



## Marygrove College

[marygrove.edu](http://marygrove.edu)




### ABOUT THIS PROJECT

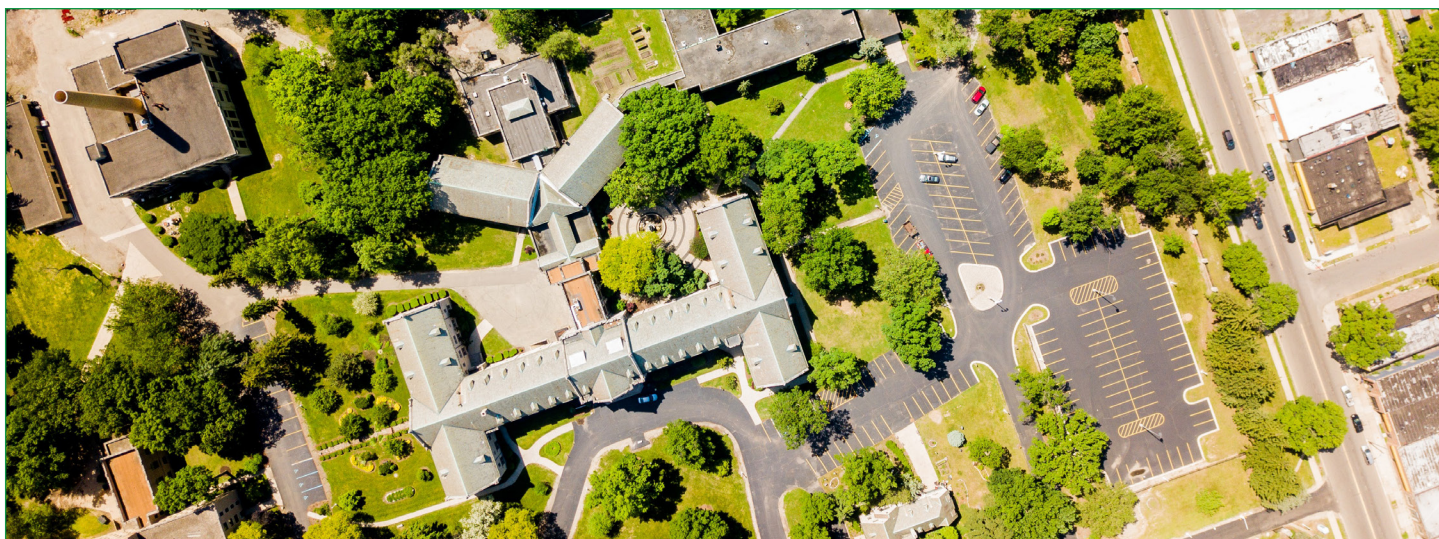
In 2016, Kresge's Detroit Program pivoted to focus on catalytic investments in Detroit neighborhoods. One of those neighborhoods was the Livernois-McNichols district and its surrounding area, where Kresge worked to leverage a strategic set of investments to bring about comprehensive revitalization of the district, including in public spaces, commercial corridors, business development, community organizations and more. The impetus of Kresge's involvement on the site of Marygrove College began when the school fell into financial duress, threatening the shuttering of its campus in a prime area of this neighborhood. Later, as closure of the College became unavoidable, a coalition of organizations came together to implement a plan to transform Marygrove into a cradle-to-career campus to bring high-quality educational opportunities to all local students.

### WHY WAS THIS NEEDED?

**Challenge:** After years of declining enrollment, Marygrove College found itself in deep financial trouble. It owed millions to creditors such as Huntington Bank and the U.S. Department of Education, debts which it could not afford to pay. The school survived week-to-week with extremely limited cash flows and ran the risk of failing to make payroll. Bankruptcy was a real threat.

**Solution:** To stabilize the school, Kresge's issued two guarantees, totaling \$6.2 million, that provided risk protection so the College could borrow and pay off multiple debts and still make payroll, all while a more orderly plan could be launched to save or transition the College.

IMPACTED LOCATION	YEAR APPROVED	KRESGE PROGRAM	GRANT SUPPORT
 Livernois-McNichols neighborhood, Detroit	2016	Detroit	\$4 million
TYPE OF TRANSACTION	AMOUNT OF INVESTMENT	TERM OF INVESTMENT	
Guarantee	Up to \$6.2 million	Five years	



## ABOUT THE BORROWER

Marygrove College was a private, Catholic institution serving undergraduate and graduate students from 1905-2019. It was founded by the Sisters, Servants of the Immaculate Heart of Mary. The College educated women for meaningful employment from 1905 and moved to Northwest Detroit in 1927. It educated students of color from 1968 and male students from 1971. Throughout its life, it remained committed to its place in Detroit and espoused social and ecological justice, all the while anchoring the northwest Detroit neighborhood that grew around the campus. Financial woes persisted from the mid-2000s through 2019, which forced the College to close its undergraduate programs at the end of 2017 and its graduate programs at the end of 2019. After the closure, the \$75 million commitment from Kresge to re-build the Marygrove campus represents the largest philanthropic commitment to a Detroit neighborhood in the city's history.

## IMPACT MEASURE

400 undergraduate students (who would not have their studies interrupted)

## KEY PARTNERS:

First Merit Bank, Chase Bank, Huntington Bank, Department of Education

## Key Considerations



**Aaron Seybert**  
Managing Director  
Social Investment  
Practice

- » One event that played a key role leading to these guarantees was that the College failed the DOE's "financial responsibility" test due to its operating deficits and received a "going concern" footnote in its most recent audit.
- » •As a result, Marygrove was required to post a letter of credit equal to 50% of its federal Title IV funding (approximately \$7.6 million).
- » If the letter of credit was not posted, Marygrove would lose all Title IV funding and be forced to close.
- » Without an orderly wind-down, the College risked being forced into bankruptcy and would have forced the school year to end mid-semester.