



September 8, 2016

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Scott Garrett
Chairman
Subcommittee on Capital Markets and GSEs
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Carolyn Maloney
Ranking Member
Subcommittee on Capital Markets and GSEs
U.S. House of Representatives
Washington, DC 20515

Dear Representatives Hensarling, Waters, Garrett, and Maloney:

The Association of School Business Officials International (ASBO) is an education association that, through its members and affiliates, represents approximately 30,000 school business professionals who are dedicated and trusted stewards of taxpayers' investment in public K–12 education. ASBO International members manage the business side of school district operations and represent every aspect of school support services, including school finance, procurement, facilities management, human resources, technology, transportation, and more. **We are writing to request your support for H.R. 4216, the Consumer Financial Choice and Capital Markets Protection Act, and to urge the Financial Services Committee to act on this bipartisan legislation as quickly as possible.**

H.R. 4216 and its companion Senate bill, S. 1802, would preserve access to an important source of capital and promote low-cost financing for educational facilities and other infrastructure investments. The fund's investment objective must be the generation of income and preservation of capital through investment in short-term, high-quality debt securities. Our members depend on money market funds for readily available, low-cost capital expenditure financing. Unfortunately, that access has been put at risk by a Securities and Exchange Commission (SEC) rule that takes effect on October 14, 2016. The rule prohibits prime and tax-exempt money market funds operating on a stable net asset value (NAV) basis from being offered to investors other than "natural persons." As a result, businesses and other organizations that require stable value investments are shifting their short-term cash management needs out of money market funds and into other types of investments that do not support the capital access needs of schools and other public infrastructure needs.

Tax-exempt money market funds are among the largest purchasers of variable floating rate notes issued by or on behalf of school districts and other educational institutions. These instruments have a nominal long-term maturity, but the interest rate is adjusted on a daily or weekly basis. As a result,



school districts across the country are able to undertake long-term infrastructure projects at very low short-term rates. During 2015, the cost of borrowing at those adjustable rates ranged from a low of .01% to a high of 0.18% with an average rate of .03%. Unfortunately, those rates have skyrocketed in some cases to over .60% in the past few months as a result of the SEC's floating NAV rule. By driving up the cost of borrowing, the SEC rule is squeezing school district budgets and undermining their efforts to provide the highest quality education possible for our nation's students.

Please support enactment of H.R. 4216 so that we can preserve stable value money market funds as a viable, efficient, and cost-effective source of financing school districts, educational institutions, and other important public and private infrastructure investments.

Thank you for your leadership on this issue. If you have any questions or would like to discuss H.R. 4216 in further detail, please feel free to contact us at 866.682.2729.

Sincerely,

A handwritten signature in black ink that reads "John D. Musso". The signature is written in a cursive, flowing style.

John D. Musso, CAE, RSBA
Executive Director
ASBO International