For subsection (3)(a)(iii) of this section, Twenty-one Million Four Hundred Thousand Dollars ($21,400,000.00); and

(d) For the aggregate of minimum program allotments provided for in Chapter 19, Title 37, Mississippi Code of 1972, as amended, excluding those funds for transportation as provided for in subsection (5)(b) of this section.

At the end of a fiscal year such amounts as required by Section 27-103-203(1)(a) to be transferred to the Education Enhancement Fund shall be deposited into the Education Enhancement Fund and shall be kept separate from other monies in the fund by the State Treasurer. ** The monies in the separate fund within the Education Enhancement Fund which are deposited pursuant to Section 27-103-203(1)(a) shall be subject to appropriation by the Legislature only for nonrecurring expenditures, as determined by the Legislative Budget Office, in the following manner: (a) fifty percent (50%) to support public education, including but not limited to, Grades K through 12, Mississippi Educational Television and/or the Mississippi Library Commission; (b) twenty-five percent (25%) to support institutions of higher learning; and (c) twenty-five percent (25%) to support the junior or community colleges. Any amount of such monies transferred into the separate fund pursuant to Section...
which are not appropriated by the Legislature shall not lapse but shall carry over and be subject to appropriation by the Legislature in the succeeding fiscal year in the same manner provided in this subsection (6). The interest earned on the investment of such monies transferred pursuant to Section 27-103-203(1)(a) shall be paid into the separate fund within the Education Enhancement Fund.

[From and after July 1, 2002, this section reads as follows:]

37-61-33. (1) There is hereby created within the State Treasury a special fund to be designated the "Education Enhancement Fund" into which shall be deposited all the revenues collected pursuant to Sections 27-65-75(7) and (8), 27-67-31(a) and (b) and 27-103-203(1)(a).

(2) Of the amount deposited into the Education Enhancement Fund, excluding revenues deposited pursuant to Section 27-103-203(1)(a), Sixteen Million Dollars ($16,000,000.00) shall be appropriated each fiscal year to the State Department of Education to be distributed to all school districts. Such money shall be distributed to all school districts in the proportion that the average daily attendance of each school district bears to the average daily attendance of all school districts within the state for the following purposes:

(a) Purchasing, erecting, repairing, equipping, remodeling and enlarging school buildings and related facilities, including gymnasiums, auditoriums, lunchrooms, vocational training buildings, libraries, teachers' homes, school barns, transportation vehicles (which shall include new and used transportation vehicles) and garages for transportation vehicles, and purchasing land therefor.

(b) Establishing and equipping school athletic fields and necessary facilities connected therewith, and purchasing land therefor.
(c) Providing necessary water, light, heating, air conditioning and sewerage facilities for school buildings, and purchasing land therefor.

(d) As a pledge to pay all or a portion of the debt service on debt issued by the school district under Sections 37-59-1 through 37-59-45, 37-59-1 through 37-59-115, 37-7-351 through 37-7-359, 37-41-89 through 37-41-99, 37-7-301, 37-7-302 and 37-41-81, or debt issued by boards of supervisors for agricultural high schools pursuant to Section 37-27-65, if such pledge is accomplished pursuant to a written contract or resolution approved and spread upon the minutes of an official meeting of the district’s school board or board of supervisors. The annual grant to such district in any subsequent year during the term of the resolution or contract shall not be reduced below an amount equal to the district's grant amount for the year in which the contract or resolution was adopted. The intent of this provision is to allow school districts to irrevocably pledge a certain, constant stream of revenue as security for long-term obligations issued under the code sections enumerated in this paragraph or as otherwise allowed by law. It is the intent of the Legislature that the provisions of this paragraph shall be cumulative and supplemental to any existing funding programs or other authority conferred upon school districts or school boards. Debt of a district secured by a pledge of sales tax revenue pursuant to this paragraph shall not be subject to any debt limitation contained in the foregoing enumerated code sections.

(3) The remainder of the money deposited into the Education Enhancement Fund, excluding funds deposited pursuant to Section 27-103-203(1)(a), shall be appropriated as follows:

(a) To the State Department of Education as follows:

(i) Sixteen and sixty-one one-hundredths percent (16.61%) to the cost of the adequate education program determined under Section 37-151-7;
(ii) Seven and ninety-seven one-hundredths percent (7.97%) to assist the funding of transportation operations and maintenance pursuant to Section 37-19-23; and

(iii) Nine and sixty-one one-hundredths percent (9.61%) for classroom supplies, instructional materials and equipment, including computers and computer software, to be distributed to all school districts in the proportion that the average daily attendance of each school district bears to the average daily attendance of all school districts within the state.

It is the intent of the Legislature that all classroom teachers shall be involved in the development of a spending plan that addresses individual classroom needs and supports the overall goals of the school regarding supplies, instructional materials, equipment, computers or computer software under the provisions of this subparagraph, including the type, quantity and quality of such supplies, materials and equipment. This plan shall be submitted to the school principal for approval. School districts need not fully expend the funds received under this subparagraph in the year in which they are received, but such funds may be carried forward for expenditure in any succeeding school year.

(b) Twenty-two and nine one-hundredths percent (22.09%) to the Board of Trustees of State Institutions of Higher Learning for the purpose of supporting institutions of higher learning; and

(c) Fourteen and forty-one one-hundredths percent (14.41%) to the State Board for Community and Junior Colleges for the purpose of providing support to community and junior colleges.

(4) The amount remaining in the Education Enhancement Fund after funds are distributed as provided in subsections (2) and (3) of this section, excluding funds deposited pursuant to Section 27-103-203(1)(a), shall be disbursed as follows:

(a) Twenty-five Million Dollars ($25,000,000.00) shall be deposited into the Working Cash-Stabilization Reserve Fund created pursuant to Section 27-103-203(1), until the balance in
such fund reaches the maximum balance of seven and one-half percent (7-1/2%) of the General Fund appropriations in the appropriate fiscal year. After the maximum balance in the Working Cash-Stabilization Reserve Fund is reached, such money shall remain in the Education Enhancement Fund to be appropriated in the manner provided for in paragraph (b) of this section.

(b) The remainder shall be appropriated for other educational needs.

(5) None of the funds appropriated pursuant to subsection (3)(a) of this section shall be used to reduce the state's general fund appropriation for the categories listed in an amount below the following amounts:

(a) For subsection (3)(a)(ii) of this section Thirty-six Million Seven Hundred Thousand Dollars ($36,700,000.00);

(b) For the aggregate of minimum program allotments in the 1997 fiscal year, formerly provided for in Chapter 19, Title 37, Mississippi Code of 1972, as amended, excluding those funds for transportation as provided for in subsection (5)(a) in this section.

(6) At the end of a fiscal year such amounts as required by Section 27-103-203(1)(a) to be transferred to the Education Enhancement Fund shall be deposited into the Education Enhancement Fund and shall be kept separate from other monies in the fund by the State Treasurer. * * * The monies in the separate fund within the Education Enhancement Fund which are deposited pursuant to * * * Section 27-103-203(1)(a) shall be subject to appropriation by the Legislature only for nonrecurring expenditures, as determined by the Legislative Budget Office, in the following manner: (a) fifty percent (50%) to support public education, including but not limited to, Grades K through 12, Mississippi Educational Television and/or the Mississippi Library Commission; (b) twenty-five percent (25%) to support institutions of higher
learning; and (c) twenty-five percent (25%) to support the junior
or community colleges. Any amount of such monies transferred into
the separate fund pursuant to Section 27-103-203(1)(a) which are
not appropriated by the Legislature shall not lapse but shall
carry over and be subject to appropriation by the Legislature in
the succeeding fiscal year in the same manner provided in this
subsection (6). The interest earned on the investment of such
monies transferred pursuant to Section 27-103-203(1)(a) shall be
paid into the separate fund within the Education Enhancement Fund.

SECTION 3. (1) There is created and established in the
State Treasury a trust fund to be known as the Higher Education
Improvement Trust Fund, which shall be used for the improvement of
higher education within the State of Mississippi. There shall be
deposited in the trust fund:

(a) Such amounts as required by Section
27-103-203(1)(b) to be deposited into the Higher Education
Improvement Trust Fund;

(b) Any gift, donation, bequest, trust, grant,
endowment or transfer of money or securities designated for the
trust fund; and

(c) Any monies from any other source that the
Legislature appropriates to the trust fund or directs to be
deposited to the trust fund.

(2) The principal of the trust fund shall remain inviolate
and shall be invested as provided under Sections 7-9-101 through
7-9-107. Interest and income derived from investment of the
principal of the trust fund may be appropriated by the Legislature
by a majority vote of the elected membership of each house of the
Legislature and expended exclusively for the support of the
institutions of higher learning and the community and junior
colleges. One-half (1/2) of the interest and income shall be
reserved exclusively for the support of the institutions of higher
learning, and one-half (1/2) of the interest and income shall be
reserved exclusively for the support of the community and junior
colleges. The amount of interest and income that is reserved for
the support of the institutions of higher learning and the amount
of the interest and income that is reserved for the support for
the community and junior colleges shall be accounted for
separately, and the amount reserved for one may not be
appropriated or expended for the other.

SECTION 4. Section 7-9-101, Mississippi Code of 1972, is
amended as follows:

7-9-101. The State Treasurer may employ or enter into a
contract for the services of investment advisors, security
custodians and/or bank trust departments for the management and
investment of the Education Improvement Trust Fund created in
Section 206A of the Mississippi Constitution of 1890 and the
Higher Education Improvement Trust Fund created in Section 3 of
this act. Compensation or fees for those services shall be paid
from the income derived from investment of the principal of the
respective trust funds, subject to appropriation by the
Legislature.

SECTION 5. Section 7-9-103, Mississippi Code of 1972, is
amended as follows:

7-9-103. The principal of the Education Improvement Trust
Fund and the principal of the Higher Education Improvement Trust
Fund shall be invested by the investment entity so selected by the
State Treasurer, and all purchases shall be made from competitive
offerings. Those funds may be invested only as follows:

(a) Bonds, notes, certificates and other valid general
obligations of the State of Mississippi, or of any county, or of
any city, or of any supervisors district of any county of the
State of Mississippi, or of any school district bonds of the State
of Mississippi; notes or certificates of indebtedness issued by
the Veterans' Home Purchase Board of Mississippi, provided those
notes or certificates of indebtedness are secured by the pledge of
collateral equal to two hundred percent (200%) of the amount of
the loan, which collateral is also guaranteed at least for fifty
percent (50%) of the face value by the United States government,
and provided that not more than five percent (5%) of the total
investment holdings of the system shall be in Veterans' Home
Purchase Board notes or certificates at any time; real estate
mortgage loans one hundred percent (100%) insured by the Federal
Housing Administration on single family homes located in the State
of Mississippi, where monthly collections and all servicing
matters are handled by the Federal Housing Administration approved
mortgagees authorized to make those loans in the State of
Mississippi;

(b) State of Mississippi highway bonds;

c) Funds may be deposited in federally insured
institutions domiciled in the State of Mississippi;

d) Corporate bonds of Grade A or better as rated by
Standard and Poor or by Moody's Investment Service; or corporate
short-term obligations of corporations, or of wholly-owned
subsidiaries of corporations, whose short term obligations are
rated S-3 or better by Standard and Poor or rated P-3 or better by
Moody's Investment Service;

e) Bonds of the Tennessee Valley Authority;

(f) Bonds, notes, certificates and other valid
obligations of the United States, and other valid obligations of
any federal instrumentality that issues securities under authority
of an act of Congress and are exempt from registration with the
Securities and Exchange Commission;

(g) Bonds, notes, debentures and other securities
issued by any federal instrumentality and fully guaranteed by the
United States;

(h) Interest-bearing bonds or notes which are general
obligations of any other state in the United States or of any city
or county therein, provided the city or county had a population as
shown by the federal census next preceding the investment of not less than twenty-five thousand (25,000) inhabitants, and provided that the state, city or county has not defaulted for a period longer than thirty (30) days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten (10) calendar years immediately preceding the investment;

(i) Certificates of deposit and repurchase agreements. All investments shall be acquired by the investment entity at the highest market rate available for those securities; and

(j) Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 USCS, Section 80(a)-1 et seq., provided that the portfolio of the investment company or investment trust is limited to direct obligations issued by the United States of America, United States government agencies, United States government instrumentalities or United States government sponsored enterprises, and to repurchase agreements fully collateralized by direct obligations of the United States of America, United States government agencies, United States government instrumentalities or United States government sponsored enterprises, and the investment company or investment trust takes delivery of the collateral for the repurchase agreement, either directly or through an authorized custodian. The State Treasurer and the Executive Director of the Department of Finance and Administration shall review and approve the investment companies and investment trusts in which funds invested under this paragraph (j) may be invested. However, at no time shall the funds invested in investment companies and investment trusts under this paragraph (j) exceed twenty percent (20%) of all investments of the Education Improvement Trust Fund under this section.
Any limitations * * * set forth in this section shall be applicable only at the time of purchase and shall not require the liquidation of any investment at any time. Subject to the above terms, conditions, limitations and restrictions, the investment entity shall have power to sell, assign, transfer and dispose of any of the securities and investments of the respective trust funds.

SECTION 6. Section 7-9-105, Mississippi Code of 1972, is amended as follows:

7-9-105. The State Treasurer may adopt necessary rules and regulations consistent with this legislation to facilitate the management of the respective education trust funds.

SECTION 7. Section 7-9-107, Mississippi Code of 1972, is amended as follows:

7-9-107. Upon request of the investment entity, signed by the proper person, officer or officers, the State Fiscal Officer shall issue his warrants to authorize the transfer from the Education Improvement Trust Fund or the Higher Education Improvement Trust Fund such funds as are selected for investment under Sections 7-9-101 through 7-9-107, and upon receipt of those warrants, the State Treasurer shall immediately transfer those sums to the proper funds or accounts.

SECTION 8. This act shall take effect and be in force from and after July 1, 2001.