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(Start Belt # 4)

and in the best way possible which means, for example, if you had, let's say you had a \$100,000.00 and he had to split that into \$33,333.33 each for three banks. You know and I know that he cannot get as good an interest rate from the bank on investing \$33,000.00 as he could if he walked into the same bank with \$100,000.00.

SENATOR CARPENTER: Let's talk about ten million or fifteen million dollars.

SENATOR GOODRICH: Well, first of all, they aren't going to have that much. There aren't any school districts in the State of Nebraska that I know of that have that kind of money to invest unless they have floated a bond issue. But, let's take any kind, it doesn't make any difference what amount of money we're talking about. As you know, the banks are in a position to negotiate the interest rate on C.D.'s and if you can walk into a bank with a \$100,000.00 deposit and say I want to negotiate for a C.D., with \$100,000.00 you're going to get a much better position to negotiate with that bank than you are if you had \$30,000.00.

SENATOR CARPENTER: Well, let's pursue the C.D., for example, what collateral does the bank put up except the C.D.?

SENATOR GOODRICH: The credit of the bank, except whatever the insurance is that covers the accounts of the bank.

SENATOR CARPENTER: Well, how much is that?

SENATOR GOODRICH: I believe it is \$20,000.00 now on each account?

SENATOR CARPENTER: So if you put a million dollars in the bank, you've really only got insurance on \$20,000.00.

SENATOR GOODRICH: So what's the difference if you leave it in the checking account? You've got the same insurance coverage.

SENATOR CARPENTER: It makes a lot of difference, because we're talking about the money of the people and not the individuals. Now, we've got procedure, for example, which the Investment Board invests millions and millions of dollars in short time securities and I presume C.D.'s and they're most of them in a short term of maturity and I don't see why we want to get around that procedure in order to let the school board and the County Treasurer who, for the most part, is completely incompetent in the field of investing this type and this kind, this amount of money.

SENATOR GOODRICH: Well, let me ask you a question. Let's assume that X school district, whoever they are across the State of Nebraska, has say, \$30,000.00 or, let's say, let's go clear on up to \$100,000.00. Let's say they have \$100,000.00 right now. They wind up with that money. They don't carry it around in their pocket. They've got to put it in the bank so if they got it in the bank in a checking account and it draws no interest whatsoever. Now, what they have done according to, following the statute, they have put it in three different banks because they have three banks in the district and they have to pro rate the funds among the banks so each one of the banks now has a deposit in checking account \$33,333.33 and they pay no interest rate on it. Now, if the school district can go back in and deposit those same funds in C.D.'s, they've got it in the same bank, they may have a little more in one bank than the other two banks but at least they've got it invested in interest and with the security that the banks now offer in the form of financial soundness by virtue of F.D.I.C. insurance, there is very little risk involved in deposits, Certificates of Deposits in banks when you compare those with