



November 2, 2017

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

The Honorable Bill Huizenga
Chairman
Subcommittee on Capital Markets and GSEs
U.S. House of Representatives
Washington, D.C. 20515

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

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

Dear Representatives Hensarling, Waters, Huizenga, 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. ASBO International members are trusted stewards of taxpayers' investment in public K-12 education and represent every aspect of school support services, including school finance, procurement, facilities management, human resources, technology, transportation, and more. **We are writing to ask for your support of H.R. 2319, 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. 2319 would preserve access to an important source of capital and promote low-cost financing for school facilities and other public infrastructure investments. As the financial leaders and facility managers of school districts, ASBO members depend on tax-exempt money market funds (MMFs) for readily available, low-cost capital expenditure financing for school construction projects. Unfortunately, this financing option is no longer feasible because of a Securities and Exchange Commission (SEC) rule that took effect in October 2016. The rule prohibits tax-exempt MMFs from operating on a stable net asset value (NAV) basis, and now must operate on a floating NAV instead. This change has caused investors to flee tax-exempt funds, which has unnecessarily raised the cost of financing school construction projects.

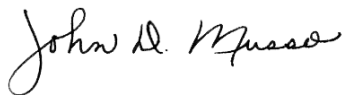
Tax-exempt MMFs are among the largest purchasers of variable rate notes issued by or on behalf of school districts and other educational institutions. They have a nominal long-term maturity, but the interest rate is adjusted on a daily or weekly basis. As a result, schools districts across the country are able to undertake long-term infrastructure projects at very low short-term rates. At the beginning of 2016, the cost of borrowing

at those adjustable rates was as low as a few basis points (BPS). Those rates have skyrocketed to about 90 BPS as a result of the SEC's floating NAV rule. By driving up the cost (and increasing the unpredictability) of borrowing, the SEC rule is squeezing school district budgets and undermining district leaders' efforts to provide safe educational facilities for our children to grow in and learn.

Please support H.R. 2319 so that we can preserve stable value MMFs as a viable, efficient, and cost-effective source of financing school facilities and other important public infrastructure investments.

Thank you for your leadership on this issue. If you have any questions or would like to discuss H.R. 2319 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