Medaille College
OFFICE OF THE PRESIDENT

November 16, 2016

Dear Senator Schumer,

As you know, every job in New York State is precious and many families here depend on construction jobs associated with large scale projects financed by bonds. The price of using bonds is going up, which will squeeze jobs out of each project, and I think you can help, which is why I am writing.

Since the 1970s, the widespread use of money market funds by institutional investors has been possible with a stable $1 per share net asset value (NAV), which provides administrative and accounting cost benefits for both the fund companies and short-term cash management investors. These money market funds buy the majority of tax-exempt bonds issued by governmental and nonprofit entities.

As you may know, The Securities and Exchange Commission (SEC) has issued a rule requiring money market funds to abandon the stable $1 NAV. This has serious negative, if unintended, consequences for local governments and nonprofit entities that issue tax-exempt bonds. It is already driving money market funds (MMFs) out of the bond market that fund projects across New York. Fewer buyers means we have to offer higher rates, increasing the cost of the bonds and diverting money to Wall Street from our projects.

There seems to be a bipartisan legislative remedy making its way through Congress. Please consider supporting S.1802 (H.R. 4216), the Consumer Financial Choice and Capital Markets Protection Act, which will not only preserve access to capital from money market funds, but keep the costs down so more of our money is put to work to improve public infrastructure, and projects being undertaken across the State. Please ask your staff to reach out to me directly to inform me of your decision on this issue.

Sincerely,

Dr. Kenneth M. Macur, President
Medaille College

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