

October 15, 2018

The Honorable Ted Cruz
404 Russell Senate Office Building
Washington, DC 20510

RE: S 1117

Dear Senator Cruz,

I am writing to request your support for S 1117, the Consumer Financial Choice and Capital Markets Protection Act, which will help preserve money market funds as a critical, cost-effective source of financing for state and local governments.

Money market funds are the largest purchasers of short-term debt issued by municipalities, often used to finance economic development and public works projects. However, there is concern about the viability of this finance tool going forward, as holdings of tax-exempt debt by money market funds are declining as a result of a Securities and Exchange Commission (SEC) rule.

The rule, which prohibits prime and tax-exempt money market funds operating on a stable net asset value basis from being offered to institutional investors, has led businesses and other organizations that require stable value investments to shift their short-term cash management needs out of money market funds and into other types of investments that do not necessarily support the capital access needs of communities.

A decrease in supply of funds will negatively impact the Texas State University System (TSUS), which uses a commercial paper program with a total authorized size of \$240 million as part of its project financing process. Any increased cost of borrowing impacts our member institutions, the projects being financed, our students and the taxpayers of Texas.

I appreciate your leadership in advancing S 1117 in the interest of retaining important capital markets financing options provided by money market funds for economic development in Texas.

Respectfully,



Brian McCall, Ph.D.
Chancellor