The Leadership Association of 430 Public Colleges and Universities
Delivering America's Promise
American Association of State Colleges and Universities

American Association of State Colleges and Universities
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January 21, 2011

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File #4-619

Dear Secretary Murphy:

It has recently come to the attention of the American Association of State Colleges and Universities (AASCU) that the Securities and Exchange Commission is considering recommendations made by the President's Working Group on Financial Markets; specifically, one determining the value of money market mutual funds. On behalf of AASCU's 420 public colleges and universities, I write to share some views and concerns about the recommendation.

As you are aware, the President's Working Group recommended the use of a floating Net Asset Value for money market mutual funds, rather than the traditional standard of $1 per share. Pursuing this policy would have significant ramifications on a funding mechanism used by institutions of higher education as a stable, low-risk investment tool. In fact, money market mutual funds are a reliable source of direct, short-term financing for millions of businesses, non-profits, and others, including colleges and universities.

More specifically, shifting to a floating value would result in investors exiting money market mutual funds, reduced portfolio assets, reduced demand for bond issuances and an increase in interest costs. Further, it would increase the risk of these funds, making them more volatile and less attractive, which will push investors toward less-regulated or non-regulated markets. Finally, moving to a floating value would eliminate a stable investment tool for state entities restricted by state laws and regulations to using only those investment vehicles that maintain a stable net asset value.

These negative consequences will have significant impact on state colleges and universities who use money market mutual funds as stable, short-term investment tools. Thus, AASCU requests that you consider the negative impact implementing this recommendation would have and not pursue this policy change. Thank you for your attention to this matter.

Sincerely,

Robert L. Moran
Director, Federal Relations and Policy Analysis