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Jimmy H. Baker
CHANCELLOR

October 22, 2018

The Honorable Richard Shelby
United State Senate
304 Russell Senate Building
Washington, DC 20150

Dear Senator Shelby:

Across Alabama stand twenty-four community and technical colleges that are the educational feeders and economic incubators for our state's workforce and economic development efforts. Approximately 170,000 people are served each year by our system, including non-credit workforce development and adult education, with 114,000 students enrolled in for-credit courses.

As you know, the Federal Reserve recently raised interest rates and it has expressed the possibility of raising them again in the near future. As the cost of borrowing increases, so does its impact on our institutions with the various projects that we finance. With interest rates increasing, we need more cost-effective financing options.

That is why I am joining so many other Alabama leaders and institutions in asking that you support the passage of S.1117/H.R. 2319, The Consumer Choice and Capital Markets Protection Act. This reform would change a Securities and Exchange Commission (SEC) rule that requires a specific method of valuation for prime and tax-exempt money market funds. This rule change has resulted in the decline of investing into money market funds and increase in other types of investments that often offer less returns and are not structured to best support the capital access needs across the state.

Money market funds are an important financing tool for state and local government entities, as they are one of the largest purchasers of short-term debt and are often used to finance economic development and public works infrastructure projects. According to financial estimates, state and local government entities in Alabama have lost over \$500 million in funding from tax-exempt money market funds since the SEC rule was phased-in in January 2016 due to the shift to other investment options. Additionally, borrowing costs for our state and local entities that issued debt to money market funds rose significantly during that time frame.

Thank you for your consideration of this legislation and for your continued support of Alabama's community and technical colleges.

Sincerely,

A handwritten signature in black ink that reads "Jimmy H. Baker". The signature is stylized and cursive.

Jimmy Baker
Chancellor
Alabama Community College System