

Divine Mercy Parish

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June 6, 2024

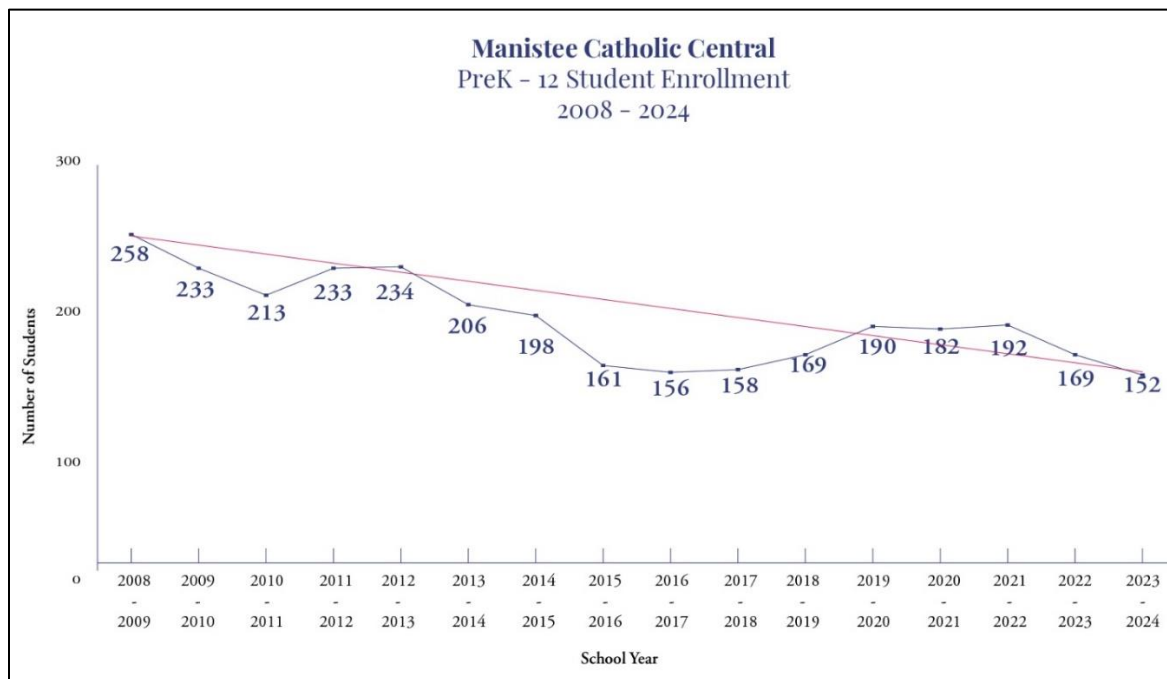
Dear Divine Mercy Parishioners,

This last week has been full of mixed emotions. We joyously celebrated the accomplishments of all our students, especially our recent graduates who have a bright future ahead. But sadly, this also marks the end of Manistee Catholic Central as we know it today.

The impact of the school's closing has been felt by many, including myself. It was an outcome no one desired. It was my heartfelt desire to have a Catholic school to teach and live the faith on a daily basis with our youth, who are our future. It is difficult to see God's plan in moments like this. But like all crosses that feel so heavy, all I can do is take it one day at a time and walk together with the Manistee community of faith and tradition.

I continue to hear questions and concerns in the community about the decision to close the school. To follow up on the materials distributed at the MCC Financial Transparency Meetings, I'd like to again share key information that influenced this sad outcome to help people better understand.

Enrollment Trends



Over the last 16 years, MCC has been experiencing a steady decline in enrollment. The chart above reveals a loss of 100 students since the 2008-2009 school year, in part due to demographic changes in Manistee.

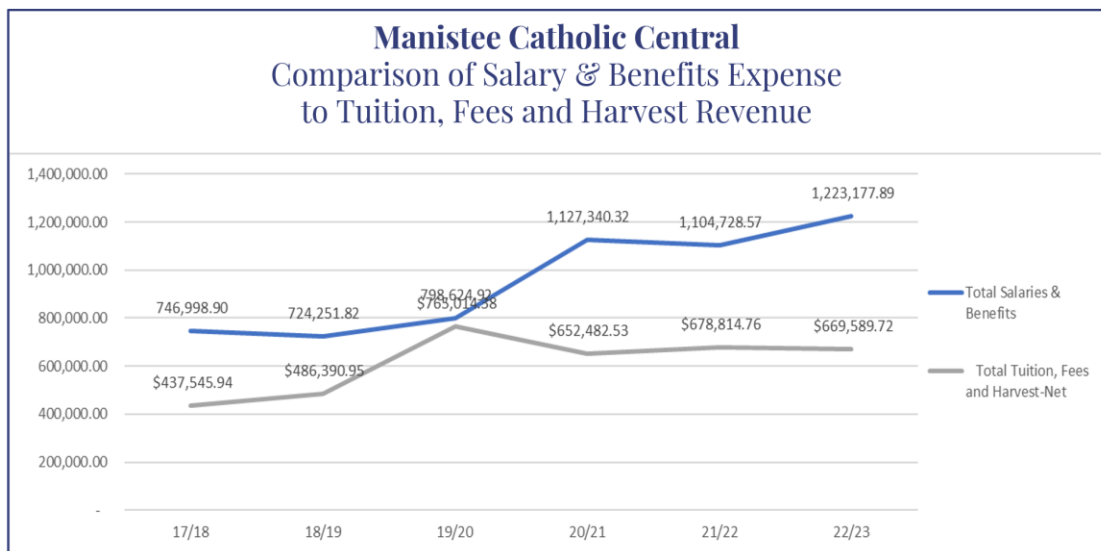
In January 2024, while evaluating the school's viability, families were asked to complete a survey about next year's enrollment and tuition. Based on this survey, only 90 students pledged to enroll if MCC stayed open. These families also indicated they were able to pay an average of \$4,288, which is slightly less than the current average tuition rate.

Cost to Educate

The cost to educate one student at MCC for the 2022-2023 school year totaled \$13,802 based on the enrollment of 169 students. When there are fewer students, the cost per student rises.

Although the cost to educate a student is over \$13,000, MCC tuition rates ranged from \$4,122 to \$5,533 depending on the grade and the family's parish status. The MCC Foundation, the HARVEST, and other fundraisers helped to lessen the gap between revenue and expenses.

Deficits Over the Years



Since the 2014-2015 school year, MCC has been running with a deficit because the gap was not closed. This deficit climbed to more than \$4.1 million. Now, total salary and benefit expenses are approximately \$2 for every \$1 of tuition billed, assuming all tuition is collected.

Over the last few years, some gifts and additional support were garnered to help cover a portion of this deficit and to keep the school operational, including:

- Estate gifts in excess of \$2 million
- Parish savings in excess of \$340,000
- Foundation support of approximately \$45,000 / year
- Diocesan support in excess of \$300,000

Although the support was generous, these gifts could not pay the entire deficit and most were not intended to be ongoing, except for the Foundation's yearly contribution.

Immediate Actions Taken to Address the Deficit

The large deficit came to light in July 2023 – my first few weeks at Divine Mercy Parish. It was essential we immediately reduce costs to make payroll. Therefore, the following cost reductions were implemented:

- Fr. Michael Lingaur began teaching religion

- The daycare program was discontinued because it was operating at a loss
- The hot lunch program was paused because it was operating at a loss
- Four smaller elementary classes were combined to create two multi-age classrooms
- Four high school religion classes were combined to create two multi-age classrooms
- Open teaching positions were left vacant

Additionally, new funding efforts were initiated such as:

- Past-due tuition collection attempt for the 91 past-due balances that totaled \$719,004; some debts dated back to 2014. These efforts collected \$85,638, reducing past-due collections to \$633,365
- MCC Foundation donated an additional contribution of \$200,000
- Diocese of Gaylord committed additional support up to \$350,000

Viability Committee Explored Options

With the large budget deficit, declining enrollment, and a 60-year-old building that needs structural repairs, it was critical we established a Viability Committee immediately. This committee was charged with determining what could be done to save the school, so we didn't have to close mid-year. In December 2023, the Viability Committee (comprised of priests, a former MCC principal, an MCC parent, current staff, and parish leadership team) explored and implemented ideas that could help balance the budget, including:

- Increasing tuition
- Considering a different school model moving forward (academic, curriculum, etc.)
- Talking with major donors
- Transparently sharing financial information with the community
- Adding additional revenue streams
- Involving alumni

Initial Plans Developed

The Viability Committee explored a wide variety of cost savings and new revenue ideas such as potential fundraisers, grants that could be applied for, proposed new fees for extracurriculars and books, and possible space rental. In addition, the MCC Foundation was actively raising dollars, reaching out to major donors, alumni and the community. It's important to know that private schools are funded through tuition, fundraisers, and parish support. Private schools do not typically receive state or federal funding with the exception of some COVID-related grants and some nominal federal subsidies for lunch programs.

Looking at what programs and services were needed to continue to offer PreK – 12th grade, the school leadership developed a \$3.5 million budget forecast. This budget included the resources that were needed to address what the parents were requesting based on previous satisfaction surveys and the staff needed to provide a quality educational experience:

- offer more college readiness opportunities
- restore educational enhancement experiences
- hire additional teachers to increase academic opportunities
- restore the role of assistant principal/dean of students to enhance communication between the administration and the parents
- restart the food services, daycare program, and library services
- establish a development office to lead enrollment, funding, and marketing
- hire a project manager and maintenance worker to carry out the needed capital improvements

Plans Reviewed and Fundraising Opportunity Announced

Beginning in mid-November 2023, the hard work of numerous people – parents, MCC Foundation members, alumni, staff, school leadership, priests and even students – was submitted to the diocese by mid-March. The bishop reviewed the \$3.5 million budget forecast and the Viability Committee's plans. Adjusting down, but without compromising the vision of enhanced education, the bishop set a target of \$2 million and extended the fundraising date until April 8.

Although time was of the essence, the bishop did extend the deadline by 18 days so that all involved could make every effort to save the school. Bishop Walsh knew he needed to balance the extended deadline with the need for staff and parents to have enough time to make career and education plans for the next school year.

He also stressed we cannot risk losing Divine Mercy Parish in the process of trying to save the school. The school is an apostolate of the parish, not the other way around.

To meet this \$2 million target, the MCC Foundation had already raised \$345,000 and went into an all-out effort to secure the additional \$1,655,000 needed to keep the school open for the 2024-2025 school year.

Final Decision Communicated

Valiant efforts were made, especially by the MCC Foundation and the alumni, which yielded additional funds but fell short of the goal. Therefore, with a heavy heart the bishop announced MCC's closing at the end of this school year.

This has been a long, exhausting, and stressful time for all involved, and it's not the outcome any of us wanted.

Now more than ever, we need to trust that there are new endeavors that await us. As Bishop Walsh said in his school closing announcement, "I believe it is important to face our fears and trust Divine Providence."

What's Next

Divine Mercy Parish will begin a strategic planning process after a consultant is chosen. The goal of the strategic planning process is to create a shared vision of ministries for the parish and to develop a best use plan for all the buildings/properties. I envision the process will unfold over the course of one year. I want to garner input from the whole Manistee Catholic community. Anyone who would like to participate in the process, can contact the parish office.

Although the current K-12 model was deemed unsustainable, consideration of new models for diocesan Catholic elementary school education in Manistee will be part of the strategic plan. Thus, the decision is not to rush into selling or leasing any of the properties until this plan is completed.

In this difficult chapter, we keep our eyes fixed on Christ and on the Cross. By His sacrifice, we are all redeemed. I pray that God's Divine Providence will reveal His plan of goodness. We turn our eyes to the future and the possibilities it holds. When our strategic planning process begins, I ask for everyone's prayers and thoughtful discernment about what will keep our Manistee Catholic community strong. Until that time, we unite all our prayers, works, joys and sufferings to Jesus, our Blessed Mother and St. Joseph, trusting completely that they will bring us peace.

In Christ we trust,



Fr. Mitchel Roman