

October 14, 2019

The Hon. Mike Crapo, Chairman
The Hon. Sherrod Brown, Ranking Member
Committee on Banking, Housing & Urban Affairs
United States Senate
Washington, D.C. 20510

The Hon. Maxine Waters, Chairwoman
The Hon. Patrick McHenry, Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairpersons Crapo and Waters, and Ranking Members Brown and McHenry:

I am writing to you on behalf of the Association of School Business Officials International (ASBO) to request your support for H.R. 4492 and S. 733, the Consumer Financial Choice and Capital Markets Protection Act. This bipartisan legislation would preserve access to an important source of capital and promote low-cost financing for educational facilities and other critical infrastructure investments.

ASBO International is an education association that through its members and affiliates, represents approximately 30,000 school business professionals who are the financial and operational leaders of K–12 school districts. ASBO International members are trusted stewards of taxpayer resources for education, and represent all aspects of school support services, including school finance and budgeting, procurement, facilities management, human resources, technology, student transportation, and more.

School business professionals depend on money market funds (MMFs) for readily available, low-cost capital expenditure financing to afford the construction of school facilities. Unfortunately, access to this financial option was diminished by a Securities and Exchange Commission (SEC) rule that took effect in October 2016. The SEC rule prohibited prime and tax-exempt MMFs that were operating on a stable net asset value (NAV) basis from being offered to investors not considered as “natural persons.”

This rule in turn, caused significant investor flight from prime and tax-exempt MMFs (approximately -\$1.15 trillion since 2016) which has driven up borrowing costs and lowered returns on MMF investments. Organizations that require stable value investments were forced to shift their short-term cash management needs out of MMFs and into other options that do not support the capital access needs of school districts. Since MMFs are less lucrative for investors, it drives up the cost of borrowing and makes it harder for districts to leverage this financing option to afford constructing school facilities for students.

At a time when school districts across the U.S. are in desperate need of assistance to repair deteriorating school buildings and construct new learning facilities, district leaders need as many financial tools at their disposal as possible to address these enormous challenges.

Therefore, we urge you to support H.R. 4492 and S. 733 to restore stable value MMFs as a viable, efficient, and cost-effective source of financing to facilitate investment in our nation's schools and other critical infrastructure.

If you have any questions, please contact Elleka Yost, ASBO International Government Affairs & Communications Manager, at eyost@asbointl.org or 866.682.2729 x7065. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Lewis". The signature is fluid and cursive, with a large initial "D" and a long horizontal stroke at the end.

David J. Lewis
Executive Director
Association of School Business Officials International