



# PAUL QUINN COLLEGE

## *Office of the President*

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October 15, 2018

The Honorable Eddie Bernice Johnson  
2468 Rayburn Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

Re: H.R. 2319

Dear Representative Johnson:

I write to thank you for your efforts in co-sponsoring H.R. 2319, the Consumer Financial Choice and Capital Markets Protection Act and to urge you to continue your work to get the bill to the floor this session. The bipartisan legislation aims to preserve much needed access to capital for the greater Dallas community and would ensure the completion of key capital projects within Dallas.

As you know, H.R. 2319 has been introduced to preserve money market funds (MMFs) as a viable, efficient and cost-effective source of financing for economic development needs. These funds constitute the largest purchasers of short-term debt issued by municipalities, much of it to finance housing, health and education-related projects.

That access has been put at risk by a Securities and Exchange Commission (SEC) rule that prohibits prime and tax-exempt money market funds operating on a stable net asset value basis from being offered to investors other than “natural persons” (called “institutional” investors). As a result, businesses and other organizations, such as Paul Quinn College (“Paul Quinn”), 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 communities.

Currently, all issuers of municipal debt are feeling the impact of the shrinkage in tax-exempt money market fund (MMF) assets as a result of the SEC rule. Since the end of September 2015, assets in tax-exempt MMFs nationally have declined almost 50%, from approximately \$250 billion to \$140 billion as a direct result of the rule. This has had the effect of increasing the cost of borrowing for all Texas issuers.

Paul Quinn relies on these funds to accomplish such capital projects as constructing affordable on-campus housing options for students and restoring classroom and office space. The limited availability of capital could adversely impact Paul Quinn’s ability to serve students and the surrounding community through the expansion and upkeep of our physical campus in southern Dallas.



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H.R. 2319 would preserve the stable net asset value for all money market fund investors. It does so without changing the Dodd-Frank Act or impacting other changes to the regulation of money market funds that were adapted by the SEC in 2010 and 2014.

I appreciate your leadership in co-sponsoring this bipartisan legislation and your efforts to advance H.R. 2319 to the floor this session. This legislation is vital to retaining the indispensable capital markets financing options provided by money market funds for economic development in Dallas and throughout Texas.

Sincerely,

Michael J. Sorrell, Ed.D  
President  
Paul Quinn College