

Dear St. Michael School Parent,

Thank you for your sacrifice to send your children to our parish school. We recognize that you have choices and we don't take your commitment lightly.

I write on behalf of the Finance Committee of our parish to provide some information regarding our role to help Father Borowiak and the staff find the right balance between the important mission of our school and parish, and the need for fiscal responsibility and sustainability.

This communication is intended to provide information regarding the thoughtful process that has led to the most recent tuition decisions. Enclosed in this mailing/and email is a document outlining upcoming tuition and fee rates.

Your Finance Committee is chaired by Brad Koehn with Pastor Fr. Borowiak, Business Manager Shannon Dohmen, Principal Ashley Rockey, and parishioners Jim Dutmer, LG Searcy, Tiffany Mickells, Kiley Wiechman, Michael Arens, Kurt Kolm, Tom Novotny, and Nick Cusick forming the balance of the committee.

Beginning in spring 2023 as a part of a strategic planning process for the parish and school, over 300 parishioners responded to an extensive survey regarding all aspects of our parish and school life. Among important takeaways, both school families and non-school families overwhelmingly indicated strong support for the importance and mission of our parish school.

The Finance Committee recognizes that most school families contribute to the success of our school and parish in many ways beyond tuition and fees and also recognizes that many contributed generously to the multiple capital campaigns that allowed us to build our current, excellent facilities.

In the survey, school families in particular, stressed the importance of improving teacher compensation to enhance recruitment and retention of the best teachers and investment in professional development and modern research-based curriculum.

This last school year Saint Michael teacher compensation was approximately 80% of LPS and lagged most comparable Lincoln parishes. The Diocese has set a target to get to 90% of LPS. Our budget for this next school year includes significant additional funding for teacher salaries that gets us to approximately 87% of LPS with the hope of continued progress toward the 90% target in future years.

Additionally, we have capital assets (buildings) exceeding \$25 million that, while relatively new, are starting to have more maintenance needs especially on the original facilities opened in 2010. Historically many U.S. parishes wait for major maintenance expenses to appear and then try to find the money to fix them. Your Finance Committee feels it is important to budget for these inevitable expenses annually and include in the annual operating budget.

Our 2024-2025 preliminary school budget with increased teacher salaries, maintenance reserve, and other inflationary items that we all see in our daily lives results in a cost per student of approximately \$8,300 based on the assumption of 315 students. For reference, LPS cost per student is \$12,185 and

the statewide public-school average is \$13,826. While not exactly apples-to-apples it does show that Saint Michael is a great value for the investment.

Approximately 80% of St. Michael overall parish budget is consumed by our parish school and our financial commitment to the Pius budget, and despite modest tuition and tithing increases the parish has operated at a small operating deficit 4 of the last 5 years despite much appreciated financial help from some parish organizations.

After much deliberation, the Finance Committee determined that the proper financial model for the school is 45% tuition and fees, 45% overall broad parishioner support, and 10% other revenue. In the current school year tuition, fees, and the tithing requirement amounts to about 41% of the budget but if tuition stayed flat, at the current rate when applied to next year's budget with increased compensation and other costs, that percentage would drop to approximately 36%.

The attached tuition schedule targets getting to the 45% tuition and fee target over the next 2 school years at which time it would be expected that tuition increases would level off especially if we are successful recruiting more students to fill empty seats and spread our monthly fixed costs over a larger student population. We hope that school families will continue to support the entire parish financially but the minimum tithing requirement has been eliminated from the school funding model.

While not significant factors in our deliberation, we note the following:

- Lincoln Christian tuition for grades 1-8 is \$9,250.
- Lincoln Lutheran is \$9,900 for grades 6-8.
- The Good Shephard Scholarship program is available to eligible families whose income is below 225% of the Federal Poverty Level and who apply by March 31, 2024.
- Nebraska LB753, Opportunities Scholarship Act, passed the Legislature last year but a repeal will be on the November ballot. Depending on the outcome it may provide a new source of school funding for qualified families with a student entering kindergarten, 9th grade, or transferring into any grade from a public school. Please visit nebraskaopportunity.org/giving for more information or to complete an application.

Our committee hopes that you agree that teacher compensation, strong curriculum, and upkeep of our facilities are valuable investments in your children's futures and that you will continue to partner with the rest of the parish to insure a sustainable future.

As a parish we are committed to making sure that every family who desires a faith-based Catholic education at St. Michael will be able to do so regardless of financial ability.

Regards,

St. Michael Finance Committee.