



Economic Explorations

AN ECONOMIC HANDBOOK
FOR WALDORF SCHOOLS

edited by: DAVID MITCHELL
and DAVID ALSOP

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INTRODUCTION

by David Mitchell & David Alsop

At the end of the First World War a group of industrialists led by Emil Molt, owner of the Waldorf Astoria Factory in Stuttgart, Germany, was engaged in many intense discussions. Europe was psychologically, physically, and morally devastated by the war; and Molt's group was struggling to found new social initiatives both to heal the damage and to pave the way for the dawning of a new social consciousness. Their hope lay in ideas put forth by Dr. Rudolf Steiner, who spoke of a tripartite social organization which recognizes the fundamental need for spiritual freedom, equality of rights and economic brotherhood. Steiner gathered these ideas into a work he called *The Threefold Social Order*.

An offspring of these ideas was the Waldorf School movement. Begun in 1919, this movement is now the largest independent school movement in the world, numbering over 1000 schools.

During the last sixty-eight years, a great deal of experience has been gathered by these Waldorf Schools. After the Second World War, the demand for new schools heralded a period of rapid expansion. This demand continues, and each September new schools are begun.

For a Waldorf teacher the rate of growth is confidence-building as well as potentially problematical. It is pleasing to see how Waldorf Education has grown in appeal and recognition. Parents, often encouraged by the results of established Waldorf Schools, want new Waldorf Schools in their own communities. For educational pioneers it is challenging to maintain the level of high quality which the finest Waldorf Schools have established. The challenge includes overt as well as hidden costs involved in the establishment and continued nurturing of a grade school. Expansion requires new human resources as well as additional financial resources. More people need to be sent to the teacher training institutes. Expansion also costs money. This book tries to address these and other important questions surrounding economics and the allied aspects of school organization.

The editors hope that the enclosed chapters will be of both practical and philosophical help to new Waldorf Schools in North America. We express deep gratitude to one of our teachers, Mr. Michael Spence, former bursar at Emerson College, Forest Row, Sussex, England. Michael continues to be a guiding light to us in this work. We urge all schools to consider sending a member of their communities to attend one of his courses on Economics or the Threefold Social Order at Emerson College. When Rudolf Steiner's ideas on this truly live in our schools, we will see a new strength throughout our school movement.

Finally, we wish to express our gratitude to those hard working individuals who took the time to write for this handbook. Their reflections are distillations of years of experience. We wish also to express gratitude to the Waldorf Education Foundation of the Glenmede Trust Company for making this book a reality.

CHAPTER 1

UNDERLYING THEMES IN THE ECONOMICS OF WALDORF SCHOOLS

by Werner Glas

Each Waldorf School evolves and changes its organization and administrative structure as it moves from infancy to maturity. Many factors, quite unique to the character of a single school, have to be integrated as part of this process. Important shaping influences can be attributed to the cultural setting of the school, its geographical opportunities and limitations, the level of its community involvement, the local economy, political relationships, and legal requirements. Most important of all, Waldorf Schools do not educate children in the abstract. They are dedicated to the children entrusted to their care, and the needs of children may vary. It is therefore not surprising that, as a matter of principle, each school is autonomous; develops its own identity; and has to carry the legal, economic, and spiritual responsibility for its own life. Nevertheless, there are other vital considerations which unify all Waldorf Schools. These deserve attention from the moment a school is conceived and throughout the many phases of its development. In order to be a Waldorf School in spirit, as well as in name, the fundamental principles and practices of Waldorf Education must be central, bringing form and substance to the educational tasks undertaken and to the organization of the institution as a whole. The social impulse of Waldorf Education is best served when all the policies of the school are an integrated whole.

It is perhaps a novel thought for some that economic policies and educational policies can and should have more than a superficial relationship with each other. We are so used to compartmentalization and specialization that we easily forget the whole experience of an institution and focus on its specific parts. What is the place of a school in society? How should it relate to parents and the close geographical community around it? How should it relate to culture, the job market and the lifestyles of its time? What are its economic and legal responsibilities?

Four months before founding the first Waldorf School, Rudolf Steiner asked such questions in a book which is the cornerstone of his social thought. Steiner sometimes remarked that this book (which has been translated as *The Threefold Commonwealth*) should be rewritten for other countries. He claimed that the threefold nature, which he discerned within society, was not a theoretical construct of his own, but something that was itself struggling into existence as part of the nature of our times. With the help of the analytical overview he presented it can be perceived. Steiner's elaborations of *The Threefold Commonwealth* were both practical and theoretical. Several business ventures were founded, embodying his thought. Some of these are large and flourishing today. A state election was fought and lost in Germany in 1919. The political defeat led to an intensification of study and research by Steiner and others in several countries. Today there is extensive literature on the relevance of Steiner's social thought to the present. Much of it examines his expositions in approximately sixty lectures delivered between 1919 and 1924, as well as in his course on World Economy.

The threefoldness he spoke of has historical roots. In a confused way it comes to expression in the well-known cry of the French Revolution: *Liberty, Equality, Fraternity*. The confusion lies in the fact that these terms are not obviously compatible with each other. If a person is free to follow his bent, how is he to be equal with all others? Can freedom of action be justified when it curtails the freedom of others? Are there limits to freedom? Is equality practical in all realms? We can, for example, cherish equality of opportunity in education, but can we speak of equality of gifts and talents with any credibility? When the religious conviction of a group includes the idea that it is superior to other groups, it is difficult to see how such thoughts can lead to fraternity. Is limiting such thoughts an encroachment on liberty?

Rudolf Steiner suggested that there are three spheres of society, each with its own laws, just as there are three organizations within the human being. Indeed, his fundamental concept of threefold man and the threefoldness of society have interesting and complex relationships. For the sake of clarity, he wrote about each sphere separately. He gave analytical descriptions of the spiritual, political, and economic spheres rather as a lecturer on physiology might single out the endocrine system, the nervous system, or the muscles of the body. Obviously in the living organism there is always interaction, and in society the three spheres interface and interact. Yet on the conceptual level, it is valuable to see that a different consciousness is required for activities which are placed in the area of jurisprudence, the area of finance, and the area of the free spiritual life. Let us briefly characterize these before examining the relevance such a perspective has for the economic philosophy of a Waldorf School.

As a philosopher Steiner valued the right of every individual to think for himself as the most fundamental of human rights. He regarded freedom of thought as a central necessity for the realm of culture, the so-called spiritual sphere of society, which included artistic expression, religious experience, and education. Probably Steiner would have been sympathetic to the working definition of religious experience used by William James in his lectures on *The Varieties of Religious Experience*. James makes the relationship between the person and the Divine primary and the organization of the religious groups a subsequent and secondary matter. That is why he said, "*Religion, therefore, as I now ask you arbitrarily to take it, shall mean for us the feelings, acts, and experiences of individual men in their solitude, so far as they apprehend themselves to stand in relation to whatever they may consider the Divine.*"

In the spiritual sphere of society, creative life is encouraged when a general acceptance of differentiation becomes attitudinal. The many-sidedness of human beings is likely to bring many cultural alternatives to expression provided that culture can unfold in an atmosphere of freedom. A great diversity of initiatives may then claim the attention of the general public. Indeed, initiatives would compete with each other for social approval. Such approval ultimately will also have a pragmatic ingredient. In other words, the way in which society evaluates its cultural institutions will be influenced less by the origins of the institutions and more by the way in which they work. The criterion for evaluation in the cultural sphere will be "by their fruits you shall know them."

It is natural that as human beings recognize affinities in thought and cultural intent, they will form groups. Such groups or organizations become active organs of the cultural sphere and have a short or long life depending on the response of the people as a whole. The individual who is creative is given much scope in this view of society, but he or she is also limited by the response of society.

When we apply these thoughts to the world of education, a world which is an essential part of the cultural sphere, the implications are clear. According to *The Threefold Commonwealth* view of the spiritual sphere, there should be considerable variety in education. The parent looking for a school would then have many choices. Christians, Buddhists, Mohammedans, atheists, as well as child developmentalists, behaviorists, and representatives of many other educational philosophies will have established a rich pluralism in education. Such a cultural landscape of many schools, built on different premises, probably would suffice for most parents. There may, however, be a few who want to start something new; and, if there are sufficient others to make this viable, they should be able to do so.

The development of many possibilities in education presupposes that the interference from government will be limited. Indeed, from *The Threefold Commonwealth* point of view the separation of School and State is important for the level of creativity education needs. The Founding Fathers did not want organized religion to distort the disciplines of knowledge and exercise power in the schools. The Threefold Commonwealth idea of the role of education in society would agree with theirs, but would go a step further. It would limit the political arm of society so that it also could not exert undue influence on the curriculum and the disciplines of knowledge.

The State, from this point of view, has an obligation to facilitate variety in education and to insure that the maximum opportunity is available for all children. At the same time the legislature should refrain from exerting power within the educational process. A separate coordinating council, acting like a cultural parliament, would therefore be necessary for education. This idea is neither strange nor impractical. The Arts Council of Great Britain, which has worked as an effective stimulus for the arts for many decades, is an organization of this sort. The members of the Arts Council are distinguished artists. In addition, there are a few competent administrators who also have the qualification of not being involved in party politics. Money voted by the British Parliament for the arts is given over to the Arts Council—in other words, the funding is de-politicized and entrusted to acknowledged and insightful leaders of the cultural sphere.

No country has made education completely free in this manner. It would take immense courage to do so, because the schools are seen as the melting pot of society and as a tool for political cohesiveness. And yet, in America the record of history shows that a great contribution to public life has been made by the alumni of independent schools and non-state universities. It simply is not true that a free culture would undermine democracy. It could well be argued that the possibility of independent education is a mainstay of democracy and that as independent education becomes stronger, democracy will be more strongly sustained.

When we turn to the concept of equality we turn away from the cultural sphere. We can and should make every effort to give every child the best possible opportunity for an education appropriate to his or her capacities, but we cannot expect equality of achievements and talents. There is also no good reason why anyone abroad should be able to calculate what every good American knows. There is no lasting advantage in cognitive uniformity. A society is richer when it includes much diverse knowledge.

Equality is at home in the legal sphere. Steiner saw all human beings as equal before the law. He also examined how legal equality differs within geographical boundaries. Modern America is a fascinating example of this process at work. We have federal laws which extend to the boundaries of the U.S.A. On another level of law we also have some differentiation as we move across state borders. These variations

represent the judicial development of different states. Further augmentation takes place at the city level where, to mention only one example, building code laws vary substantially. The larger picture, as well as the more local legal framework, has geographical boundaries. We live within rings of law with geographical and political limits. Furthermore, neither state nor federal law applies in China, Tibet or Finland. From The Threefold Commonwealth point of view, it is also questionable whether law should be exported.

The balance between federal, state, and local governments remains a living process, but at all levels the principle of equality is vital. To insure it, the legal system must not be subject to ephemeral political and cultural pressures. Perhaps no one understood this as well as those who balanced Congress and the Presidency with a separate Supreme Court.

When we consider the whole earth as a legal entity, we do, of course, find a growing concern for that which involves humanity as a whole. In our time there is a new focus on human rights, on rights in space, and on rights pertaining to communication interactions. These examples indicate a tendency which is new, even in law: That which is circumscribed by geographical boundaries must find its relationship to the whole. And yet in the English-speaking world, geography, tradition, the will of a nation, and precedent remain the dominant factors in legal situations.

The life of commerce, part of what Steiner called the economic sphere, is subject to different conditions. To an extent undreamt of by earlier centuries, the economic life is influenced by what happens elsewhere. Recent dramatic events on the stock market demonstrate the significance of linkages between Japan, West Germany, and the United States. The multi-nationals are another indication of the fact that the economic sphere wants to be global.

We are so used to economic factors playing into political situations that it is hard for us to picture a separation of the legal/political sphere from the economic sphere. Indeed, such a separation on a worldwide scale is hard to conceive unless people everywhere would awaken to the idea that all human beings have a right to certain basic things like nourishment. Such an attitude presupposes a certain degree of unselfishness. Steiner's suggestions for a healthy-functioning economic sphere require the elimination of short-term policies and some mastery over greed.

The economic process can be divided into three broad areas: capital, work and distribution. Nearly all products come about when raw materials which are part of the earth are fashioned into products with the help of ideas and technology. Both ideas and the investment in technology can be seen as capital. We need capital to establish the tools for the transformation of raw materials, and that process can be improved with the help of the right ideas. It is perhaps worth noting that education has no tangible product but can create capital. The lively, well-educated mind can enhance the transformation of raw materials. Thus from a purely economic point of view, education can be seen as an investment. It creates future capital.

Work habits can also be established during the school years—and work is a wonderful human activity which must not be debased. Rudolf Steiner ascribed many a social ill to the fact that work is frequently regarded as a commodity. He held that work should not be sold and that it is wrong to base salaries solely on work performance. Other elements like need should be considered. Steiner recognized that a social system which does not recognize need is no longer viable. To a certain extent our government

gives moderate recognition to this principle: Our tax system makes allowances for families and other considerations which have little to do with work.

The mighty power of modern technology also threatens to redistribute income and make obsolete many forms of traditional work. As the majority of new work possibilities require more ability in symbolic thinking than was necessary for unskilled and semi-skilled labor, we stand in danger of a growing disparity between the haves and the have-nots. The truly astonishing thing is that work abounds on all sides. Whole cities could do with a new coat of paint, to mention only one example. They are not improved because it is not financially rewarding to make them colorful and cheerful. A vast amount of worthwhile work is not done because it is not financially rewarding. Perhaps the novel idea of separating the work from the financial reward deserves professional exploration. Within the scope of this chapter it is only possible to mention the idea.

The third element in the economic process is distribution. In some ways the distribution of goods is the most difficult aspect of economic life—an aspect which requires creative imagination. We sometimes cut back on harvests while millions starve. Often the problem is a transportation problem made more complex by political interests. And yet, time and again, companies like Coca Cola™ learn to overcome political barriers and are able to implement a worldwide network of distribution.

The cardinal principle to make the economic sphere work in a healthy way is to remove it from the realm of theory into a realm of interaction between associations. The economic sphere flourishes through associations, and the decision-makers in it should be people deeply involved in activities which call for working with many other groups like manufacturers, consumers, and organizations of distributors.

The Threefold Commonwealth idea is reflected in the structure and organization of many a mature Waldorf School. The economic sphere is a primary concern of the trustees. They, of course, also have responsibility for the rights sphere vis a vis the world. It is important that a good number of the trustees have roots in economic activity and stand in association with others who are part of the economic life. Usually some teachers are also trustees, but however gifted, they rarely enjoy such a network of connections.

The educational rights of the school are in the hands of a dedicated group of senior teachers who have made a commitment which goes beyond their individual teaching responsibilities. Collectively they protect the educational rights of the child and act a little like a headmaster.

The teacher must stand as a free individuality before his class. Naturally, he or she has to be active within the framework of the educational policies established by the group responsible for such policies. But in the classroom and in the faculty meeting there is ample room for individual creativity and individual enthusiasm. To an extent far greater than is customary in other schools, the faculty meeting is a meeting place for initiatives born out of freedom.

It is inevitable that this brief description does not do justice to any of the subtleties which belong to membering society in a threefold way. As specific elements of the economic life of Waldorf Schools are treated in subsequent chapters, it may be of value to recall the larger framework for the financial process which is a necessary part of a Waldorf School.

Each school is also a business, but there are different kinds of businesses. The school business office, the school finance committee, the school trustees are all part of an economic sphere within the cultural/

spiritual sphere. As such they must behave differently from the business office located within a commercial enterprise which is part of the economic sphere. Some of these practical differences will become clear with the help of this publication.

In addition to being a Waldorf teacher for decades, Werner Glas founded and is the director of the Waldorf Institute, now at Spring Valley. He was President of the Waldorf Schools' Fund, served on several school Boards, and was Professor of Education at Mercy College of Detroit. Dr. Glas also served on the council of the Anthroposophical Society in America.

CHAPTER 2

THREE KINDS OF MONEY

by Warren Ashe

A grasp of threefold money can only be gained by working from the notions of threefold man and threefold society. We have built into us, into the very idea of humanity, the threefold man: the head, the heart and lungs, and the limb system. This is not new to you as Waldorf teachers. When you teach a class you teach not only the head man, but also the heart-and-lung man and the limb man. It is of central importance that parents learn that this threefoldness exists not only in the classroom, but also in social and institutional life, so that a school, too, has a threefold being, and society at large does as well. The problem is to see it.

As a man stands before you, you might find it hard to see him as threefold because it manifests itself in a sort of distorted form. Just to take it at the skeletal (quite apart from the functional level), the head is rounded, spherical and has enclosing qualities when contrasted with its polar opposite, the limbs. Limbs are experienced in their radiation, going from one bone to the next. Discerning of archetypes is something that must be cultivated. When we speak of the head, the limbs and the rhythmic system, we are speaking of something that is archetypal in man.

Those responsible for the financing of Waldorf Schools can only do their job if they learn to really look at their schools as structural organisms and at the society in which they are embedded and try to discover whether there is a way to work with them parallel to the way the teacher wants to work with the child. This means trying to discern archetypes.

A house divided against itself will not stand. If the finance committee or the Board of Directors of the school is working on quite different principles, on quite different perceptions of life from the teacher in the classroom, sooner or later this dichotomy will force a rift.

To appreciate the threefoldness of society will not be immediate or easy, just as one's experience of living simultaneously in one's head, rhythmic system and limbs is not easy to appreciate. Now, I can at one and the same time be conscious of certain thoughts and have feelings and actually perform actions, so I can coordinate this one being at three different levels; so also in society. If we speak of those well-known three spheres—the economic sphere, the political sphere and the cultural sphere—it is important to understand that although you can distinguish between them, you cannot divorce them from one another. We live within them simultaneously.

Let me show you what I mean. Insofar as we consume things in the maintenance of our physical beings (food, clothing, shelter, etc.), we are living in the economic sphere.

At the same time, we are always relating to one another. We respect certain norms of behavior. We appreciate one another and try not to trample on each other's rights. We are always, semi-consciously, acting politically. We are also a part of a larger society, respecting its laws and deriving benefits from it as well. Insofar as we are social beings, and must relate to one another, we are living in the middle sphere—in the political, or rights sphere.

And finally, each of us is sitting here in splendid isolation, bringing to bear individual judgment, our own opinions, the way we think about our experiences in life. What we make of it inwardly is our own responsibility. In that we are not accountable to anyone, we are free in the cultural sphere.

These three conditions are simultaneous—we experience them all at once. Our problem is to see that they do not interfere with one another but rather blend with one another, and that the principle that prevails in one sphere does not come to prevail wrongly in another.

Rudolf Steiner spoke of the three bywords of the French Revolution: *Liberty, Equality and Fraternity* as belonging to the cultural, rights and economic spheres respectively. We speak of being totally free only in one aspect of our being—the cultural (spiritual) man, of seeing the necessity for equality in the realm of rights and of being dependent on other people in the economic sphere.

We sometimes like to cultivate the myth of economic self-sufficiency and think that a man can support himself in society at large. Sometimes this idea is created in literature or becomes fashionable. A well-known example is Robinson Crusoe, who is supposed to epitomize the self-sufficient man. A careful reading of the novel reveals, however, that most of his supplies were obtained from the shipwreck. That is, he was provided for by other people. Because of the division of labor in our time, this dependency on others has gone further and further.

Steiner was quite right when he said that in this respect we are all brothers. Are you your brother's keeper? Only economically. Don't try to be your brother's keeper in any legal sense. There you are your brother's equal. In the cultural sphere you want nothing to do with your brother. But economically you are your brother's keeper, and he is yours. We all need one another.

I have put this as unsentimentally as I can because, like the fundamental social law, which we have heard quoted and seen written during this conference, it is meant to be a social, scientific description of society which Steiner has put forward. It is not a prescription like "be nice to one another." It is simply a description of what healthy society needs. It needs the recognition of the three spheres, and with it the acknowledgment of economic interdependence.

This idea is fundamental to everything one thinks of. Let it be a challenge to look at the organization of the school, which also exists at the three levels, or in the three spheres. Can you discern the discrete economic, political, and cultural forms and functions? Instead of giving a direct answer to the question, I suggest we turn to something else, namely money. It's interesting stuff because, although we conceive of it as absolutely material, money is not material at all. In fact, it is one of the least material things. In most cases these days, it never takes a more material form than an electronic impulse in a computer. It is many things at once: a measure of value, a state of value, and so forth. But when it comes down to it, how do we experience money?

There are occasions where you handle the stuff in different forms: plastic money, paper money and coin money, for instance. When we handle the physical representations of money we usually use it to buy and sell things, for transactions, for example, to purchase nuts, raisins and cheese at the local coop. I put the money on the counter and get the food in return. That is a relationship. When I buy the goods I am saying that I want the goods more than the money. The person who is selling is saying, "I need the money to pay for the production of the goods, to support myself and my employees and to purchase more materials in

order to provide more.” Every time you purchase something you are in effect ordering it again. This is the essence of an exchange of this kind: It is of mutual benefit and the time is immediate—that is, when the transaction is completed the relationship is completed.

A second experience of money is one where someone comes to you in trouble and says, “I need a couple of hundred dollars just for this week.” You lend it to him because you happen to have spare money that you don’t need for your own purchases; it is superfluous, and he has a shortage. Because he has a shortage and you have a surplus, you can supply his shortage with your excess under certain conditions. He has to pay it back a week from Saturday, and when he pays it back, because he is a good friend of yours, you are not charging him interest. You are doing him a favor; and, in fact, you would expect that he would do the same for you. This is an implied friendship: You are there to help one another. You will lend him the money and he will pay it back at a particular time. This type of transaction is not instantaneous as purchase money is. Loan money involves a longer relationship.

Conventionally, when we borrow or lend money, we do pay interest and when we do so, we are wiping out any friendly or personal intention in the lending. When you borrow from a bank, it is strictly a business relationship and whatever the interest is, you pay that. At the end of the transaction, you owe nothing to the bank and the bank owes nothing to you. Interest is, in fact, a kind of settling of that moral debt.

Lending and borrowing can take many forms. Sometimes it is not as straightforward as I have described. Sometimes it is a kind of disguised borrowing and lending, as when you buy shares in a company.

A person starting a new company doesn’t have the confidence to say that he can borrow 10 million dollars for the next five years and repay it to all his creditors. He doesn’t have the necessary superfluous money himself. So instead of asking for a loan, he sells parts of his enterprise in the form of shares to those people interested in the business and who have confidence in him. Instead of getting interest on his loan, the “lender” gets a share of the profits, taking the risk that there will be no profit. If there is no profit, there is no dividend. That is a kind of loan, but it is a loan to an enterprise, not an individual.

When you buy a share of a company, generally speaking, that is for the life durations of you and it and beyond. If the company is taken over, the shareholders will have an interest in whoever takes it over—a financial interest. You can buy and sell your share, so if you need the money back, you can sell your share to someone else. From that arises very quickly and easily a speculative element that no longer has to do with and is far removed from the original intention of those who founded the first limited companies, the joint stock companies of the eighteenth century (the time when these things started).

There is a third experience of money which you may have had. This occurs when you see something happening, or you have a certain feeling about a person, and you want, selflessly, to help the situation. Sometimes it is quite sentimental, other times it can be absolutely objective. Your ten-year-old son is having a birthday so you give him \$5.00. Now, what is the nature of this transaction? (It is a transaction just as much as a purchase is.) The nature of this is that it is entirely one-sided. It originates from a donor; but it involves no repayment, and there is no giving over of a product. This is harder than it seems. It is only a genuine, free gift if you don’t put conditions on your little boy. If you say, “No candy, and don’t go to the movies either,” in a way, that gift you gave him has been severely limited—his sphere of activity is not free.

(That might be quite right and appropriate with a ten-year-old, by the way.) You may wish to limit your gift and make it conditional or a non-gift. Emotionally that gift might depend on his nature, his gratitude. Maybe it will no longer be a gift if he simply takes it and puts it in his pocket and walks off without saying “Thank you.” (Some parents take gifts back if that happens.) Money is a true gift insofar as there are no expectations or conditions attached to it. It can be a tinged gift if you put conditions on it.

When we support our children in their economic dependence it is a form of gift; they need to be supported even though they are not productive. Mostly there is a kind of unspoken acknowledgement of freedom in the giving. “I will support my children to the best of my ability, and the object of doing that is to make their lives as full and healthy as possible so that they will have as much freedom as possible in the long term when they are no longer dependent.”

Usually this is a very unconscious thing. It is so built in that we laugh at jokes such as appeared in the *New Yorker* recently: the cartoon depicted a wealthy old gent who had his young, preppie son on a couch in front of him. The caption read, “*George, today you are 21 years old and you owe me \$209,000.00, and I’ll take payment over the next five years.*” We don’t lend our children whatever it costs to raise them.

Education is also given; that is, education (as opposed to training) is provided for one way or another without specific hope of economic return. (This is not to say that there aren’t loans for education.)

Now that we are aware of the three kinds of money, can we use them in the management of schools? Does it make any difference as to what kind of money you are actually dealing with when you run a school?

First of all we might ask, “Economically, what is the function of the school?” Good question. Do you produce a particular good or service for the marketplace? Some people are of the opinion that education is such a service. If it is seen as an object of buying and selling, a vendable item, then its nature will change considerably. Most people acknowledge that really it is not a commercial service, except in its highly specialized forms such as vocational training.

We sometimes hear, in Anthroposophical circles, that “education is a free gift.” What do we mean by education? If you train someone in a particular skill for a particular commercial function, it is still education (a particular form of metamorphosed education), and it is a commercial service. But in the case of children, there is a different attitude and activity. It isn’t a specialized mutual purpose; it is a much freer and broader activity which we call education. We are here to enrich human beings so that they can make of those riches what they will. Education is a cultural activity, not a saleable commodity.

Can we, therefore, write off the school as an economic body? No. A school is an economic consumer of material objects from chalk to chintz. It should receive gift money in order to use it as purchase money and for salaries. This last use raises a host of new questions.

Is the school a political body? Every organization that exists must have connections and relations to other people. Incomes are something which always express relationships. It is not assumed that we all must have equal salaries because we are equal before the law. But many of you may know that when you get into the area of salaries with colleagues, it can be a very touchy and delicate subject, something that people don’t talk about easily, because it involves their very relationships. On the one hand, it is unwise to dictate rules, and, on the other, you can’t let things go without saying anything. One is looking for principles that will guide objectively and fairly, and these are hard to find. If we speak of three kinds of money, can I say that a

salary is purchase money? People commonly speak of buying and selling their labor.

Rudolf Steiner specifically said that there are three things that should not be made the object of purchase: labor, capital and land. He would find a money market, like the land market, an unhealthy phenomenon.

It is easy and comforting for us to say, “Steiner said,” and build everything on that, but we should have a little appreciation and understanding of it. Why should it be so bad to treat these things as commodities?

If you sense your own labor as being something you can sell to the highest bidder, that labor is immediately detached from you. Regardless of what work you are going to do, it is for the sake of income. People have that experience all the time. There is no pleasure or satisfaction in their work. There is no sense of being involved in it because it is only there in order to gain money—you prostitute your labor. If, on the other hand, you do it from personal commitment, if you sense that you are receiving money so that you can work, then the work becomes a personal, creative, important thing. It can be imbued with the consciousness of being done for someone else, and the salary comes as an enabling factor, not a reward or compensation. If the teacher in the classroom senses and experiences his money as enabling him to teach, he will have a different attitude toward the teaching.

The problem of how one determines another’s income—what is the right way to do that—is really a question of how we handle our relational money that is amongst us for our use in order that we may teach. This money is not a gift—if we don’t want to teach we will receive no money. It is much more conditional than that. It is also not purchase money. Maybe it’s best to look at it as loan money.

I bring this forward as a tentative idea. If we think of salary money as loan money, what form does the repayment take? It is not in the form of legal tender, dearly; but if you think of more educated pupils as being the fulfillment of a contract, a fulfilling of obligation, it isn’t exactly a payment and repayment, but there is a reciprocity. It is the same sort of reciprocity that borrower and lender have. The whole question of interest and so forth disappears; there are no profits, but still it is a kind of mutual dependence which is not simply an exchange. Furthermore, you may not consider voluntary salary cuts as free gifts. It’s what you call a survival sacrifice.

What is the school’s position in regard to gift money? Now we can get to a much-debated point. This is the question of tuition. Should the school charge for its services? Should the school depend (like a beggar) on the charitable donations of others? What other possibilities are there?

If you are going to make up a budget, you have to be able to depend on income. You have to be able to calculate the income to have a secure budget. Having a secure budget is not the same as having a secure physical existence.

About four months ago I visited five or six schools in the San Francisco Bay area. All of the schools in the Bay area—every single one of them—had a nervous-looking deficit for this year and all of them based their income on schemes that reckoned to have so much per student in tuition fees. If I were to go to the school in Bristol, in southwest England, which does not charge fees, and were to look at their budget, I’m sure that I’d see a deficit there too. Neither of the methods is in itself more secure. If you charge per head, you may be eliminating large numbers of parents; if you leave it to gift, you may be encouraging

irresponsibility, because when people receive free education, they have no idea of what it costs and feel no responsibility for helping others to have it.

Is there no other way to think of providing income except as fees chargeable or gifts hoped for? Are these the only possibilities for tuition? Maybe one of the problems is that, when it comes to the garnering of income, most schools do not have the social and financial organ necessary to do it in a healthy manner. What particular organ might be developed within each school for the economic support of Waldorf Education? This will be the subject of later deliberations.

When dealing with school budgeting, it is important that members of the finance committee and Board members reflect on their own personal experiences of dealing with money and are aware of the three kinds of money, how they function, how they create relationships.

To reiterate, purchase money is the expression of mutual interest, instantaneous and finite. Loan money is an expression of mutual benefit over an extended, specified period. Gift money gives the recipient complete freedom in its use to affect a broader circle. Cultural activity, made possible through gift money, affects the economy through the input of ideas and stimulation of economic activity. Education is largely responsible, for example, for the development of people who in turn can develop innovations for the economy.

Rudolf Steiner once spoke of money as the “spirit realized.” He meant that free capital, or profit, is the economic ramification of spiritual power. It is the intelligence, the thought, the drive, the energy that make production, distribution and consumption effective. These are all the result of human spiritual activity.

Here we see how the three spheres of society relate to one another. The spiritual sphere feeds the economic: New ideas and talent generate profitability, and the profits go back into the cultural life to generate more spiritual activity to flow in turn back into the economy. A symbiotic relationship exists between the two, and between them always should be the political sphere, that sphere of norms and relationships, without whose existence the two could not be independent of one another.

Let me say that when I put these ideas forward, I don’t claim expertise. I am quite willing to be contradicted and shown a different point of view. We are all feeling our way in education matters. Rudolf Steiner gave several series of lectures on education, but there are very few indications on financial or economic and social methods. There are no nicely worked out models. You must be creative and perceptive yourself, if your school is to make progress in financing Waldorf Education.

Warren Ashe was a teacher at Michael Hall in Forest Row, England. He was a member of the Council Board of Trustees and the Finance Committee. His interest in financial matters led him to be the founder and Chairman of the Mercury Provident Society since its inception in 1975.

CHAPTER 3

PHASES OF SCHOOL DEVELOPMENT A BIOGRAPHICAL OUTLINE

by Christopher Schaefer, PhD.

The actual problem of our time is this not knowing that as there are laws and principles for tunnel building, so too are there principles for building social and societal forms. One must first know these principles in order to effectively accomplish both essential and daily tasks in society.¹

– Rudolf Steiner

The following description of school development gives a general picture of characteristic phases in the life cycle of a Waldorf School.² It is meant to provide a perspective or guide to aid faculty, administration, parents, and Board members to more consciously develop their school. The picture presented in no way seeks to deny the uniqueness of each individual Waldorf School's biography, but rather to point toward characteristic questions and issues which exist in the life history of most schools.³

Underlying the description are a number of principles. The first is that all institutions are human creations; they are created by people with an idea in response to a perceived need. In the case of Waldorf Schools, this need is a sense that the children in a given community or region want Waldorf Education. The second principle is that schools, and indeed all organizations, are living entities, with phases of adaptation, growth, crisis, and development.⁴ This means that organic metaphors such as seed, stalk, bud, and flower; or birth, childhood, adulthood, and old age are more relevant to the biography of schools than mechanical images such input-output, clockwork mechanisms, or a well-running engine. In creating a school we are indeed creating a living being, whose destiny may be unknown to us, but which requires our love and ongoing commitment to flourish.

A third principle, and one which I find to be crucial, is that there is no one right form for all Waldorf Schools. There are, of course, relevant principles in forming a Waldorf School, such as the idea of a collegial institution or that of phases in the life cycle of a school; but, ultimately, each group of teachers, parents, children and friends must evolve those particular forms which can most effectively express their intentions. A consequence of this principle is that school forms need to evolve and change over time in order to reflect new human and spiritual aspirations.

These principles have the consequence that, while characteristic issues and developmental patterns will be presented, these descriptions will often be accompanied by an array of questions and very few specific answers. Questions bring consciousness, and consciousness is that which determines the social forms we create and how well we work within them.

Birth and Childhood: Improvising in Response to Needs

The birth of a Waldorf School has its origins in the deep commitment of one or more individuals to

the ideals of Waldorf Education. Such a commitment may arise through visiting an existing school, or by reading a book on Waldorf Education, or through hearing an inspiring lecture. The ideals of the education light up, and an individual or a small group may say, “This community needs a Waldorf School and I am going to work on it!” This lighting up, this moment of conception, happens in a great variety of ways. It is always interesting to go back in a school’s history and find out who first conceived the imagination of the school and under what circumstances it arose. One founding personality read Rudolf Steiner’s name in a book while on a plane. He then ordered many of Rudolf Steiner’s lectures and was struck by those given to teachers and so resolved to start a school. In another, and quite common circumstance, a group of potential parents met at a presentation on Waldorf Education; began to study A.C. Harwood’s book, *The Recovery of Man in Childhood*, and decided to start a school.⁵

Following the moment of conception is a period of gestation or pregnancy in which one or more individuals are walking around carrying an idea. This gestation period varies in time. The Toronto Waldorf School had a long preparation period; other school groups begin a kindergarten after only one or two years of preparation. During this preparation time, lectures and workshops are organized, fairs are given and the world is being told about the initiative, about the child one hopes to bring into the world. It is at times a frightening process involving many inner and outer questions. To name a few:

Who is really committed to the school?

What is our understanding of Waldorf Education and of Anthroposophy?

How much money will we need?

What are the right legal forms?

Do we create a Waldorf School Association as a non-profit entity?

How do we find an experienced or a trained Waldorf teacher?

How will we know when to start?

These and other questions need conscious attention before the kindergarten or school opens its doors. A central issue is whether one has the intention of developing a kindergarten and a grade school or just a kindergarten. Developing a kindergarten and a grade school together or in a short sequence has many advantages, but requires a deeper and more sustaining commitment. Equally important are the questions of motive. Does the initiative group consist mainly of parents who want the school for their own children? What happens when the school or kindergarten takes a year or two longer to develop than anticipated? A core group of people whose commitment goes beyond their immediate, personal interest is essential.

A third issue is whether there is enough actual or anticipated support. Put more bluntly, are there enough children to begin with grade one and to add another grade each year? Does the region have a population adequate to support a school?

In working with very young schools or with school initiative groups, I have found seven question areas developed by my colleague Tijno Voors to be most helpful. They provide a kind of check list for clarification which can help new school groups or other new initiatives avoid many of the difficulties which new ventures face in the first few years of their existence.

A Checklist of Questions and Issues for New Waldorf Schools

1. Recognizing the Vision

What is our imagination, our vision for this school?

Do we have a common image?

What ideas do we hope to realize?

How do we relate to Waldorf Education and to Anthroposophy?

What changes will the school bring about in our lives, in our children's lives, and in the community?

2. Answering a Need

Is there a need for a Waldorf School in our community, and how do we know this?

Are there sufficient numbers of children and parents interested in Waldorf Education?

What needs and wishes do the community express about education?

What do these expressions of interest say about the opportunities and limitations we face in starting a Waldorf School?

3. Formulating a Direction

What will be the name of the school?

What image of the school do we wish to promote and realize over the next two to three years?

What activities will we foster over the next few years to nurture and support the school?

4. Commitment of People

Who is committed to the initiative and why?

Who is in the initiative group and who can be counted on for the long haul?

Who are the supporters?

Is the general community aware and supportive of the school?

Is there financial support?

5. Organizing Our Work Together

What are the right legal forms for us?

How are we going to organize the school, the association, the Board, faculty, parent group, and so on?

Who will make what decisions and how will decisions be communicated between various groups?

How will we relate to supporters, Board members, parent community and town?

What financial arrangements will we make for tuition income and for salaries?

6. Work Activities

What are the central work activities needed in the school: teaching, office, public relations, fund-raising, etc.?

What are our priorities?

Who will do what?

How will work be coordinated and by whom?

What do we see as volunteer work and what as paid work?

7. Finding Facilities and Resources

What building space and equipment will we need now and in three to five years?

What quality of environment do we wish to create for children and teachers?

Do we have a capital budget?

Do we have the intention of building a new school or buying an existing one?

How are we going to deal with the usual operating deficit?

Is there a fund-raising and development committee?

Do we have a development plan for the future?⁶

New school groups are usually stronger in certain areas than in others. Working with questions such as these can help identify areas which have been neglected and now need attention.

Following the gestation period is the exciting moment of birth when the school or kindergarten opens its door and the children arrive for the first time. This is a very important moment in the biography of all institutions and should be celebrated accordingly. A foundation ceremony, a birthday celebration, in which teachers, parents, children, friends and visitors can participate, should be planned. In this way one invites both the visible and the invisible worlds to bless and support that which has been inaugurated.

If the new school flourishes, it enters a period analogous to childhood—vibrant, exciting, and, of course, full of surprises. It is a time of ups and downs, of mood swings and crises. “Will we have enough money to meet payroll?” Yet, it is also a time of blessing, of unforeseen help. Generally people have a high level of motivation and much warmth toward the fledgling school because they are participating in a marvelous creation process. First there was an idea, carried by a few people, but no children, no teachers, no money and no building. To see one’s dream then gradually begin to incarnate is a wonderful, if also a tiring, experience.

As the new school grows it manifests a number of characteristic qualities which it shares with other new initiatives.

- ❖ It is generally of small to medium size—a kindergarten and a few grades, or perhaps even up to grade six.
- ❖ It has a shallow, informal organizational form with a limited hierarchy. Perhaps there are three sets of founding couples and two founding teachers who jointly make important decisions over a kitchen table or in a church basement.
- ❖ Leadership in the school is personal, direct and informal. New teachers and new parents may take some time to fit in because there is a personal style of doing things. If one doesn’t like this style or the personalities of those in the carrying group, social difficulties frequently follow.
- ❖ Decision-making is largely intuitive rather than analytical. Things are decided more by hunch or by feel than through lengthy analysis. Hiring is based on a feeling that this person will fit in and this person won’t.

- ❖ The young school has a family atmosphere about it. Everyone contributes as he or she is able, and most teachers, staff members, and families have a strong sense of loyalty to the school and a sense of camaraderie toward each other. Later this sense of informal cohesion dissipates and people speak longingly of the old days, of painting classrooms together, of endless weeks preparing for the fair or of the struggle to find enough money to buy desks.
- ❖ The goals and direction of the new school are largely implicit—carried in the minds and hearts of the carrying group of founding teachers and parents. This is not to say that Waldorf Education is not talked about, but rather that spelling out in detail the many aspects of what kind of a Waldorf School it will be is rightly seen as unnecessary. It would be a bit like asking a seven-year-old to tell you with precision what he or she will do when grown up.⁷

This childhood phase of a school's life is exciting, somewhat insecure, and very creative. It is a period in which something is developed out of an idea, and then gradually becomes a school with children, teachers, building and playground. One is really bringing a child into the world, a child with a unique personality and full of potential. Very often, one has a feeling of being helped, as if a spiritual being wishes to have an abode on earth and is doing its best to make this possible. I believe this is indeed the case and that developing a school is a process of providing a body or a sheath for a spiritual being to enter into earth evolution. Consequently, the motive and aims of the school founders and their proper grounding in Waldorf pedagogy and in Anthroposophy are important in determining what types of spiritual beings are called to it. Seen from this perspective, the childhood, or pioneer phase of a school, is the time in which something of the identity, of the ego of the school, is created. It is also the time when the first home, or physical body of the school, is created.

In the same way that children have childhood diseases, new schools face challenges and difficulties analogous to bouts of illness. They are seldom fatal, and they can serve to strengthen the school if worked on consciously. A few of the more common childhood illnesses of new Waldorf Schools I have seen are:

- ❖ The pioneer or godparent who wants a Waldorf School, helps it to get started and partially funds the initiative, but is not existentially involved. The help often comes with strings attached, and the person may seek to control the hiring and development of the school. While the motives are usually positive, unless the person actually works in the school and gradually gives up his or her authority to a faculty group and Board, endless difficulties ensue.
- ❖ The golden spoon is a similar difficulty. If one or two people fund an initiative, automatically covering its deficits, then the school never has to articulate its purpose and generate support from a wider parent and community group. This situation is analogous to being excessively pampered—it spoils one and leads to not facing reality.
- ❖ The over-planned and “perfect Waldorf School” where everything is so planned out that the reality of the local setting and its needs are never seen or heard. Such an orientation creates a school incapable of responding to needs and opportunities, a school too rigid and ideological to have a living dialogue with children, parents, and environment.

- ❖ The reverse of the “perfect Waldorf School” is a new school whose commitment to Waldorf Education is so loose that it becomes an alternative school, attempting to cater to the wishes of a very diverse parent community. Sooner or later this creates an atmosphere where no one is happy since each group has a different picture of what the school should be.
- ❖ The sharing of responsibility in the life of a school is one of the most common areas of conflict as a school grows. If the school was started by a strong parent group, there is the need to give a growing teacher body responsibility for all areas of the pedagogy, including hiring. If it was started by teachers, the challenge is one of creating a Board and a parent association which have real involvement in areas of finance, publicity, outreach, and a host of other areas necessary to support the education. In either case, it is a question of learning to openly share responsibility for the well being of the initiative.

As these and other developmental difficulties are overcome, the school will grow in strength and size. Above all, it will begin to feel as if it is here to stay. The early dramas of enrollment, teacher recruitment and financial deficits still appear, but one doesn't have the feeling that they are life threatening. Indeed after five, six, seven or more years, a sense of continuity, of growth and confidence exists.

A Time of Transition

A period of “relative” tranquility, of an understood order and way of doing things, may go on for quite a number of years. Yet as the initiative grows, with six, seven or eight grades, a new group of questions and concerns appears. Partly this is connected to size; with over 100 children and many full- and part-time teachers, the old feeling of intimacy disappears. New teachers and parents join the school who have not shared the joys and struggles of the early days and who have no relation to the school's past or to many of the people who made the school what it is.

In many schools this transition phase from childhood to adulthood manifests itself through a typical set of issues. One of these is a loss of confidence in existing leadership. Criticism is heard, usually from newer teachers or parents, about the “autocratic,” arbitrary or “irrational” manner in which decisions are made. Such criticism also points to unclarity about goals, policies and direction. Earlier in the history of the school there was a direct, personal relationship between members of the school community. Most people knew whom to go to when an issue arose. As this breaks down, a need for clearly articulated goals and policies is perceived, and in their absence, questions likely to arise are: What are the disciplinary procedures in the school? How is teacher evaluation and hiring carried out? What role do Board and teachers play in the establishment of the budget?

A connected question that arises in this transitional time is the nature of teacher-parent relationships. If the faculty of a Waldorf School carries full educational responsibility for the curriculum, for teaching activities and for teacher hiring and evaluation, what is the role of the parent in the life of a school? How does a parent move from being interested in the school and supporting Waldorf Education to being a member of the Finance Committee or the Board of Trustees?

Another frequently expressed concern is the inadequacy of administrative practices. In the early years, parents, teachers, spouses or friends helped in the office, answered phones and carried out a large variety of administrative work. Now the workload, the need for more adequate records, and for financial expertise requires more help. The call for professionalism of office and administration is indeed a need that requires at least one full-time person, preferably someone with both a deep understanding of Waldorf Education and experience in financial and administrative matters.

These issues, and others, in combination, produce a crisis of confidence that is both perplexing and painful for the school community. As in adolescence, the need for change and development is recognized, but its direction appears obscure. It is in such circumstances that developmental pictures can help, not as a prescription, but as a perspective which outlines the contours of the next possible landscape.

Adulthood: Differentiation with Consciousness

The challenge in this phase of a school's development is how to achieve greater clarity and a better division of responsibility so that a larger, more complex organization can thrive. In the early years, getting started and surviving were paramount. Now, it is permeating the school's life with a new consciousness that allows more functional differentiation without sacrificing individual creativity and commitment. I believe that achieving this balance and entering a healthy differentiation process involves paying attention to a number of inter-connected elements, some of which have been touched on. One important need for the school at this stage of its evolution is renewing its identity and purpose by developing a shared vision of the future and a clear mission statement. This means a renewed dialogue with the original intention, with the spirit of the school. What was our original vision and what is it now? Do we wish to develop a full Waldorf School, K-12, or just K-8? It is not enough to say we want a Waldorf School now, but what kind of a Waldorf School, with what qualities, and in what setting? To involve faculty, Board, parents and friends in a longer discussion of the future can focus the will and generate enthusiasm toward the work needing to be done.⁸

In addition to a picture of the future and a mission statement, the faculty and Board of the school need to become clearer about policies so that a division and delegation of responsibilities can occur. As schools move into this phase of development, committees proliferate; and yet, frequently they are not allowed to really work since the faculty or the College of Teachers wants to be involved in every decision. This is not the result of perversity, but rather that committees do not have access to clearly articulated policies on the host of issues affecting the life of the school. Policies are statements of value preference, and they should have the full support of the faculty and, in many cases, the Board. For example, what is the basis for teacher salaries? Is an experienced teacher with Waldorf training a priority? Is a part of the policy on teacher hiring to inquire about the relation to Anthroposophy? What is the policy on scholarships, on expulsion, on drug abuse? Is there a clear policy on teacher evaluation and development? Each of these areas requires value judgments. If these judgments have not been discussed, agreed to and embodied in policies, a committee has no basis for action. To my mind, the absence of clear policies undermines the vitality and life of many Waldorf Schools because it means that committees cannot work and that both faculty and College meetings are clogged up with a multitude of detailed issues that limit pedagogical and spiritual work.

Another organizational need at this stage is that of functional specialization and structural clarity. One aspect of this is establishing a clearly defined committee system. Committees in the following areas are common:

- ❖ Curriculum Review and Planning
- ❖ Festivals and Special Events
- ❖ Hiring and Teacher Evaluation
- ❖ Enrollment
- ❖ Fundraising
- ❖ Finance and Budget
- ❖ Building and Grounds
- ❖ Publicity

This list is by no means exhaustive as many Waldorf Schools have ten or more committees, not counting the Board, the faculty meeting or the College of Teachers.

As already mentioned, an important principle is that of giving clear tasks to committees and individuals.⁹ If policies have been established, then the function, tenure and reporting responsibilities of committees can be defined and a form of republican leadership exercised.¹⁰

Such leadership, however, does require trust, or at least the discipline of letting others do a task differently than you would have done it. To do so runs counter to the democratic urge to be involved in everything. It may be good to remind ourselves that the Founding Fathers of our country, in their wisdom, framed a constitution based on republican principles of delegated powers and responsibilities.

Another aspect of the need for functional specialization and clarifying structural relationships is the necessity of defining the roles and relationships of the main decision-making bodies in the life of the school. This includes the College of Teachers or administrative council, the faculty meeting, the Board of Trustees, and the Parent-Teacher Association. Clarifying parent-teacher relationships is an important part of this task. In many Waldorf Schools the quality of teacher-parent relations has not received sufficient attention, which leads to unnecessary misunderstandings and conflicts.¹¹

An additional dimension of the differentiation phase in the life of a school is the need for a change in leadership and decision-making styles. In most new schools leadership is personal and decisions are made by hunch, based on a kind of intuition. As the school grows, leadership needs to become more functionally related to areas of expertise and responsibility. At the same time, decision-making needs greater rationality and consciousness. Both leadership and decision-making will develop over time, but the transition is often difficult as individuals used to the freer, less defined approach of the early years resent the more rational and sometimes more “bureaucratic” approach of the differentiation phase.

If the above-mentioned needs of renewed vision, clearer policies, differentiated structures and committee systems, and a transformed style of leadership and decision-making are met, then the school can enter a healthy differentiation process in which new forms are balanced by a new, more “administrative” consciousness. Yet many Waldorf Schools resist consciously meeting these administrative questions, either because of limited organizational experience or because teachers do not have the time, energy, or inclination to come to grips with these types of questions. In the same way that early adulthood calls on a different

awareness than adolescence, so too will the complexity of a growing school require a greater organizational awareness. When the school enters the differentiation phase, as many of the older Waldorf Schools have, it manifests some or all of the following qualities:

1. Increased size and complexity
2. Clearer policies and procedures
3. Differentiated structures, with a clearer mandate and committee system
4. A higher level of expertise and more specialization and professionalism in administrative areas
5. More functional leadership, with greater dispersal of responsibilities
6. More rational modes of decision-making
7. Greater clarity of work activities

One can view a school as a living being requiring the maintenance of three dialogues for its health. The first dialogue is with the spirit, with the ideals of Waldorf Education and with the spiritual being of the school. The second necessary dialogue is with the human and social environment, with parents, children, friends, and with the community. The third dialogue is with the earth, with finances, administration, buildings and grounds. The administrative focus of the differentiation phases emphasizes the dialogue with the earth, and this emphasis must be consciously balanced by paying attention to spiritual ideals and to human relationships.¹²

The phase of differentiation may go on for many years in a school's life. Its emphasis on clarity and rationality suggest that this period is analogous to early and middle adulthood.

The long-term limitations of an administrative phase, when attention and consciousness are rightly focused inwardly, are very visible to those individuals working in large corporations or governmental bureaucracies. But they are also manifesting in older Waldorf Schools, in hospitals and in other smaller but well-established institutions. The weight of the past and of tradition, the number of endless meetings, a lack of purpose and leadership, the absence of innovation and a growing sense of mediocrity are the most common concerns. Being well-established and in most cases quite secure, it is as if the school were experiencing a kind of mid-life crisis, in which the search for new meaning and a new way of working becomes critical.

Maturity: Toward a Conscious Creativity

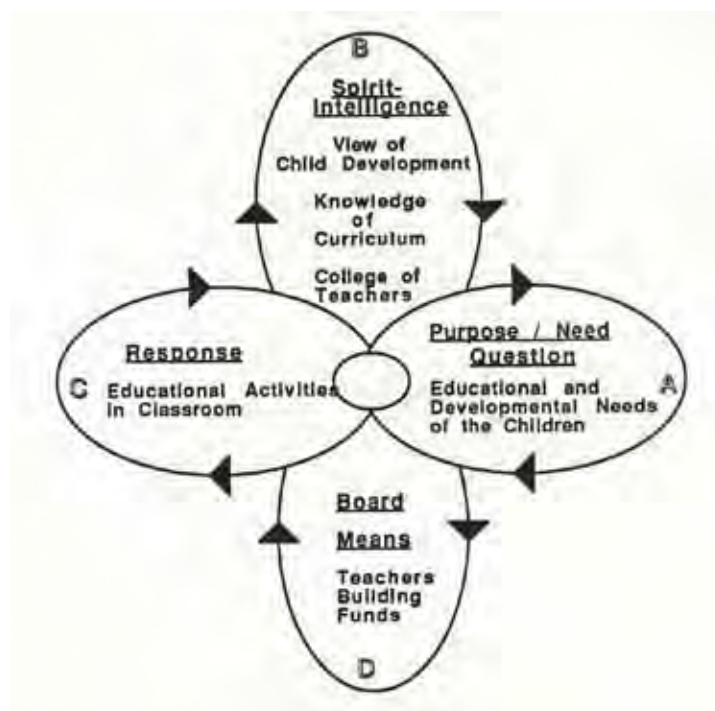
I believe there are three central challenges for a mature, well-established Waldorf School if it is to avoid the dangers of mediocrity and decline. The first is that of building a new and deeper understanding of the principles of Waldorf Education and achieving a renewed commitment to excellence in the classroom. This means deepening the meditative and pedagogical work of teachers, inaugurating ongoing professional development programs and, through master-teacher visits and other means, fostering quality in the classroom. A part of meeting this challenge is also formulating a new set of simple yet meaningful educational goals which can focus the activities of the school community. One could say this is a challenge to renew and, out of maturity, to deepen the dialogue with the spirit, with the spiritual and pedagogical impulses alive in Waldorf Education.

A second challenge is to consciously awaken to the true needs of society, to the needs of the children, parents and community one is serving. This requires a renewed dialogue with people, through organs of association. Creating a local Waldorf School Association of parents, teachers and friends enlivened by real ongoing discussions of educational and societal issues; active participation in the Association of Waldorf Schools of North America, and participation in other educational forums, such as the National Association of Independent Schools, are some obvious steps.

Only by entering into association out of interest can a mature school avoid the onesidedness of deciding by itself what children, adults and the community need. Also a part of meeting this second challenge is helping new Waldorf Schools in the region and fostering dialogue and cooperation between schools.

The third challenge is to overcome the limitations of the administrative phase in the organization through the application of social-spiritual insights and the development of a new process, consciousness. To begin with the latter; in the differentiation phase, a functional mandate consciousness was developed. Now a rhythmic awareness is called for which will focus on the central work processes, simplify structures and create conscious rhythms for all activities.

What is the annual budgetary cycle? What are the daily, weekly and monthly rhythms in the life of the school? How can we simplify and strengthen them? Also how can we simplify the school as an organization, perhaps combining committees to enhance an awareness and responsibility for central activities? A school responds to the educational needs of children through a curriculum and philosophy of education, guiding a sequence of educational activities from kindergarten through a number of grades, using teachers, buildings and equipment to carry out the educational process. Visualizing this process gives us the following picture, beginning with purpose and need (A).



This sequence of responding to needs through human ingenuity is, of course, present from the time the school began. But can one now begin to see the central activities in relation to one another and simplify structures accordingly? Could one perhaps put the external relations of the school—fundraising, publicity, community relations, enrollment—into one committee? Could an educational committee deal with all aspects of the pedagogy: curriculum, teacher evaluation and development, master teachers, professional development, and so on? By paying attention to simplicity and rhythm, a new vitality and organizational health can be created.

The application of social-spiritual insights to the life of the school is more subtle and would assume that the teachers as a whole wish the school to embody more consciously the social ideals of spiritual science. Most Waldorf Schools already work with some of these ideals, for example, in their collegial structures of decision-making. Other steps would involve more intensive work with the fundamental social law of Rudolf Steiner in finding a new relation to both salaries and tuition income. The fundamental social law states that *“in a community of human beings working together, the well being of the totality will be the greater, the less the individual claims for himself the proceeds of the work he has himself done; i.e., the more of these proceeds he makes over to his fellow workers, and the more his own requirements are satisfied, not out of his own work alone, but out of the work done by the others.”* Working with the reality of *The Threefold Social Order* in the life of the school is another possibility.¹³ The areas for exploration and development are many if Waldorf Schools are to embody their ideals more fully in their social architecture.

The difficulty of being very specific about this third phase of development in the life of a school emerges from the question of what are the right social and organizational forms for our modern Western consciousness. Waldorf Schools embody some beginnings. I have implied that for mature schools the question is one of consciously creating rhythmic organizational forms; but we don't yet really know how to do that in our society, or in Waldorf Schools. If these questions could become more of a living concern for the Waldorf school movement, then further progress towards creating forms appropriate to the 21st century could be made.

I believe it is only in true maturity and usually after the middle forties that individuals can give unselfishly to others.¹⁴ Similarly, it is in the phase of maturity, with a new commitment to their spiritual, pedagogical and social ideals that Waldorf Schools can become the cathedrals of the 21st century, can become the places where individuals and families can find the human, educational and spiritual nourishment so needed in our time.

A Conscious Ending?

If the pioneer stage can be likened to childhood, the differentiation phase to early and middle adulthood, and the integration phase to full maturity, what can be said about the death of an initiative? A convenient response is to say that schools die when they fail and are no longer needed. However, I feel that many institutions have not only become old, but also sclerotic, disposing of substantial resources, but no longer really serving human needs. If one pursues the human metaphor, perhaps institutions should only live for three generations or about ninety years if they are to effectively serve the needs of the time. What would happen to cultural, social and economic creativity if institutions over ninety years old turned over

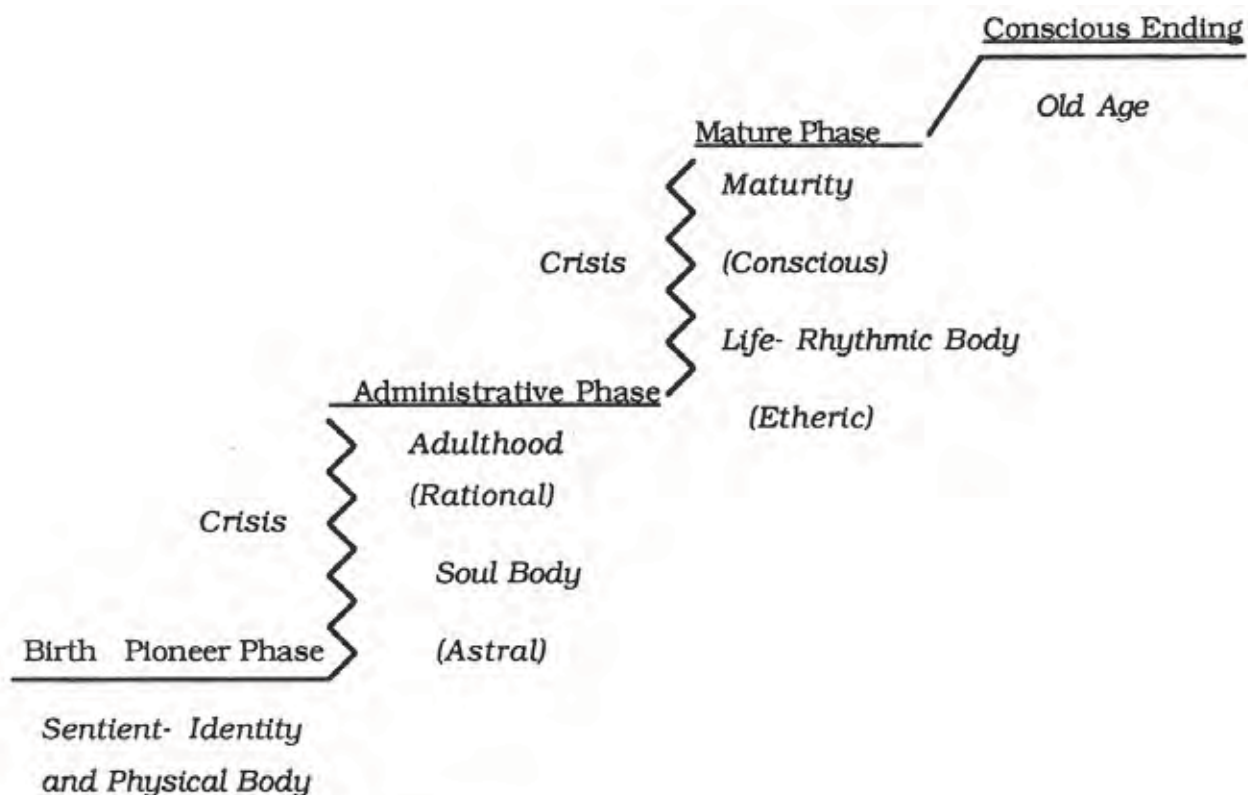
their resources to new groups wishing to respond to similar needs in new ways? What a peaceful, on-going, creative revolution society would experience! To do this would require all institutions, including Waldorf Schools, to contemplate a conscious death process in order to allow a new resurrection. It is an intriguing thought, if not a present reality.

The Image of Development

What has been presented is a sketch of developmental patterns in a school's life. Frequently I am asked, "Can't a stage be missed?" The answer is no. Organizations have a life cycle moving from simple to more complex, from one central organizing principle to another. This means that true development is a discontinuous, irreversible process in time, moving from a stage of growth through differentiation to a higher stage of integration and passing through states of crisis which offer the impetus for development. This pattern is, I believe, true for all life forms, for the human being, and for schools and other organizations.

However, it is possible for initiatives to move more or less rapidly through these phases. A school which starts with six grades and a kindergarten will face questions of differentiation much sooner than one which starts with one grade, adding a new grade each year. Furthermore, it is quite common for organizations to have different segments of the institution in different stages of development. A kindergarten and grade school may have entered the differentiation phase, while the school's new high school will be in its childhood pioneering period.

In presenting this picture of school development, a number of complementary images have been alluded to. They can be summarized as follows and require some further explanation:



The image of birth, childhood, adulthood, and maturity is a metaphor which is quite clear. The qualities of intuitive, rational and conscious refer to the characteristic ways of approaching the world and of making decisions in the different phases in the life of the initiative.¹⁵ The reference to the identity and physical form in the pioneers stage, to the soul differentiation in the differentiation phase, and to life and rhythm in the phase of maturity indicates that organization development is a human creation process in which human beings can more and more consciously develop the sheaths, or the vessel, in which the spirit of the school can live. While these sheaths are present from the beginning, their enhancement and unfolding require conscious human activity, focusing first on identity and growth, then on soul differentiation, and lastly on the rhythmic or etheric body of the school.

The description of school development as outlined is both general and incomplete. Like all ideal-type descriptions it cannot do justice to the rich texture of life of a particular school. Its purpose is rather to describe a landscape of possibilities, indicating paths to be pursued and pitfalls to be avoided so that we may become more conscious co-creators on earth.

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1. Rudolf Steiner, GA, 93, p.130, translated by the author from the German.
 2. This essay is adapted from Schaefer and Voors, *Vision in Action: Taking and Shaping Initiatives*. Hawthorne Press and Anthroposophic Press, 1986. Chapter VI, pp. 135–161.
 3. Both the picture of school development given and the various examples cited are based on many years of work by the author with Waldorf Schools in the United States, Canada, and the United Kingdom.
 4. See L.E. Grenier, “Evolution and Revolution as Organizations Grow,” *Harvard Business Review*, July–August, 1972.
 5. A.C. Harwood, *The Recovery of Man in Childhood*. Anthroposophic Press, 1982.
 6. This question list is adapted and modified from *Vision in Action*, pp. 26–30.
 7. See Bernard Lievegoed, *The Developing Organization*, pp. 55–61, Tavistock Publications, 1973. Published by Celestial Arts, 1979.
 8. See Christopher Schaefer, “Developing an Image of the Future: A Long-Term Planning Process for Waldorf Schools,” available from the Association of Waldorf Schools of North America or from the Waldorf Institute.
 9. See *Vision in Action*, pp. 81–88, on giving mandates to committees.
 10. See the excellent essay by Ernst Lehrs, *Republican Not Democratic*, available from the Association of Waldorf Schools of North America.

11. See Manfred Leist, *Parent Participation in the Life of a Waldorf School*, available from the Association of Waldorf Schools of North America.
12. The concept of these dialogues and of the threefold picture of the school is elaborated in *Vision in Action*, pp. 61–63.
13. See Rudolf Steiner, *Anthroposophy and the Social Question*, Mercury Press. See also D. Brull, *Der Anthroposophische Sozial Impuls*, Novalis Verlag, 1984.
14. See M. Large, *Social Ecology*, Hawthorne Press, UK, 1978, pp. 30–42.
15. Rudolf Steiner, *Theosophy*, Anthroposophic Press, 1971.

CHAPTER 4

THE ORGANIZATION OF A WALDORF SCHOOL

by David Mitchell

Every Waldorf School is a unique organism which creates its own biography. It is rooted in its own geography and demography. There are, however, certain common denominators which all schools must consider in their founding. Waldorf Schools do not have a traditional hierarchical structure. Instead they are composed of three interrelated spheres: **the Board of Trustees, the faculty, and the parents**. All have as their top priority the welfare of the children. This chapter outlines some of the legal and practical steps schools must pass through in setting up their organizational structures.

When a group of individuals comes together with the intention of starting a Waldorf School they will want to incorporate legally. The legal foundation of a school is called the Charter or Articles of Association. It is this document which allows the government to recognize the school as a legal body. The Charter describes the school, its purpose, its location and the constituencies it serves. The Charter also lists the school's incorporators and the manner of incorporation. The Charter may also be called the Articles of Incorporation in some states and is kept on file with your local state government.¹

Every state has the power, under the U.S. Constitution, to interpret and set the regulations for charter which are required in order for schools to incorporate. They have the power to monitor independent schools in terms of the health and welfare of their students.

Supporting the Charter and written in greater detail are the **By-Laws**. The By-Laws describe how governance of the legal Corporation is carried out. Included in the By-Laws is the constitution, powers, length of office, etc., of the Board of Trustees. The By-Laws can be amended and should be reviewed periodically by the Board of Trustees, which is the legally responsible entity for the school.²

In a new school the Board will be a group of individuals knowledgeable, in differing degrees, about Waldorf Education. This group of individuals has joined together for the purpose of starting a school. Initially their main activity will be study and discussion. It is important that they take seriously the task of cultivating Anthroposophy.³ This stage of study may last for several years until the group finds the appropriate time to begin a kindergarten. It may be many more years before the elementary grades are begun. This is ideal, when a group can slowly cultivate and nurture a new Waldorf School.

The reality is often quite different—usually a school comes into being too quickly. A group of well-meaning, but sometimes zealous parents form a Board and try to rush the school into being, prematurely, because their children are ready for it. Such a school will usually have a variety of serious problems to overcome as it incarnates.

The Board of a young school should ideally have on it a lawyer, a doctor, several businessmen and women, a builder, as well as some parents and members of the community. The majority, if not all, of the Board members should be well acquainted with Anthroposophy and the aims of Waldorf Education. A few should be acquainted with the flow of the Waldorf curriculum. The Board would benefit by beginning

a study group on the basic books of Rudolf Steiner. Further, the group should look to identify several members from the local community who can be sent to one of the Waldorf Teacher Training Centers to be properly trained.⁴

The Board should meet a certain number of specified times a year, and detailed minutes must be kept of their proceedings. The functions of the Board include the following:

- ❖ legal incorporation
- ❖ financial overview
- ❖ budget review/approval
- ❖ fundraising-both capital and operating
- ❖ the planning of all new building development
- ❖ to act as an advisory to the faculty on general issues.

The Board of a new school will write up job descriptions and hire all new personnel until that time when the faculty can take over this responsibility. The Board of a new school should strive to include all new teachers in its meeting and activities, as is practical. This will help insure harmony, unanimity and a flow of information.

As the school grows, three things can happen. One, the pioneering Board withdraws and allows the faculty to take charge, becoming largely “advisory” in function; or, two, the Board is reconstituted so that the faculty becomes the majority, if this is legally possible (it is not in California). The third possibility is that the Board remains strong and directs the destiny of the school.

In honoring the fiduciary relationship they have with the school, the Board must act out of honesty, loyalty, and due diligence and care. The trustees should know enough about the school to be aware before trouble arises. Litigation against the school can become the trouble of the trustees, and each school should be clear what insurance is needed under the school’s indemnity coverage to protect its Board members under the laws of their state.

A good Board member will ask for a thorough orientation on the school, will ask questions about past and present issues, will attend meetings, will support the school financially to the best of his / her ability and will insist that all Board policies be clear, consistent, executed expeditiously, and in keeping with the school’s Charter.

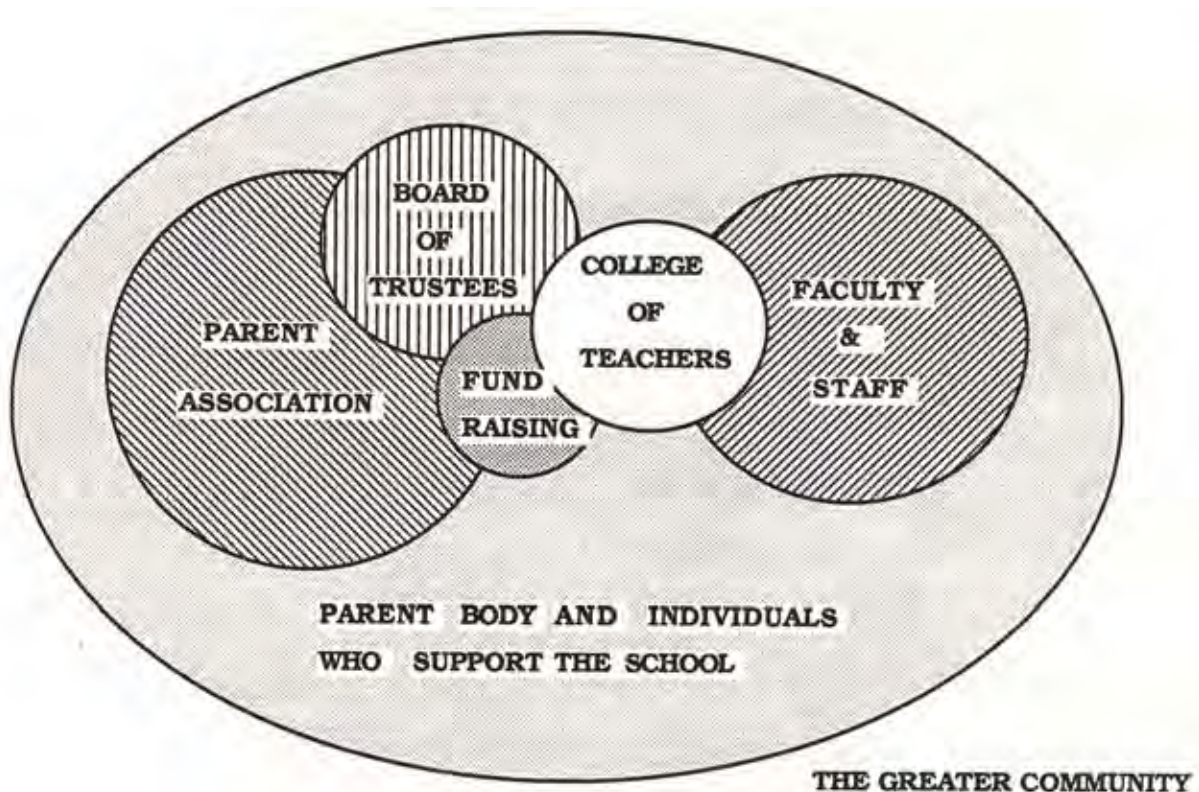
All Waldorf Schools are teacher-run, but each school finds its own style. In an address to the teachers of the newly founded, original Waldorf School in Stuttgart on August 20, 1919, Rudolf Steiner said: “... *Our schools will not be directed, but arranged in a collegial manner, administered in a republican form. In a true republic of teachers, there will be no time for soft cushions and demands which come from the principal, but we shall have to have within us that which gives each one of us the possibility to carry the full responsibility for what we have to do. Each teacher must be fully responsible.*”

After the school reaches a few grades, the teachers may choose to seek help to establish a College of Teachers. This help can be found by contacting the Pedagogical Section. The College of Teachers represents a group of individuals working within the Waldorf School who seek to connect themselves with the original impulses of Rudolf Steiner and wish to align themselves with the destiny of their particular school. It is best for a school if all teachers aim toward joining the College. The College works out of consensus or “unified

courage,” not voting. This is a social form for the future, a truly republican way of working.⁵ This way of working may be difficult and can be time consuming, but its benefits greatly outweigh the difficulties. Sometimes teachers have to transform their opinion in favor of the whole group. This takes true courage—to do this no matter what the results. The teachers must follow their self-initiative but be in harmony with the entire group. This is something which must be learned. It produces a group in which every individual assumes equal responsibility and accountability. There is no leader. All are equal.

The age of individual leaders is past; the task for the future is to be able to learn how to work together and form a vessel so that the spiritual worlds can speak to the group. To a certain extent Waldorf Schools are organizational experiments which both create stress and engender excitement!

In order to become a member of the College of Teachers one must ask the following question: What is the BEING of a Waldorf School? In order to have a group we must have confidence in the higher forces which penetrate that group’s individual intuition... it must never be forced. When one works correctly, then one creates confidence. A key requirement is an active, anthroposophically oriented, inner work.



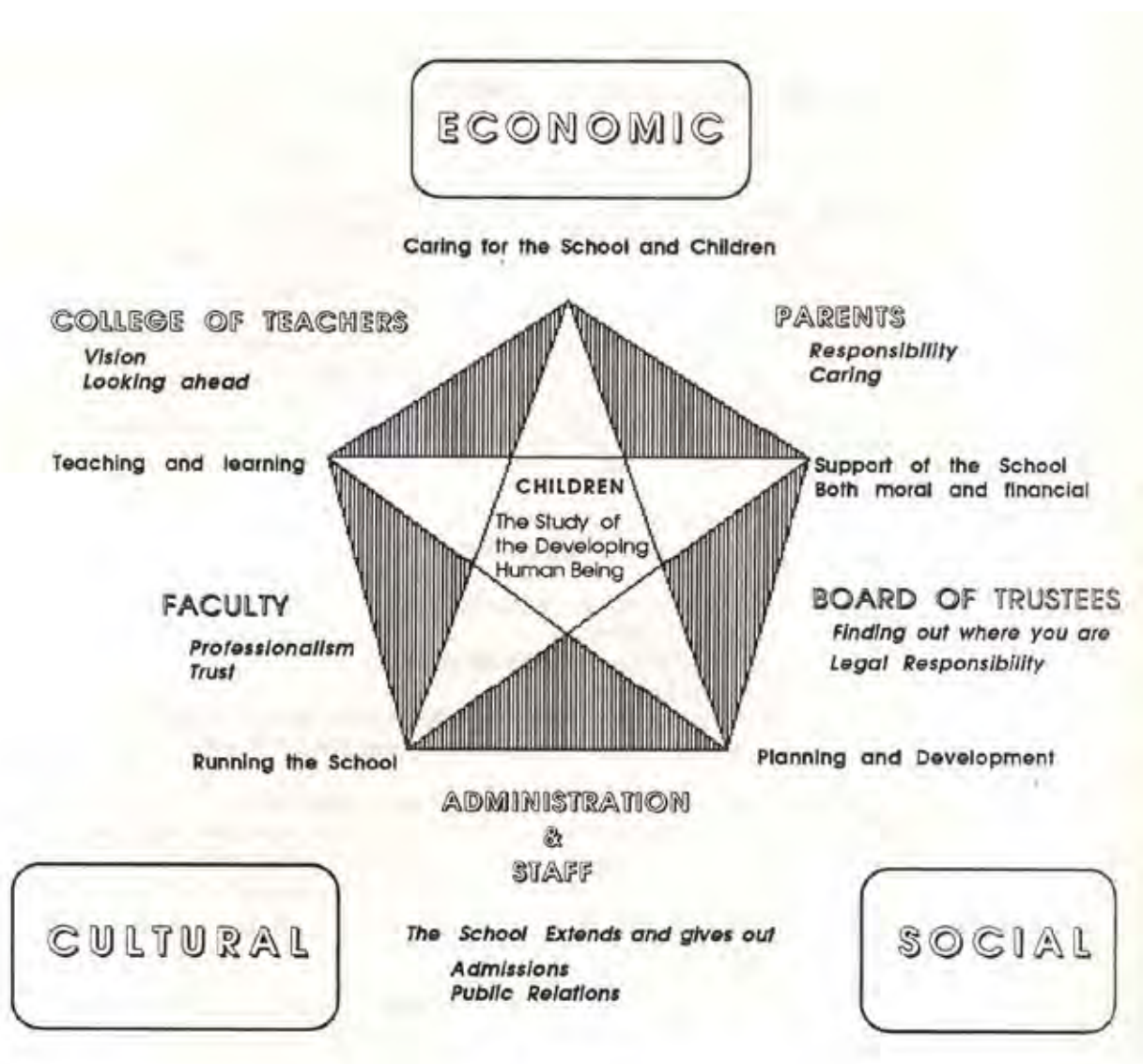
The responsibilities of the faculty include the following:

- ❖ all pedagogical concerns the educational policy
- ❖ child study
- ❖ curriculum study
- ❖ anthroposophical study
- ❖ artistic study
- ❖ parent conferences

The responsibilities of the College of Teachers include:

- ❖ the cultural and spiritual life of the school
- ❖ major policy making
- ❖ hiring new teachers
- ❖ dismissal of teachers
- ❖ teacher evaluation
- ❖ budget (with Board)
- ❖ new building (with Board)
- ❖ planning and development (with Board)
- ❖ administrative focus and efficiency
- ❖ the image of the school

The school administration is accountable for business management, the office and secretarial staff, the maintenance of the facility and the ordering of supplies, and also acts as a liaison to local and state authorities.



The faculty also may call upon outside professional resources to help in its organizational work. These include the school doctor, financial consultants, fundraising consultants, legal assistance, as well as help from the various committees and offices of the Association of Waldorf Schools of North America.

The diagram on the following page attempts to identify the different spheres within and around a Waldorf School.

Within the facility there are various committees, such as the following:

Faculty

Steering (determines key issues)
Agenda (prepare faculty meetings)
Pedagogical
Staffing
Evaluation
Festivals

General School

Financial Aid
Admissions
Publicity / public relations
Maintenance
New Building planning
Fundraising
Ad Hoc

The faculty involves itself in the following type of regularly scheduled meetings through the course of the year:

Thursday faculty meeting
College of Teachers meeting
Pedagogical
Class meeting with parents
Finance Committee
Parent and Community meetings
Board of Trustees
Professional Planning Days (set in the school Calendar for late winter to plan for the next academic year)

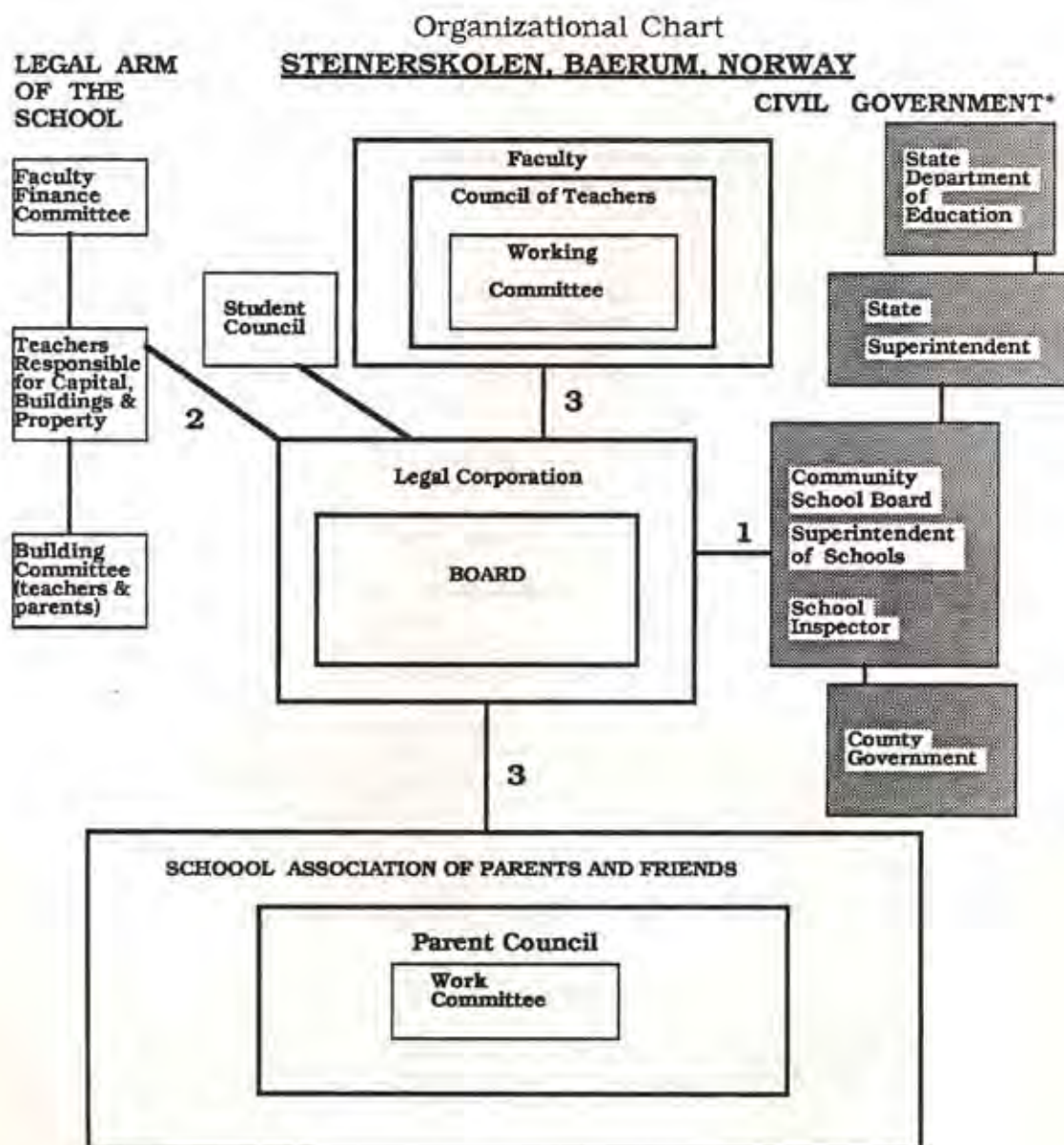
Leadership in the school is provided by the following positions:

Faculty Chairperson
College Chairperson
Board Chairperson
Parent Group Chairperson
Administrative Coordinator
Business Manager and/or Bookkeeper
Committee Chairpersons

The parent group supports the school by volunteering to be class representatives (also called class

parents). Their function is to assist the class teacher and to act as an intermediary between the parents and teacher. The parents' chief role organizationally is as a support to the program, both morally and financially. The parents also contribute the following:

- volunteer work in the classroom
- events (fundraising/social/cultural)
- participation in annual giving
- study & discussion groups
- PTA
- expertise in practical areas
- help with admissions and enrollment



* The Civil Government section is necessary because Norway gives money to Waldorf Education.

The quintessential element in any organization is communication. When the organization of a school is set up and functions smoothly this can take place.

It is an ideal picture when one finds within each sphere in the school—the Board, the parents and the teachers—individuals who are working in partnership to further the school community, but respecting others to work in freedom, with trust and support.

The charts, diagrams, and organizational outlines on the following pages are examples, not necessarily current or employed, of different organizational methods used by selected Waldorf Schools worldwide.

FREE SCHOOL, ZEIST, HOLLAND

Parent coordinators work on Service/Communication/Mediation Roles. College of Teachers sets all policy and handles relationship to government.

There are three divisions of the Corporation:

1. Non-profit organization (College of Teachers) - own the property
2. Faculty of Teachers - carries pedagogical responsibilities
3. School Association - organ of cooperation among teachers, parents, others who wish to support the Waldorf School

KIMBERTON WALDORF SCHOOL

A. BOARD OF TRUSTEES Full Board meets monthly

Board has a system of committees including:

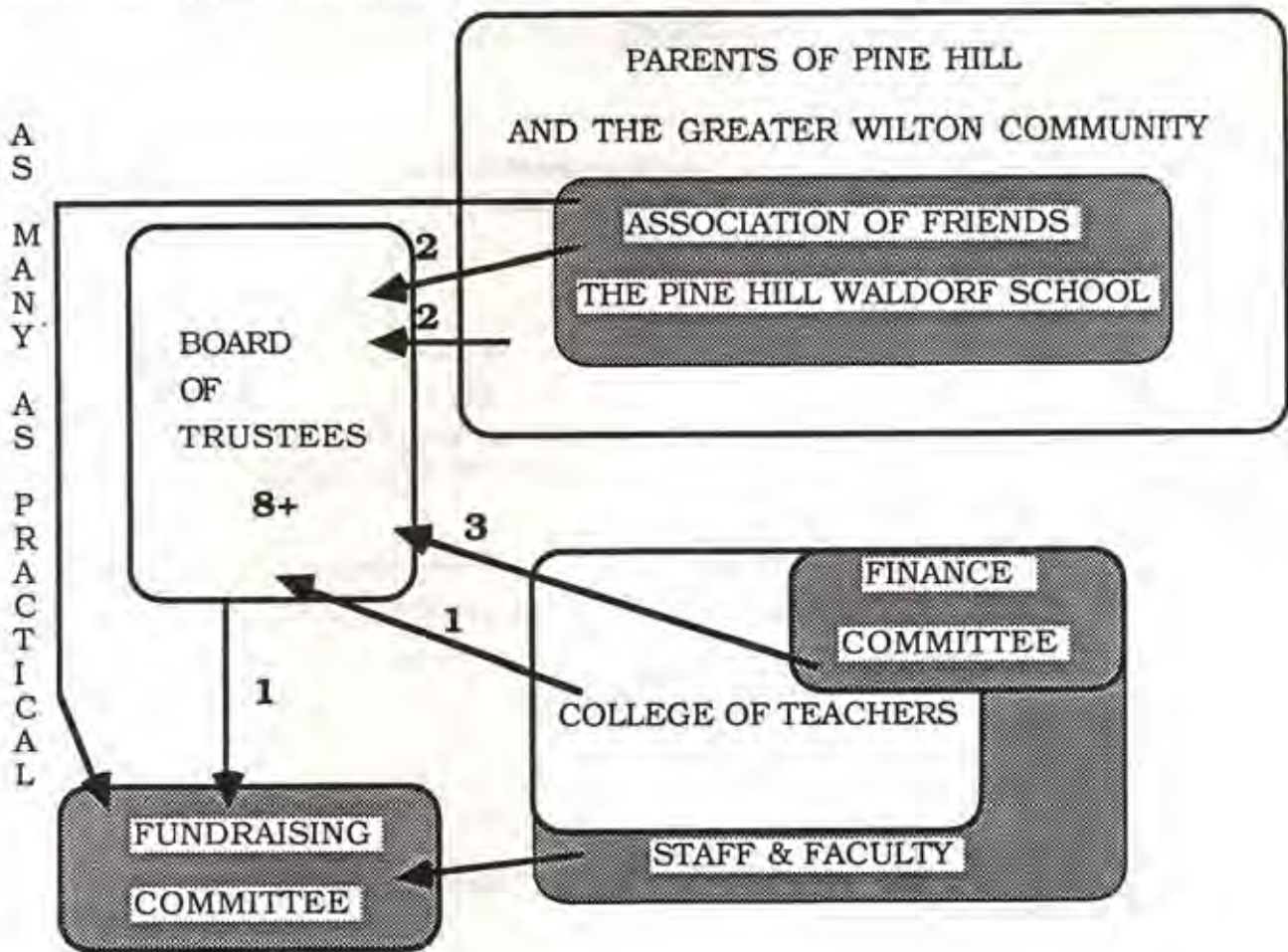
1. Finance Committee (consists of parents, Board members and faculty)
 - Recommends tuition levels
 - Prepares budget with teachers for Board approval
 - Recommends salary increases
2. Development Committee (consists of parents, Board members, faculty and Development Officer)
 - All Development work and Annual Giving
3. Investment Committee (consists of parents, Board members and faculty)
 - Cares for school's investments
4. Housing Committee (consists of parents, Board members and faculty)
 - Deals with houses that belong to the school

B. COLLEGE OF TEACHERS Concerns itself with the destiny of the school and the spiritual foundation of the pedagogical work.

C. ADMINISTRATION EXECUTIVE COMMITTEE Consists of both High School and Lower School administrators, Faculty Chairman, Preschool chairperson, Business Manager, and Director of Admissions.

Concerns itself with the daily running of the school.

Possible Alignment of the PINE HILL WALDORF SCHOOL



Description of the functions of the above chart:

1. **BOARD:** The Board would be a reflective organ, helping the faculty with practical advice, but having no authority. The Board would be nominated by the Association with veto power held by the College. The Board would meet twice yearly, at the beginning and end of the school year, to evaluate and give advice. The College could request Board assistance during the year, if necessary.
2. **COLLEGE:** The College has all authority (legal) for the school. It does all the hiring and firing and has the ultimate authority for all financial decisions and other decisions affecting the "life" of the school.
3. **FACULTY:** Handles all pedagogical problems.
4. **ASSOCIATION OF FRIENDS:** Active parents and community members who give physical and practical support to the school.

MICHAEL HALL SCHOOL

Forest Row, England, College of Teachers, Corporation and Council of Management

- I. Corporation - limited to 50 members, 25 parents and 25 College members
- II. Council of Management: 14 members, 7 parents and 7 College members in.
- III. Corporation meets once a year (1) to approve and pass audited balance sheets of annual financial report worked out by Council of Management and (2) to receive a report from the College about the school. Major changes and new initiatives affecting direction of school would be discussed here (building plans, shift from boarding to day, enlarging school, etc.).
- IV. Council of Management nominates members of the Corporation. They are selected from a previously-formed waiting list by privately consulting those parents in advance. They serve for a period of two years.
- V. Corporation votes in the 7 non-teacher members of the Council of Management. The 7 College members of the Council are chosen by the College (which never votes!).
- VI. Nowhere is it legally stated that the College run or have control of the school. However, it should be described in an appendix to the reference concerning Steiner Education (Appendix to the Articles of Constitution).
- VII. The College decides all questions of destiny and all pedagogical questions, i.e., children entering and leaving the school, all teacher appointments, and problems with the quality of teaching and with teachers. The College carries the esoteric leadership of the whole school. General faculty meeting decides much of daily pedagogical business.
- VIII. Council of Management: (14 members, 7 parents and 7 College)
 1. monthly meetings
 2. Chairman - usually a teacher (It is difficult to find a parent who can devote enough time.)
 3. Council does its work chiefly through committees:
 - a. finance
 - b. estate (concerned with buildings and grounds)
 - c. hostel (staff appointments and running of hostels)
 - d. public relations
 - e. buildings (new construction)
- IX. Executive Committee: initiative group: 3 to 5 members
 1. steer the business of the school to the correct meetings
 2. prepare weekly agenda for:
 - a. pedagogical meetings
 - b. college meetings
 - c. faculty meetings
 3. There are two permanent members chosen by the College, who serve for one year. 3 additional members rotate per term. (3 terms)
 4. Carry out delegated tasks - also permanently delegated matters like dates for school year, traditional events, invitations, etc.

Notes: 1. Bursar (business and finance manager) is on all committees of the Council of Management (could be a problem of too much power or say if not the right person).

2. In general, only teachers chair the working committees of the Council.

3. If College is weak, too much initiative will come from the Council of Management.

The reverse could be true. A check system is built in here.

4. The bigger the group making decisions, the better, (e.g., some matters concern more people, and if they take part in the decision, the execution of same will proceed more smoothly).

Questions:

Who elects the 7 College members of the Council of Management?

The college chooses them.

Is the Executive Committee elected by vote of the College?

Elected by the College, but without vote!

Do members of the Executive Committee have to belong to the College, or can they be non-College faculty members?

College members only.

Are Chairmen appointed for a specific length of time? How long? Does it vary?

All are annual appointments. College Chairman has usually done two years — better continuity.

If some question is worked out by the Council and the College does not want to go along with it, which group has final authority?

If the matter falls between the two groups' terms of reference, it would lead to joint meetings and joint decisions. Otherwise the two bodies work autonomously, but consult one another amply before decision-making. Individuals concerned with particular projects are co-opted for decision-making.

Does the Council of Management have authority in financial matters, salaries, tuition, fund-raising, etc.?

Yes, again, the information must flow from one group to the other (we circulate Council minutes among College members, and College Chairman - who must be a member of Council - gives regular reports on College business to the Council.)

Prepared by: Georg Locher

HIGHLAND HALL

Board is the legal entity of the school.

4 officers are required by law.

Comprised (presently) of 6 parents and 6 College members

All College members can go to any Board meeting.

Each Board member has a specific function, such as:

Fund raising

Enrollment

Parent Involvement

Committees

College has final authority in the school.

Board announces choice of perpetuation to the College who can veto the choice.

Decisions are arrived at by vote.

Board has nothing to do with hiring or firing.

Board has monthly meetings.

HAWTHORNE VALLEY SCHOOL

The school is legally owned by the Rudolf Steiner Educational and Farming Association, Inc. Its Board of Directors are all Anthroposophists and oversee the school, the farm and the outdoor education program.

The Board of Trustees of HVS is a committee of the Association Board. Two College members, at least one member of the Board of Directors, and four or more others make up this Board. The trustees set the budget after reviewing recommendations from the College on salary, budget, non-salary items and capital needs. Fundraising and tuition aid matters are also its responsibility.

The College of Teachers administers the school through its five-member administrative group. Personnel, curriculum, faculty work, and salary allocation, among other matters, are within the purview of the College.

GARDEN CITY WALDORF SCHOOL

A. FACULTY (& STAFF)

- legally responsible
- works in committee and delegates authority to Chairman

- CHAIRMAN OF FACULTY
chosen by consensus and predecessor

hiring
firing
salaries
pensions

does most of the work in these areas assisted by faculty committees and Business Manager

- long (indefinite) tenure

1. FINANCIAL ADVISORY BOARD

- parents and friends of school
- advise on tuition

B. FUNDRAISING

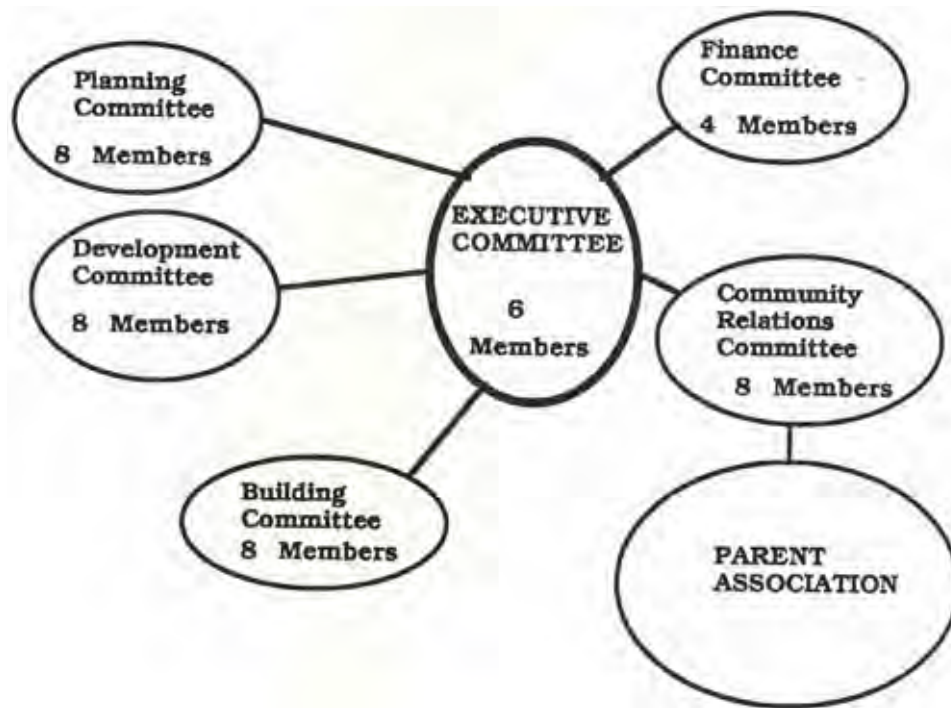
1 staff parent G.M. Trusts/deficit \capital very few fairs, etc.

SACRAMENTO WALDORF SCHOOL

Structure of Board of Trustees

13 members = 4 faculty & 9 parents and community members

There are six standing Board committees which meet monthly; the full Board meets bi-monthly. The committees include at least 2 Board members each, plus interested parents and faculty members. The committees function as “mini-Boards,” with coordination through the executive committee and full Board meetings. Every committee is required to keep balanced by including both parents and faculty members. Fully 42 people are directly involved at the Board level—this has helped to “open” the school community.



Executive Committee

Board President, secretary, and treasurer, College Chairperson, Administrative Chairperson, past Board President

Development Committee

Fund raising for operating and capital budgets, long term development

Finance Committee

Create and review budgets, financial reports, directions and perspectives

Planning Committee

Long range/short range planning

Building Committee

Site improvements and new construction projects (planning and coordinating)

Development funds and building construction

Community Relations

Advertising, public relations, parent education, liaison between parents and faculty

1. Anthroposophy is a term derived from the Greek by Dr. Rudolf Steiner. It is translated as “wisdom of man” and applies as a title to Steiner’s philosophy or world conception. Steiner gave over 6000 lectures in his life, many of them are printed in English. A catalogue can be requested by writing to The Anthroposophic Press, Bell’s Pond, Star Route, Hudson, NY 12534.

2. See *Republican Not Democratic* by Ernst Lehrs, available from the Association of Waldorf Schools of North America.

CHAPTER 5

THE BUDGET AND INTERNAL CONTROLS

by David Alsop

Introduction

One of the key elements to the success of any organization is the ability to manage money. Every Waldorf School is faced with the challenge of managing its available resources, of creating new resources, and of meeting its obligations to the community. Typically, the tool used to meet this challenge is the school budget.

It must be said at the outset that Waldorf Schools have a special task to fulfill with respect to their financial aspects, and that this task should penetrate and be visible in the budgeting process and in the budget itself. This task is to do everything possible to foster and encourage true brotherhood in the school community. We do not want our Waldorf Schools to become places where education is perceived to be bought and sold, where the teachers are paid for their work, and where appeals for funds are perceived as a sign of weakness. We do want to establish and make visible the fact that the school must be a community of dedicated teachers and parents, with specific tasks incumbent upon each. This is very difficult in today's consumer- oriented society, and yet steps must be made. The budget process gives us very real opportunities in this direction, as we shall see.

A budget can be defined as that document which translates the plans of the school, to be accomplished during a specific period of time, into financial terms. It clearly delineates the scope of activity for the year, as determined by the Faculty, the Board of Trustees, and the Parents of the school. It also must provide a contiguous link between the past years and the future years, especially in terms of capital income and expenses and long-term debt. The budget is not a straight-jacket or a metal box that confines the activity of the school. It is rather the framework within which to meet the objectives of the year, in confidence that the funds will be there when needed.

Budgets take many forms in our schools, varying from a single page summary to bound documents several hundred pages in length. All budgets consist of informed estimates of income on the one hand and expenses on the other. There are actually two budgets which should be prepared each year—a capital budget and an operating budget. The capital budget should address all of those items which are not disposable and will last into the future. The operating budget accounts for short-term activity, for the items which are used up during the specific year.

It is imperative that the income is at least equal to the expenses in each of these budgets, unless special circumstances (i.e., a large surplus from a previous year) exist. It is becoming commonplace for many non-profit organizations to budget for a surplus on a yearly basis, in order to establish cash reserves as a kind of contingency fund. There is no problem whatsoever when a non-profit organization shows a profit (surplus) at the end of the year. However, a school is in very real trouble when the budget shows a deficit—expense higher than income—for any length of time. The inability to meet financial obligations—to one's creditors as well as internally to faculty and staff—will soon result in the loss of confidence in the

school, and the school's ability to operate is based almost entirely upon the ability to inspire confidence and to keep it, not only in the classroom but also in the business office. Therefore, it is generally accepted that as Waldorf Schools we must strive for a balanced operating budget—with a modest profit, if possible.

The Operating Budget

As stated above, the operating budget is the document which states the plan for income and expenses, within a specific time period (also called “the fiscal year”). It is focused on purchases and costs which have a limited life—usually one year or less, and on income sources which are usually contractual and also time-limited. Some examples of income and expense accounts are:

<u>Income</u>	<u>Expense</u>	
Tuition	Salaries	Supplies
Bus Fees	Health Insurance	Telephone Bills
Day Care	Payroll Taxes	Bad Debt
Donations to Operations	Rent	
Tuition Insurance Fees	Utilities	

While the above list is by no means complete—some schools have as many as 200 separate income and expense accounts—it will serve to illustrate the types of account which belong in the operating budget. The detail to which a school goes depends upon its own needs and style of management, and the complexity of the school's operations.¹

What is the process for creating the operating budget? First, the budget period must be established. This is identical to the fiscal year. Usually schools begin and end the fiscal year in the summer, as that is a more natural rhythm in terms of the financial activity in a school than the calendar year would be. New tuition payments begin in the advent of the new school year. By linking the fiscal year and the budget year, it is easy to compare the budget projections with the actual fiscal experience. The government will recognize any fiscal year for tax purposes.

Next, the school community must be able to articulate plans and priorities for the year. Such questions as: Do we need a salary increase, and what will it cost? Should we have Spanish as well as German next year, and what will it cost? What is the likely increase in our health insurance next year, and should we try to offer a dental plan to the faculty and staff? One soon realizes that the budget process is a product of the planning process, and that a clear vision of the long term goals of the school is helpful in the yearly budgeting process. One can picture that each year another step is taken toward that long term vision, and that the budget is there to identify that step and to support it. Generally, the Faculty assumes primary responsibility for establishing the plans and priorities for the coming year, subject to the ability to find the resources necessary. Many schools have “planning committees” which work on these questions and make suggestions to the Faculty and Board about plans and priorities.

This is one of the areas where the schools have the opportunity to weld their communities together. The inclusion of parents and community members in discussions about future growth and expansion of the school's activities is a necessary step in the healthy development of a Waldorf School. They will be the

primary source of financial support for the school, and if we are to foster an atmosphere of brotherhood and financial responsibility that goes beyond simply paying one's tuition when due, then meaningful inclusion in the development of the plan is required. This is not to suggest that by virtue of financial support one is to be included, but rather that the inclusion may awaken understanding of the true circumstances of the school community.

Once the program requirements are identified, estimates of costs must be made. This is where historical information is very helpful. It is necessary to keep accurate records of past experience because a good deal of guesswork can be eliminated by referring to past budgets, financial compilations and statements, and notes made as one goes along regarding cost increases. This is typically undertaken by the administrative staff, and a preliminary ledger is developed which shows the estimated cost of the new program. Concurrent with this, each teacher and staff member should be interviewed, to establish the more detailed needs of their specific subject areas and classes. The result of this process is that the expense side of the preliminary operating budget is compiled.

The next step is to estimate the income side of the budget. This requires an evaluation of enrollment, and of tuition scales, as the majority of the income will be from tuition. Regardless of the method used for determining fees and collecting tuition, a realistic estimate is crucial. Most schools tend to be overly conservative in estimating the enrollment, rather than place themselves at risk by overestimation. Every class teacher needs to speak to the size of his class and to his sense of the stability of his enrollment. This is done in the Faculty meetings, and the data is compiled and passed on to the Board. Each family is asked about its intentions for the next year, to try to get a feel for the stability of the situation. Along with tuition income, there may be other fees which need to be evaluated, such as day care or school bus fees. The administrative staff should do a careful analysis of the potential income from these sources and refer them to the Board. The other primary source of income for the operating budget is donations to operations. Most schools have fundraising programs designed to provide non-fee income. Appeals, auctions, fairs, and other special events are common. The most common rationale for these programs is that they help to keep the tuition costs as low as possible and that they promote a community spirit. As with all sources of income, however, they should be thoroughly researched and based upon a track-record when budgeted. There is the danger of budgeting an unrealistic hope, especially if an idea has no history. An event that does not pan out can cause as much damage to the budget as the unexpected withdrawal of a number of students. Once events and fundraising have been established, they are indeed a necessary support to the operating budget.

Working with the income side of the budget will of necessity require the consideration of the expense side. This is why one should begin by identifying the desired program, so that a "target" is established for the income side. The first attempt should be to determine what it would take to meet the whole program. This may prove to be vastly expensive, requiring tuition increases of intolerable proportions, or it may not. The key point is that even if the program cannot be funded and must be cut back, useful information has been gathered, which can be shared with the community. It is very important that the parent body know that "the 5% tuition increase made possible a 5% salary increase, and that rather than increase tuition 10%, the Board has decided to postpone the retirement fund again." This kind of information can inspire members of the community to the most remarkable action, even if it sometimes takes a long time. The Board must

share its hesitations and fears, as well as its responsible successes, to allow community awakening and involvement.

Prior to adoption, the draft operating budget should be made available to interested parents and community members for their input. All parents should be apprised of the assumptions regarding tuitions and program changes, and their input should be considered at the time of adoption. The Board of Trustees is the body responsible for the final adoption of the budget, which is then given over to the administrative staff for execution and monitoring.

This process takes time to complete, and it is very important that adequate time be given to ensure that all parties are fully included. It is not desirable to rush through important decisions and discussions. Most schools begin the budget process in earnest in November, with a target completion date in March or April. This gives the community time to be involved, and does not impair the re-enrollment process, which must begin in the spring.

The Board should receive monthly statements (reports) accounting for the progress of the budget, and pointing out any difficulties which may arise. The budget is not a fixed document and is subject to revision by the Board, as necessary. These monthly reports should include a cash flow statement and a budget to actual comparison for the period just ended, both monthly and cumulative.

A cash flow statement reports the actual cash which has entered the accounts, and then been spent in each month, and compares that figure with the anticipated activity. This is the report which makes it possible to see if and when the school is going to run out of cash, irrespective of how much income the budget is showing. It is the report which shows the “fat” and “lean” months in the school’s financial activity and allows for firmer control of the timing of large purchases. This report should document actual funds available through the year.

The budget-to-actual report tells the Board how realistic the overall budget is, as well as specific line items. It is a good idea to project the yearly budget into 12 monthly components, as many items are periodic (i.e., insurance or one-time fundraisers), and to make an educated estimate of the correct anticipated income and expenses. This projection will allow the comparison of actual to anticipated on a monthly basis, and it will soon become clear if the overall budget is correct. It is critical to the financial health of the school that the budget be closely monitored, as well as the cash.

Unexpected events do happen—3 children may withdraw, the liability insurance premium may double in mid-year, the school bus could break down, parents may fail to pay tuition on time—and the financial picture of the school is impacted. Through proper reporting, these events can be taken into account and the proper revisions made so that the school does not unexpectedly find itself in a cash-poor situation. The effective use of these reports will result in good cash management, good budget management, and a broad range of Board members and Faculty members and parents who will experience confidence in the way the finances of the school are being handled.

There are several areas which need to be very closely monitored and which provide early warnings of difficulties. Tuition income is always the largest income producer for the budget and needs the closest scrutiny. It is imperative that large receivables are not allowed to accumulate—that is, that tuition is paid on time! Many schools have adopted policies which prohibit students from attending school if the tuition bill

becomes seriously past due—usually 90+ days—in an effort to reduce the possibility of the tuition going unpaid. The school will be in serious difficulty if the Board is uninformed of growing tuition balances and/or fails to take action to collect the tuition. It is important to have a clear accounting of the actual tuition (by adding the actual tuition contracts) and to measure that against the payments each month. It may be important and valid to share the gross numbers with the entire parent body each month to keep them apprised as to how the whole community is doing. At least one school posts its monthly compilations in the office for parents and friends to review if they want to.

Fundraising and donations should also be monitored very closely. It is all too easy to balance the budget by increasing the income from fundraising—but is that truly realistic? The fundraising plan should be able to articulate the months when the income will be received—and then this should be validated through experience. This also gives the Board plenty of opportunity to consider a special appeal should the budget falter.

It is my opinion that the school's physical plant budget—maintenance, insurance, utilities, security, landscaping, cleaning—should be given extra attention each month. These are critical areas—especially insurance and utilities—where there is little internal control of cost increases, and where budget adjustments are more likely to be necessary.

Accounting Controls and Administrative Efficiency

The school's accounting records should be maintained on the accrual basis of accounting. As the timing of the payment or receipt of cash can differ significantly from the timing of the underlying transactions, the accrual basis of accounting should be used. Inherent in the actual method is the recording of tuition and other revenues when billed and the recognition of expenses when incurred. The resultant accounting records will be more accurate and provide a better foundation for making financial and operating decisions. In particular, the effectiveness of budgetary controls will be enhanced.

Cash and other account balances should be reconciled on a timely basis. One underlying problem that can be encountered during the fiscal year is the lack of timely reconciliation of cash and other balances. Without timely reconciliation of account balances, internal controls are weakened. Specifically, the following reconciliation procedures should be adopted:

Cash – All cash accounts should be reconciled on a monthly basis, reconciling general ledger and bank statement balances. Additionally, such reconciliations should be reviewed and approved by someone other than the bookkeeper.

Receivables – The total of tuition and other receivable balances maintained on individual tuition accounts should be reconciled to the general ledger balance each month.

Other Accounts – All other balances supported by subsidiary records should be reconciled to the general ledger balances on a monthly basis.

All cash receipts should go through a single journal subject to common internal accounting controls. In addition, the following detail procedures should be present to enhance control over cash collected:

- ❖ All undeposited cash should be kept under lock and key.
- ❖ Cash should be deposited to the bank on a timely basis in accordance with a specific policy to be established by the school.

- ❖ Receipts issued for cash received in the office should contain the initials of the individual who received the cash as well as the date.
- ❖ On a periodic basis someone other than the bookkeeper should review the cash receipt journals and supporting documentation for completeness, the uninterrupted sequence of cash receipt numbers, and the agreement of cash deposits to cash receipt journal amounts.

Cash from restricted contributions should be segregated from operating fund cash. Given the school's fiduciary responsibilities in holding restricted cash contributions, it is important that the restricted cash accounts be properly maintained. Specifically, close attention should be given to receipting and dispersing restricted funds exclusively through the restricted cash accounts and, at each month-end, the net restricted contribution balance should be reconciled to the restricted cash balance.

Purchase Orders

The school should consider utilizing a purchase order system to assist in the control over large purchases. A reasonable limit should be placed on purchases not requiring a formal purchase order.

The Capital Budget

The capital budget is the budget which accounts for the long-term assets of the school. Each year, purchases are made which will not have to be made again the following year because the item will still be useable. Further, these items will be subject to depreciation and will become a part of the overall net worth of the school. Buildings, equipment, farm implements, books, science equipment, furniture, and so on are example of capital items. Capital items are of such a nature that they should not be thought of as paid for by operating income in any one given year, but rather as something acquired for the future, which transcends the fixed item limits of the operating budget.

How, then, are these items properly funded? Through a development program, and through grants and gift money. This is quite different from the fundraising done to support the operating budget. A development program is undertaken to ensure that the school has the resources necessary to operate in the future, not in the present. By securing long-term commitments from community members to support the school building programs, or library growth, or furniture and equipment needs, the development program is ensuring that the school is sound for children who are not currently enrolled. It is also proper that gift money be used to provide a lasting impact upon the educational experience, through the purchase of capital items.

Of course, it may be necessary for the operating budget to subsidize the capital budget while the development program is being organized, and even beyond. The children enrolled now are also receiving the benefit of the capital assets, so some portion of the tuition is rightly used in that way. The point is that we must strive to educate our school communities to the fact that the body of the school—the buildings, playgrounds, furniture, etc.—should be funded out of the desire to see the school healthy and strong for future generations of teachers and children, and that our current tuition has very little to do with that.

The Annual Report

As a conclusion to the budget process, each school should distribute an annual report to its community and friends. There needs to be a conclusion to the process, and a statement of how well the goals were met during the past year would provide that. An instrument designed to recognize the success and to acknowledge the shortfalls of the financial life of the school would go a long way towards strengthening the school community. The sharing of the sources of help—from individuals or from foundations or from other organizations—would help each community to see that it is not isolated and without friends. The sharing of the unattained goals need not be an admission of failure, but rather can be the opportunity for one previously uninvolved to join in and help.

Conclusion

The Waldorf School budget is, in itself, not that different from the budget of other non-profit organizations. There is a certain amount of income on the one hand and a certain number of expenses on the other hand, and they are of either a capital or an operating nature. Where the budget can begin to assume new dimensions is in carrying as a leading thought that we are not only trying to operate in a traditionally, fiscally responsible way, but that we are also attempting to awaken a sense of social responsibility and financial brotherhood. This is not easy, and we are constantly seduced by old forms of thinking and the need for expediency.

If we are to avoid Waldorf Education's being perceived as a commodity, then the income side—particularly the way we deal with tuitions and scholarships—must be much more a topic of study and exploration within our faculties and our Boards, and ultimately within our parent bodies. Likewise, to avoid our teachers becoming paid employees, we must scrutinize the expense side of the budget and penetrate to what we are really doing when we create salary scales and hourly wages. Finally, if we are going to be able to appeal for funds out of a position of strength rather than weakness, we must fully understand the inescapable requirement to build a physical body for the school.

Above all, the budget must strive to be a statement of the vision of the school for a particular period of time. The success of that budget will be in how well it can reflect to the community the deeper initiative that is fundamental to the Waldorf School.

1. Please see the Appendix for an example based on the Portland Waldorf School.

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CHAPTER 6

TUITION / TUITION AID / SCHOLARSHIPS IN RELATION TO A SCHOOL'S OPERATING COSTS

by Magda Lissau

I. The Basic Quandary of Waldorf Schools as Independent Schools in North America:

“Waldorf Education ought to be accessible to all children of parents who wish it for its own values irrespective of economic status.”

This idea is inherent in the essence of Waldorf Education. Public education, financed by tax dollars, is free to all. Independent schools are either elite prep schools for the well-to-do or parochial schools subsidized by a group subscribing to a particular belief system. The Waldorf Ideal seems difficult to realize without the capability to attract a large constituency of non-parent supporters who will subsidize the tuition of those who wish Waldorf Education but are incapable of paying for it fully.¹ Such a constituency does not, as yet, exist. For this reason Waldorf Schools have to rely largely on tuitions and some donations to cover their operating costs. This fact has resulted in a wide range of tuitions and a variety of tuition structure models, which we shall discuss briefly below.

It is curious to note that in North America, where individual freedoms are prized and are greater than in many other parts of the world, children, while having the right to education, do not in effect have access to the education of their choice, unless they can afford it. This is an example of the political and economic system interfering in what should be the concern only of the free cultural/spiritual life, in Steiner's terminology.

One needs to remember that Rudolf Steiner intended the Waldorf School to be financed by industry and business, not by the parents. This was expressed by him in his lectures on *World Economy*.² In this lecture Steiner coined the expression “gift money.”

Further, Steiner stated in his book *Towards Social Renewal*³ that from the viewpoint of the economic process, teaching produces a commodity value. Logically, the costs of producing this value are reflected in a price structure, tuition and tuition-related income, which enable a school administration to budget income in the process of fulfilling its economic obligations.

In order to penetrate the subject of tuition, we need to separate tuition as reflecting the costs of Waldorf Education from tuition structure models which seek to express the ideal of the education by their very structure. Fundraising for the purpose of subsidizing tuition will be touched upon marginally below, but is dealt with as such in Chapter 8 by David Mitchell.

II. The Cost of Waldorf Education

A. It is my view that the tuition amount needs to reflect accurately the budgeted costs for the coming school year. Modifications of the amounts and the structure in order to meet parents' needs and the setting of fundraising goals should be done subsequently. Three sets of expenses need to be included in these costs:

1. Basic Operating Costs:
 - Physical Plant: Rent or Mortgage, Janitorial, Maintenance
 - Teachers' salaries (Basic Portion)
 - Administrative expenses and salaries
 - Overheads (utilities, office supplies, etc.)
 - Classroom materials and supplies
 - (Could be itemized, but ought to be figured realistically.)
2. Outreach/Inreach
 - Public Relations, Events and Programs
 - Health Insurance and Professional Development portion of teachers salaries, etc.
 - Enrollment Drives, Community Events, & Parents' Education
3. Contributions to ASWNA funds:
 - Dues for teacher travel
 - Contributions to Waldorf Teacher Training Institutes
 - Federation membership dues, etc.

The figures for these areas will obviously differ in many schools due to age of school, assets, particular community, etc. The figure arrived at, however, should become the working norm used for the tuition structure model which is then followed in this particular model.

B. Tuition-related income: Further income is needed in schools to cover the following:

- Capital development, e.g., building a new school building
- Expansion of plant and programs
- Equipment
- Teacher sabbaticals, etc.

I call this tuition-related income, for it needs to be budgeted, even if the source of income is uncertain at that time, because parents need to become aware of all the school's financial needs, not only the actual operating costs, to support the status quo.

Specially targeted fundraising drives, loans and donations are the obvious means to obtain funds for the above categories, and are solicited in a variety of ways. How to achieve this is not the concern of this chapter.

III. Brief Analysis of Some Tuition Structure Models

Tuition structure models aim at adjusting the price of the education to the particular parent community of a particular school. For this reason a model in one location may not necessarily work in another. Some models are experimental, others are quite traditional. We shall mention them very briefly in deed, by somewhat facetious names, and no doubt do them some injustice thereby.

A. The Prep School Model:

Tuitions reflect costs fairly accurately. There is often a reduction for younger siblings and a staggered

increase for the higher grades. A system of tuition aid in the form of percentage reduction is often in force. Often a separate aid fund is established. Many older and established schools follow this model, which is closest to that of other independent schools.

B. The “Free School” Model:

There are no fixed tuitions. Parents know the costs and determine their own contribution. Teachers and administrators need to work with parents continuously for this model to work out, for it involves the establishment of unfamiliar and, to some, uncomfortable, economic practices. This model requires a high “trust factor” between school and parents, as well as a dedicated and effective parent group to work with new parents.

C. The “Alternative School” Model:

A kind of left-over of the sixties generation, it is an attempt to set up an education for low-income parents, often in a rural setting. Tuition is kept very low; and, if at all, it only works for the first few years of establishing a school. When growth and expansion costs rise, the viability of the school becomes questionable unless the basic model is changed, as the parent group which is attracted usually cannot carry the costs.

D. The “Robin Hood” Model

This model is applied socialism, attempting to equalize the economic status of parents through a complex tuition scheme dependent on family income and size. The trust factor appears to be low, for income tax statements are required to prove income. The more affluent parents would experience themselves as being penalized.

At this point it could be mentioned that Steiner supported socialism as little as he did communism and had nothing against persons earning a considerable amount of money. How this money could be brought to bear fruit in a cultural-social context was developed by him extensively in his lectures on *World Economy*.

By and large one could state that the more fixed and established a model is, the less individual initiative each parent needs to apply other than pay tuition. The more “free” and open a model, the greater trust is placed in parents, but also the greater demands are made on their active support and initiative. As trust is an attitude which requires continuous renewal, there are many positive social values to be gained for school-parent interaction in the freer models; but when the trust factor breaks down, for any reason whatsoever, considerable problems may arise. It should be obvious that the freer models make far greater demands on faculty and school administration.

Is it possible to find a structure which has flexibility and allows budgeting while also educating parents to be socially responsive?

IV. Scholarships / Tuition Aid / Tuition Reduction / Family Tuition

A. Scholarships

This term is used when applied to grants awarded by a fund and given for scholastic merit.

B. Tuition Aid

This aid may be given to qualified families from a separate fund, having been established by donations outside of the school budget. The administration of this fund, selection of qualified candidates, disbursements, etc., need to be done by a committee with parent input

C. Tuition Reduction

Many schools, lacking a separate tuition aid fund, grant reductions in lieu of aid, and administer them as described above. *Please note:* If budgeting to give away income by tuition reduction, experience has shown that if more than 15% of income is set aside to cover reductions, the resulting increase penalizes fully paying parents too unfairly and is found to be unsupportable.

It is vital that a committee with input from faculty, Board and parents establish an atmosphere of mutual trust with the parents receiving such reductions.

D. Work for Tuition Reduction

Many schools require from parents receiving such tuition aid or reduction a commitment of volunteer work, either janitorial, supervisory, fundraising or other. This needs some organization, but is a socially positive factor.

E. Family Tuition

It is customary in many schools to offer parents a discount for younger siblings, e.g., 2nd child's tuition @ 85%, 3rd child's @ 70%, 4th child's @ 55%. This is beneficial for both parents and school. One should check the latest IRS guidelines to see how this must be declared a taxable benefit..

V. A Flexible Tuition Structure Model

It seems to me that a tuition structure which has a fixed portion as well as a flexible portion could answer the needs of schools as well as those of parents. The model described below could enable a school to appeal to parents of all economic strata by requiring a minimum of budgeted operating costs (as listed above in section II.1 & 3) as basic tuition from all parents; by requiring an additional portion (listed above in II.2) from all parents above a specified income level (determined by tuition committee); and by inviting higher income families to donate generously to the development costs (as described above in II.B) over and above the fixed amounts of portions A and B.

Such itemizing would enable parents to have a precise idea of how their tuition dollars are being spent, thereby inviting a more active and understanding attitude to the fiscal affairs of the school. Tuition aid or reduction would only apply to low-income parents qualified to only pay portion A. In short, there are three tuition levels for three income groups, the highest level leaving parents free to donate. This could be beneficial for them in terms of tax advantages, and does not in effect legislate a forced subsidy contribution to low-income families. In my view, it is essential that the good will of high income families is actively pursued in this way. (See also section VII.A, B, C & D below).

A tuition statement could have the following format:

Example: Please note, I have chosen quite arbitrary amounts for illustration purposes only. This example is for a second child of parents in the middle-income group.

Portion A: Basic operating expenses		Your Amount
Building, Salaries, Administrative	\$2,300.00	\$2,300.00
Contribution to ASWNA funds	25.00	25.00
Portion B: Outreach/Inreach		
Teacher's Health Ins., Professional Dev., Vacations, PR, Enrollment, etc.	750.00	750.00
Portion C: (Annual fundraising goal per family)	1,000.00	
Donation for capital development, fill in your amount for the year:		
Supply & Materials Charge	150.00	150.00
Early Morning Child Care	1,500.00	
Afternoon Child Care	2,750.00	
Your Total		\$3,325.00
Less 15% of Portion A & B		<u>- 457.50</u>
You Pay This Amount:		\$2,592.50

Please note: This tuition model assumes a percentage reduction for younger siblings. Also, this annual amount is then broken down further into the payment schedules customary in the particular school.

Staggered tuition for different grades, in my view, only makes sense if there is an appreciable difference in cost. It seems to me that the real differences in the cost structure are between preschool / kindergarten, grade school and high school, and that it is probably not necessary to further complicate the tuition structure by staggering amounts for each grade.

VI. The Process of Setting Tuition—Who, When, How?

Parent/Teacher/Board Input

Collection Problems/Payment Schedules

It is essential that parents should have the possibility for input in setting tuition. For this reason, it may be good to have several parents on the budget committee. In my view, it is good policy to inform parents once a year, possibly in January, of the expected costs for the following school year, and invite comments and discussion. The board is, of course, legally responsible for the financial administration of the school, but could enlarge the budgeting committee by a few specially invited parents when setting tuitions. Needless to say, the faculty has to determine the necessary faculty-related expenses such as salaries, supplies, new faculty members, etc. Some flexibility between business viewpoints and essential pedagogical factors will, of course, be needed.

Outstanding debts and collection problems are also best handled by a parents' committee, rather than faculty.

As regards tuition payment schedules, a good model to follow is to offer these options:

1. Payment in full by August 15 for the coming year, which entitles a parent to a 5% discount.
2. Payment by monthly installments over 10 months, beginning on August 15, preferably by post-dated checks or direct deposit.

The actual process of setting tuition is part of the budgeting process and therefore needs to be done between January and March for the following school year. When a new tuition structure model is under consideration, it may be beneficial to involve the parents more fully, and repeatedly, before deciding to switch the format. This may take longer than just a few months.

VII. Suggested Areas for Further Research

A. Development grant and donation appeals to local industry and business leaders: This is an avenue often neglected, and is very much a part of the original Waldorf School intentions as planned by Rudolf Steiner. Tuition Aid Funds, as well as Building Funds, could be developed in this way.

B. Creating a tuition aid fund donated by parents and friends: Of course, also parents, friends, and Waldorf Association members should feel invited to contribute to such a fund.

C. Helping parents set up Educational Trusts: This would be possible only for parents with medium to high income, of course, but would nevertheless be helpful, for it might free up monies which could be donated for capital development.

D. Reducing the costs of expanding building facilities: Shares of each room could be “sold” then “leased back” to the school. In this way the parent is not actually out-of-pocket, but has gained a tax advantage.

E. Research and compile a list of all tuition structure models worldwide: This would be a very helpful compendium.

F. Research methods to combat collection problems: This could be very helpful to many schools.

The following three reports written by Trauger Groh, Werner Spalinger, and Herbert Greif (through David Alsop) offer different ways of viewing tuition monies.

– David Mitchell

FRIENDS OF WALDORF EDUCATION IN WILTON, NEW HAMPSHIRE

Report on an initiative by Trauger Groh

In April 1987, the Board of Trustees of the Pine Hill Waldorf School decided to raise tuition fees drastically. The reason for this decision was the need to try to bring teachers' salaries up to an acceptable level. The increase in tuition struck many parents rather unexpectedly. Many were unprepared, although the necessity of raising the income level of the teachers was unquestioned. Some parents tried to move the Board to revoke its decision and to look together with the parents for other ways to meet the financial needs of the school. It was felt that, with the higher tuitions, some parents would have to withdraw their children from the school. Others might be held back from bringing their children to the school because of economic hardship.

A group of parents came together to discuss their concerns amongst themselves, with members of the faculty, as well as with the Board of Trustees. They began to search for alternative means of action. The question arose: “How can the parent body, or, to begin with, a group of parents take on the task of financing the school as their own responsibility—beyond tuition and tuition assistance?”

A proposal was made to the Board of Trustees that the group of parents that felt this way would be allowed to contribute their share of the school costs collectively, and not through individual tuition contracts. The Board thought that, at this point in time, this offer could not be accepted; the Board felt obligated to keep individual legal contracts for tuition.

The parent group persevered. It continued to explore new forms and attempted to raise the sum of the financial obligations of their tuition contracts as a group, in freedom and with social responsibility. The group took on being accountable within itself for its share of the school budget. It began to raise this sum internally within the group by free pledges of the participants. A “Pilot Group” was formed for this initial project. The pilot group decided to meet collectively the legal obligations out of the tuition contracts of its members—some of the contracts contained tuition assistance, but the group felt the moral obligation to raise the entire sum of the tuition owed without drawing upon any tuition assistance. This pilot group meets once a month, and a smaller, administrative group meets once a week, to work on this project.

How does this now work within the school? The group established a bank account. Into this account the members pay the sums that they have pledged on the total obligation of the group toward the school in monthly payments. From this account the group meets the monthly obligation of each individual’s tuition contract. It means that every member of the group feels responsible not only for their share, but for the entire monthly sum payable to the school.

The sum of the pledges of the members (\$183,000) did not fully meet the sum of the individual tuition contracts (\$187,000). Therefore the group is working together to raise the rest of the money through different activities.

It was felt in the group that focusing on the tuition problems alone was too narrow a goal, especially since one could see that the financial needs of the school could not be met by just the parents of the pupils, without the school’s becoming an elitist institution available only to families with high incomes. One had to widen the goals so that non-parents could also take an interest in supporting the school. We agreed, therefore, that the tuition problems should not be the focus of the group, but that Waldorf Education itself should be. So the “Pilot Group” became the association entitled “Friends of Waldorf Education in Wilton.” This association wants to promote the spirit of Waldorf Education amongst its members and amongst the local community. It wants to support the Waldorf Schools in our geographic region. Its aim is that schools are carried by those in the community who know what Waldorf Education means for the future of society, and that they are, therefore, mainly financed by free pledges and donations, and are less financed by tuition. It seeks to support an education that is “available for everyone that seeks it” whether he or she can contribute financially much, little or, perhaps even, nothing at all. In the six months of its existence the group grew to 55 members, of which 42 have children in the school. This membership represents a little less than one fourth of the students at Pine Hill.

To make possible proper financial planning that meets the need of both the school and the association's members, the membership of the collective tuition program had to be closed for this fiscal year.

The program of the group is viable into the future only if it includes all parents of the school so that no one can send their children to the school without being a "Friend of Waldorf Education in Wilton." We are convinced that, if the school is carried in the future by the free activities and contributions of parents and friends, tuition contracts—which mean, in truth, the selling of education to an individual—no longer will be justifiable, and Waldorf Education will truly then be *"available for anyone who seeks it."*

REPORT ON THE FINANCIAL ARRANGEMENTS AT THE RUDOLF STEINER SCHOOL, ZURICH, SWITZERLAND

by Werner Spalinger translated by David Mitchell

Having been at the Rudolf Steiner School in Zurich for more than twenty years, I feel bound to say that our way of dealing with finances has come to mean very much to me.

Whenever new parents make contact with the school it is necessary for us to talk over with them our way of dealing with finances. In the first place, parents have a talk with one or more of the teachers, and at this stage, discussion of the financial side is deliberately avoided. The child himself and the system of education are discussed. After one or more preliminary talks, the stage is reached where it is decided whether or not to accept the child, and the findings are brought to the teachers' conference.

The next step is then to discuss the parents' financial contribution. This discussion does not take place with the teachers, but is between the parents and a member of the Executive Council of the "Friends of the School." This representative member explains to the parents that every child has the right to an education which is adequate to him/her as a human being. If the school aims at being truly a "people's school," it cannot be a school for the children of rich parents only; any child should be acceptable regardless of whether his parents can contribute much or little financially! Consequently some parents pay a considerable sum, others only a little and some hardly any at all. In other words, parents pay according to their particular financial circumstances; they are asked to take into consideration the needs of the school, on the one hand, and their own financial situation, on the other, and thence to decide for themselves what they can contribute every year. That is, the parents are trusted, just as they place their trust in the teachers by giving their child into the teachers' care. Thus there are no fixed fees or allowances, but there is mutual human confidence which involves the need to appeal to the parents' understanding from time to time. Some parents, especially business people, do not like this at first; they want to know how much it costs to educate a child. They are then told that the work of the teachers could not really be paid for, and that, anyway, if a class has thirty-five children and then a thirty-sixth child joins, the "cost" of this extra one is just that of the chair he/she sits on! It is explained to the parents that the school exists for the purpose of educating the children, and that the duty of the parents is to ensure that the school does exist.

It is our experience that, over a period of years, parents become enthusiastic about this way of doing things; and it is a fact that money coming from such an attitude of thinking is different from money coming in on the presentation of a bill. Consequently, the school does not talk of "fee money," but "gift-money."

Usually, the teachers do not know what the parents contribute. This matter is the business of the Executive Council of the “Friends of the School.” On the other hand, the question of whether or not to accept a child is decided by the College of Teachers.

Any teacher who joins the school knows that the salary will be less than what they would get at a State School. A colleague whose function it is to take charge of the financial side will discuss with the would-be teacher, on the basis of his family situation, what salary he/she should ask for. Again, at this point, one trusts the new teacher to know best what he/she needs for a living wage. We call this “the minimum.” Teachers do not know what each other receives, but the emphasis is on “trust,” and if anyone abuses the trust placed in him and asks for more than he really needs, this is his very own affair and he has to take the responsibility for it; one can be quite sure that the result of this will show itself in quite other fields than in the financial one. This way of doing things has been followed since the beginning of the school in 1927. Only the “Friends of the School” Council know the total of the teachers’ “minima.” They allocate the money and guard against anybody gaining any undue influence (via the money) over the pedagogical side. In the eyes of the state authorities, the teachers are not employees of the “Friends of the School” Council, but are looked upon as self-employed.

Curt Englert, the founder of the Zurich Waldorf School, has followed this procedure since 1927, very consciously, out of the concept of the Threefold Social Order. It is very interesting to note that one acquires, in the course of the years, quite a different connection with money within this framework.

When there is a need to “build,” we go thoroughly into the fundamental questions. Once one is sure that the aim is right, then is the time to try to get the money. Money does not stand at the beginning of the chain. We have worked on this principle since the beginning of our school. When a treasurer makes a budget for the coming school year, there always remains a considerable deficit, even after taking into account the parents’ contributions, the Christmas Fair, and donations. At present the deficit on a yearly budget of 600,000 to 700,000 Swiss Francs is about 100,000 Swiss Francs. The school has about 600 pupils. In the twenty or so years that I have worked at the school, this has always been constant, and at the end of the year the gap has always been closed. Sometimes more, sometimes fewer “appeal” letters to parents were needed, but it is always a miracle that the money does come in. One can never judge beforehand. Faith is needed; but, if no personal egotism takes over, it is possible to have the faith. For us it is important that this way of dealing with finances, which has grown out of Anthroposophy was something unfamiliar, as is often the case with parents at the beginning. However, it is possible to count on active cooperation from the parents’ side.

Every year we have a large Christmas Fair, for which preparatory work is done throughout the whole year. One of the last fairs brought in a net sum of 115,000 S.F. (gross 130,000 S.F.) in two days. We believe that the results would not have been so good if we had financial help from the state, or if we had a fixed school fee.

It is certain that this way of dealing with finances can only function where there is continuous, intensive, conscious, and cooperative work by all concerned—“Friends of the School,” teachers, and parents. It is necessary to speak often about Rudolf Steiner’s image of man, about the foundations of our pedagogy, and about aspects of the Threefold Social Order. We do have parents who work actively for these things as well as for Anthroposophical activities, Eurythmy, and the Christian Community. All the above

provide a foundation for this “Being.” In conversations with teachers from other schools (except for the Berne Steiner School, where they took up the same way of doing things in 1946), we hear that no other Waldorf School works in precisely this way. It is not our belief that our ways must be copied. At other places different possibilities exist, and it is out of these that their own solutions to their own problems must grow.

REMARKS OF HERBERT GREIF

Written by David Alsop

The following is a recollection of remarks made by Herbert Greif, a Waldorf teacher and former treasurer of the BUND (the Association of Waldorf Schools in West Germany), in Fair Oaks, California, on September 18, 1987, at a weekend conference dealing with the funding of Waldorf Schools.

On Tuitions: The school faculty and administration should compile the expense side of the budget as thoroughly as possible to determine what the income needs for the coming year will be. This data is then shared in a meeting with the entire parent body, where amendments are suggested or not, and where changes are made or not. The expense side of the budget is then adopted, and the focus of the meeting then turns to income. The total expense budget is divided by the number of expected children, and that is the liability that each parent agrees to become responsible for.

\$1,000,000 total expense budget

400 children	= \$2,500 per child	No discounts no sliding scales, no scholarships
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Each tuition account is set up in the usual way, but payments on accounts are not credited until the end of the month. The amount that each child is credited depends upon the TOTAL SCHOOL TUITION RECEIPTS for that month.

\$100,000 received overall

400 children	= \$250 credit on EVERY account regardless of who paid and who didn't. Therefore, if a family actually paid \$500, but the average payment was only \$250, they would personally get credit for only \$250. Conversely, if a family paid NOTHING, but the average was \$250, they would get credit for \$250 on their account. At the end of the year, EVERY family would become responsible for the balance still shown, regardless of how much or how little they had actually paid to date.
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Herr Greif suggested that this method would require individuals to take responsibility for the whole, and that this form is better than “charging tuition based upon the ability to pay” because it leaves everyone free to pay what they can out of their own initiative rather than as the result of an arbitrary calculation. He said that this plan is not in full practice anywhere, but that it is as close as he had been able to come yet to imagining the ideal for a Waldorf School.

1. See GA 340, Chapters 11 & 12.
2. See GA 23, Translation by F.T. Smith, 1977, pp. 117–118.

Magda Lissau has taught in Waldorf Schools in South Africa, Scotland and the United States. She is on the founding faculty of the Anthroposophical Studies Program in Chicago, is Chairperson of the Midwest Regional Committee of AWSNA, and has written and lectured widely on Waldorf Education.

CHAPTER 7

SETTING UP THE ANNUAL GIVING CAMPAIGN

by David Mitchell

Once a school has begun, its economics need to be stabilized. A major part of this is to establish a solid Annual Giving Campaign. This will allow the parents and friends of the school the opportunity to make free donations on a regular basis. This also helps to create a healthy financial base for the school. Every school, unless it begins with an established and significant endowment, will need funds in excess of tuition to make a balanced budget and to create a capital fund for building renovations, purchase or construction.

- **MAINTAIN ACCURATE MAILING LISTS & RECORDS**

When the idea of a Waldorf School becomes a reality and a group forms to become the midwife, this is the time for a log to be established with the name and address of every individual who comes into contact with the initiative. This log forms the basis of a mailing list and can later be a source to make appeals for annual giving. A scrapbook can also be kept of the biography of the school including all early photographs, newspaper articles, newsletters and other sendouts to show to donors.

It is prudent to establish a policy, early in the life of the school, that every mailing should be proofread by at least one and preferably two other people. The school's mailings must be highly professional, accurate and clear.

- **ESTABLISH THE SCHOOL AS A SPONSOR FOR CULTURAL ACTIVITIES**

The group wishing to start a school should think about sponsoring as many educational lectures and open houses as possible. Established speakers can be invited into the community to lecture on Anthroposophy. Additionally, the group should create as many cultural events as possible for the community—everything from concerts to art shows and folk dancing to events commemorating the celebration of a festival. These activities will securely place the school in the focus of the community's eye and will broaden its exposure. This will have a positive echo when you solicit funds.

- **DEFINE YOUR PUBLICATIONS' DEADLINES AND MAILOUTS**

Before the school year commences, a group can coordinate the mailing list and publication list for the year. All former givers should be cultivated. Observe the people who support your school economically and ask them how they would like the school to keep them informed of its progress. The "publications and mailout projection" should be consciously aligned with your "scheduled events list" for the school year.

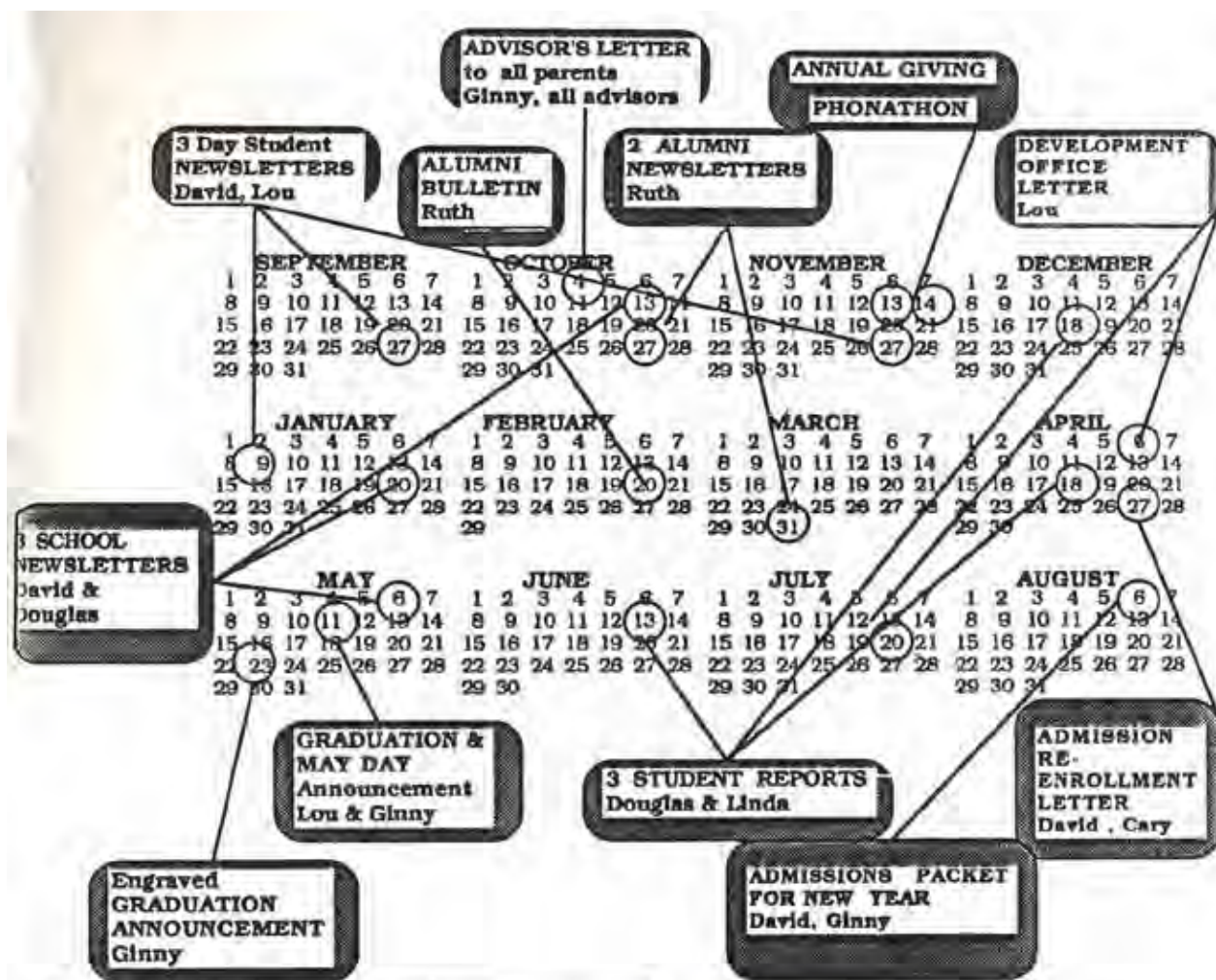
Parents and friends like to hear from the school on a regular basis. Descriptive mailings on the education and development of the school should go out at least three times a year.

The chart below illustrates how a Publications Committee can plan its mailings. It was formulated

to meet the needs of a Waldorf Boarding High School and shows distribution of labor and areas of accountability.

PUBLICATION FORECAST 1987-8

1. The underlined name is responsible that the mailout deadline is set.
2. The mailout deadline is circled. The responsible person should have the publication material ready for review by the Publications Committee or representatives thereof (1) week before deadline.
3. Publications Committee: List the names of members of the Committee



Sequential List of mailings

1987		1988	
27 September	Day Student Newsletter	9 January.....	Day Student Newsletter
4 October	Advisor's Letter	20 January.....	School Newsletter
13 October	School Newsletter	20 February.....	Alumni Bulletin
27 October	Alumni Newsletter	31 March.....	Alumni Newsletter
13-14 November.....	Annual Giving Phonathon	6 April.....	Admissions Re-Enrollment Letter
17 November.....	Alumni Bulletin	18 April.....	Second Student Report
27 November.....	Day Student Newsletter	8 May.....	School Newsletter
18 December.....	First Student Report	11 May.....	Graduation & May Day Announcement
		23 May.....	Engraved Graduation Announcement
		13 June.....	Final Student Report
		20 July.....	Development Office Letter
		6 August.....	Admissions Packet

The following is an attempt to define our philosophy on our different publications and to whom we intend to send them. Every school should identify and write a similar list!

PHILOSOPHY OF PUBLICATIONS

ADVISORS LETTER – To advise all parents of the contact person with regard to social and academic problems.

3 DAY STUDENT NEWSLETTERS – To inform local parents of functions they or their children can attend. To give warmth and information to our local community and foster their support.

3 SCHOOL NEWSLETTERS – (Parents of ongoing students, alumni, friends of the Waldorf School) News and development of the school, curriculum data, interesting articles on adolescents, calendar or schedule, anything which promotes the school and Waldorf Education.

1 *ANNUAL REPORT* – (Mailing List) Publication of the school's finances for the introduction to the annual giving. It is a vehicle for fundraising.

2 *ALUMNI "WEATHERVANES"* – (All alumni) This is a traditional sendout giving the flavor of the school with words of inspiration to all alumni.

STUDENT REPORTS & GRADES – (All ongoing students) This sendout informs parents of grades achieved by their children and gives them direction on where to take their concerns and questions.

ADMISSIONS – (New and ongoing students) These three sendouts ensure the continuity of students. Cooperation is needed with the finance committee regarding fees and with the faculty regarding academic and social qualifications for readmittance.

GRADUATION LETTER – (Senior parents) Letter speaking about graduation and the seniors, where they are going, etc.

MAY DAY – (Mailing list) Announcement to all, inviting them to May Day.

DEVELOPMENT – (Mailing list) Master Plan publications sent with the intention of soliciting contributions.

It is unwise for a school to approach a donor for annual giving without having made an effort to keep him/her informed about the flow of events and mailings in one month, and then have dry spells when they hear nothing. Ideally it is only when we speak from our *hearts* that we truly win people over. Your volunteers can be helped to solicit funds with the conviction in their hearts that what they are asking for is worthwhile.

Before your campaign goes to the general community, the faculty, Board, staff, and volunteers should be solicited in order to have 100% of their support. This makes it easier for them to ask others to give and demonstrates a belief in the school from its center.

• RAISING FUNDS BY MAIL

Another method is the mail campaign. When you send an appeal by mail, you are competing for your readers' time. They probably receive dozens of requests every six months. Most people look at their mail after a hard day's work. About 85% of the time your letter will be opened and the individual will

decide in a few seconds whether or not to read it. How can yours be special? It is vitally important that your appeal be well presented, with clear text, strong graphics, and an important message so that you can grab the recipient's attention.

- **WRITING THE LETTER**

The letter you write should be typed using a good printer. The font should be large and easy to read. The letter should carry a signature, and if the salutation is personal, all the better. Try to use a conversational style with short words, direct sentences and short paragraphs (especially at the beginning of the letter). Restate any important points and focus on two groups of motivations: (a) idealism, altruism, and a generous desire to improve something, and (b) a sense for obligation, ego-gratification and gratitude. Try to get your reader personally involved with your campaign. Show all individuals how their gift, no matter how small, can help you to achieve your goal and how much it will be appreciated. If you can suggest an amount as a guideline, this can be helpful. Include a self-addressed, stamped, return envelope; a pledge card; descriptions of how to write out a check; and/or a place to write their credit card number. Make it possible for them to give monthly or quarterly, and tell them that you will send a notice when their next installment is due.

Try to state your case as briefly as possible. If you can do it in one page, with an enclosed brochure, so much the better. If not, then strive to keep it as brief as possible, with a phone number for them to call for further information or with questions. Add a P.S. for a personal touch. This can include a statement of encouragement to give. Try to make people feel good about your effort even if they cannot give at present. Encourage them to think of someone that they could refer you to who might be in a position to give.

Show your donors how their support of your effort can be of benefit to them, or to humanity at large. Give them the feeling that they are participating in a team effort much larger than any single individual. Help them to feel that *they* make a difference.

If you can use color, graphics, calligraphy or style to make your appeal stand out, it will rise above the other appeals that are received. Be careful not to get too slick or compromise your image. People want to feel that they are helping your effort, not a fancy, high priced advertising campaign.

If you hear no response within sight of the end of your campaign, mail another letter with a handwritten, "We haven't heard from you and feared that the original letter might have been lost!"

Ensure that the envelopes that you use are quality and that the labeling is neat. If you can take advantage of low rate, bulk mailing prices, it will save you money—many donors will appreciate your frugality. Only be sure to account for the extra time that the post office takes in sending bulk mailing. Ask your local post office to estimate the arrival time and be sure that it allows time to meet the deadline of your campaign. If you choose not to bulk mail, then use attractive commemorative stamps—the larger and more colorful the better. Try to make your envelope attractive and inviting. Always include a return envelope addressed to the school.

When a gift is received, document it and send a response immediately. After your first fundraising campaign, you can write up donor cards upon which is written the frequency of the donor's gifts, the size of the gift, their affiliation with your school, their special interest, their primary concerns in education, and any other valuable information. This will insure that you can approach each individual in a personal way each year.

- **HOW TO SET UP A PHONATHON**

When your school has friends that live outside of your local community, you may choose to set up a phonathon. You will need to select a group of volunteers who will give up portions of a Friday evening and/or a Saturday, and you will have to train them. Ask people to commit themselves for a block of time, 2–3 hours at a stretch.

Look within your local community for a company which has a WATS line and ask them if they will donate their phone lines to your school for the specific amount of time for your phonathon.

Send your Annual Giving Campaign information out in advance of the phonathon, alerting people to the fact that they will be receiving a phone call sometime during the weekend of the phonathon.

Prepare phone cards on each individual being called, including past contributions, affiliations with the school, and any other relevant information for the caller to know.

These cards should be prioritized, based on past giving. The major donors are color coded, and the person in charge of the phonathon should screen all volunteers, selecting the most appropriate individuals to make the significant phone calls. On the card should be a space where a log of the phone call can be kept so that numbers busy or not answered can be called again.

Each volunteer can be presented with a list of faculty currently teaching at the school and their educational backgrounds. A current school brochure can be available to each volunteer along with a sheet listing the current enrollment, the purpose of the Annual Giving Campaign for this particular year, and a sheet, double-spaced, with a few of the most current news items about the school: who is new to the school; who, close to the school, has passed away; and what new, exciting programs are currently being offered.

The following can be used as a handout to your volunteers:

DIALING FOR DOLLARS

Annual Waldorf School Phonathon

Thank you...

Thank you for participating in this event. You will be raising money for the Waldorf School by calling previous donors and people who are interested in the school (alumni, friends, parents). Fund money is important because it provides the necessary money for specific needs at the school which are not raised by tuitions. These needs may be tuition assistance, raising faculty salaries, creating a pension plan, specific building renovations or program development (Be sure you focus your goals before the appeal!)

We have tried to organize everything for you so that your telephone calls will be enjoyable and not embarrassing. Remember you are calling to seek financial support for your Waldorf School. People will be happy to hear news of the school, and past campaigns demonstrate that this is a successful method to communicate the school's needs to its wider support group.

Please take a moment to read through the following instructions and information. It will help you to be more successful and organized.

- **WHAT GENERAL PROCEDURES SHOULD YOU FOLLOW WHEN YOU DIAL?**

1. Ask to speak to the person whose name is on the phonathon card. Be formal, unless you are personally acquainted with the individual you are calling.
2. Introduce yourself. Let them know that you are calling long distance on behalf of the Waldorf School and are using a WATS line donated by a local company.
3. Tell them about this year's Annual Giving Campaign and give them the news of the school.
4. Ask for a specific pledge.
5. If you receive a question that you cannot answer, ask them to hold for a moment and try to find someone who can help you.
6. Before you hang up, double check the mailing address and be sure to express your gratitude for their consideration.
7. Move on to your next call, but don't be in a hurry.

- **TELEPHONE SCRIPT WHICH CAN BE HANDED OUT TO NEW VOLUNTEERS**

Please speak slowly, clearly, firmly and with a polite conviction in your voice.

OPENING:

Hello, may I speak with _____.

This is _____ and I'm calling long distance from _____. I'm a parent in the _____ Waldorf School. I hope that you have received in the mail the school's Annual Giving Brochure. The Waldorf School needs your support this year.

We are contacting people like yourself who have an interest in the school to ask for a pledge.

Our goal this year is \$ _____. Can the school count on a contribution from you?

RESPONSE:

If it is "YES" then—

I thank you on behalf of the children and the school. Would you like to use your charge card to handle the payment now? Would you like to pay all at once or in installments? If you would like to pay by check, would you like us to invoice you?

If the answer is "NO"—

May I tell you why the school needs to raise funds this year? The school needs

-to raise \$ _____ for tuition aid

-to raise \$ _____ for (etc.)

Would you consider making a pledge of \$100 to help us?

If the answer is still "NO"—

Is there any amount that you would consider giving so that we can achieve 100% participation?

Listen to their response, and if it is still "NO"—

I can certainly understand your perspective. The purpose of this call is to let you know that the school depends on the support of our friends. Thus far we have been having a good response to our campaign.

If there is some way in the future that your situation changes ... please think of us. We would appreciate your financial support.

If at any point the answer is changed to “YES”—

Thank you. I realize that you are making a sacrifice, it is for a good cause.

What amount shall I put you down for? When would you like to make the payment?

Credit card?

The children and the school thank you for your generosity!

THE CLOSING:

Thank you very much for taking the time to talk with me. We hope that you can come to the school for a visit and to experience the wonderful things that are going on here.

I hope to meet you personally one day. Good-bye!

WHAT ARE SOME OF THE OBJECTIONS YOU MIGHT HEAR?

“This is not a good time for me to contribute.”

I understand. Would it be possible for you to consider a pledge that you could send at a later time?

Is there a particular schedule that would be better for you to join our effort?

“I already contribute to your Capital Fund Drive.”

Thank you very much. The Capital Fund Drive was a success for the Waldorf School. However, other needs still exist for the school aside from capital drive. We are reaching out to all our friends in the Annual Drive as we do every year. Can we count on your continued support?

“I can’t give much this year so I don’t think I’ll give at all.”

We are looking for full participation from our friends—no gift is too small. If we had a hundred small donations, it would add up to a significant amount. Everything helps, and the school is very conscious to make all the contributions work properly. Won’t you please consider making a contribution?

“You have other contributors, why should I give?”

The school counts on all its friends equally. We need you all. Everyone’s thoughts are important. In any amount, every pledge makes a difference. We are looking for 100% participation this year, won’t you consider helping?

“The school is well off, I heard you received a large gift, you don’t need any support.”

Yes, we do need your support. We are able to attract large donations because the donors see that we are able to reach out and receive support from people like you. You make it happen. The school’s budget depends on private donations. It allows us to grow. This telephone appeal is a way to directly communicate the school’s need for your support. Your help is really needed.

“My funds have already been allocated for this tax year.”

Would you consider us for next year, perhaps making a pledge now that we could remind you of in January?

"I do not support the school and I won't make a pledge."

Thank you for your directness. I'm sorry that you feel that way, and I hope that one day you may change your mind. Waldorf Education, in my opinion, is very worthy of our support. Shall I take your name off of our mailing and phone lists?

* * *

SAMPLE ANNUAL GIVING REPORT FORM FOR PHONATHONS

Name of person called: _____

Telephone # _____ / _____

Date called _____

Time called _____

Response to call ☐ no answer in _____ attempts

☐ busy signal

☐ will contribute \$ _____

☐ needs to be called back for amount

☐ will not contribute this year

Reason: _____

☐ wants name taken off of mailing list

Method of Payment

☐ Will send check by _____

☐ Will pay according to schedule worked out below

☐ Monthly beginning _____

☐ Payments beginning _____

☐ Other

☐ Needs invoice before each payment

Charge card ☐ VBA ☐ MASTERCARD ☐ other

Card number _____

read number back for accuracy

Expiration date

FOLLOW UP INSTRUCTIONS:

**PLEASE ATTACH THIS REPORT TO YOUR CALL CARD AND TURN IT IN TO THE MAIN DESK
THANK YOU FOR YOUR ASSISTANCE.**

Name of volunteer making calls

* * *

SAMPLE PLEDGE CARD FOR PHONATHONS AND FOR MAILING

On an index card you should have the following information:

Donor's Name Street Address Town or City State & Zip Code	TELEPHONE # ____/____-____ AMOUNTS OF PAST PLEDGES 1985 1986 1987 1988 1989 ____ ____ ____ ____ ____
RELATIONSHIP TO THE SCHOOL Alumni Parent Grandparent Friend Board Former Staff Other _____	
DONOR'S OCCUPATION: _____	
SPECIFIC INFORMATION: _____ _____ _____	
PLEDGE ANTICIPATED : \$ _____	

Before you call rehearse your presentation out loud. Listen to what you say and evaluate how it sounds to you. Slow your pace down unless you are a “turtle talker”! Select key words in your presentation to emphasize, project your voice, and articulate your words.

There is no correct way to handle every phone call. However, experience has shown that there are *four types of people* you may have contact with.¹ Below is a characterization of these individuals as well as suggestions on how one might respond to them.

The CHOLERIC listener may

- know everything that you are saying
- start to speak before you are finished
- pay little attention to what you are saying
- be explosive with his/her remarks
- put you on the defensive
- try to dominate the conversation

How you might handle it: They respond to firmness, warmth, strength and persuasive skills. Try to speak to them out of their own experiences. Build up their ego. Use reasoning, but don't be apologetic. Show your knowledge. Confirm by acknowledging their “implied” participation. Ask their advice. Reason with them.

The MELANCHOLIC listener may

- ask you how you got their telephone number
- complain, and try to seek your sympathy
- want to talk with someone else first

- discuss with you hard times and life problems
- not know how to make a decision
- express fear about the gravity of the situation
- waver back and forth as they try to decide
- make excuses why they can't help

How you might handle it: Show your sympathy and emulate your listener, but stay on track with the purpose of your call. Agree that their complaints are probably justified—if in fact they are! Be friendly and supportive. Make them feel comfortable. Speak in a clear, decisive, but non-threatening tone. Help them make a decision (I'll put you down for a pledge in the amount of...). Don't give them too many choices. Arouse their curiosity, tell them an anecdote, create a picture for them of how their support will strengthen the entire campaign.

The PHLEGMATIC listener may

- excuse themselves to get a snack while you talk
- not promise, and hesitate in making a decision
- hedge and stall
- be evasive, and pretend they don't hear you
- need to know who else is contributing
- want to review everything that has been mailed
- be inattentive to what you are trying to say
- question amounts of money, levels of giving

How you might handle it: Offer concrete suggestions as to how they can make a donation. Be clear, with short direct responses. Use the words "investment in" rather than "contribution." Spark their interest and be reassuring. Restate your message frequently. Speak slowly. Use a third party influence ("So and so especially suggested I call you...") Appeal to their reasoning powers, and tell them you are collecting and gathering from many sources to make a large amount for the school.

The SANGUINE listener may

- be bubbling over at receiving your call
- put you on hold for fifteen minutes
- search for a way to get out of the call quickly
- talk about their experiences with the school
- make many excuses
- try to change the subject frequently
- be excitable
- jump to make a smaller contribution than you had hoped they would make.

How you might handle it: Be happy and enthusiastic. Shorten your presentation and be prepared for detours. Appeal to their individuality. Ask questions that will connect them personally with the campaign. Help them feel good with themselves about making a sound contribution. Let them sell themselves when they get on a positive track ... then move quickly to secure a pledge.

- **CONCLUSION**

When you are soliciting a donor for your school you should:

1. Believe in the purpose of your request
2. Be honest and sincere in your presentation
3. Be prepared with your information
4. Listen carefully to what your donor says.

Every independent school has an Annual Giving Campaign. It is an economic necessity and should take place regardless of any other fundraising that you are doing. Success will come to those who prepare and execute their campaign with professionalism and warmth.

When the campaign is concluded, donors will appreciate hearing the results of the campaign, how the contributions were dispersed, and a voice of gratitude to all who made it successful.

1. See Rudolf Steiner's *The Four Temperaments*, Anthroposophic Press.

David Mitchell has helped to found three Waldorf Schools, one in Norway and two in the United States. He has taught at all levels within a Waldorf School—has taken a class through eight years at the Pine Hill Waldorf School, was an administrator and high school teacher of life sciences at High Mowing, and is an adjunct professor at Antioch's Graduate School of Education, Waldorf Masters Degree program. Currently at Pine Hill, he is helping to develop a "Lebenskunde" program. Active in the Association of Waldorf Schools of North America, he is Chairman of the Eastern Regional Committee, Co-Chairman of the Economic/Legal Committee and a member of the Publications Committee.

CHAPTER 8

FUNDRAISING AND GRANT WRITING

by David Mitchell

Waldorf Schools, like other independent schools, are not usually able to make economic ends meet through tuition receipts alone. It is necessary to raise additional funds through **annual giving, fairs/auctions**, and the **writing of grants**. This chapter will outline these three areas.

Annual giving should be explained to every parent entering the school as a necessity for the survival of the school. The autumn is the best time for an annual giving campaign. This is the time of the year when people think about schools, their own schooling and that of their children. Annual giving appeals to these deep feelings. When annual giving is rhythmically in place every autumn, your donors anticipate it. It must, however, not be the only time in the year that people hear from your school. A newsletter should precede the annual giving drive, and there must be several occasions to share news with your greater community in which there is no solicitation for funds.

Some schools use annual giving to refill the budget with the amount of money given to tuition assistance. Other schools have used Annual Giving for specific projects such as the purchase of a new van or the outfitting of a science lab. Every school will have to decide whether they are carrying Annual Giving in their budget as covering deficit or with a more positive connotation—program support.

Annual giving can be a “by mail only” campaign; however, telephone or personal interviews are far more successful. If there is a local company that will donate the use of their WATS lines for a weekend, then you can rally a group of volunteers to make personal phone calls around the country to those individuals most connected to your school. Once a pledge is made, a pledge card and a thank you letter should immediately be put in the mail. It is also a wise idea to report back to your donors how the Annual Giving was utilized.

Fairs and auctions are other ways to bring non-tuition funds into your school, but their importance is not primarily monetary. These events are social and are of great importance in bringing the faculty and the parent body together in a joint effort on behalf of the school. It is of great importance that all faculty and as many Board members as possible work to assist these efforts, for it is in the person-to-person meeting with the parents that true bonds of future support are forged. This creates the mantle of warmth which surrounds our Waldorf Schools.

There are many types of events that a school can sponsor. The main parameter is that every event should be one of quality. So if you have a Christmas Fair, try to insure that everything is of a high standard and prices are reasonable. If this is so, then word will spread and each year more and more people will be attracted to your school functions. Further, the quality of your fairs will influence the community in their opinion of Waldorf Education. This will bring more children into the school.

Other worthwhile events may be a spring or autumn auction, a spring fair, a May Day fair, a crafts fair sponsored by the school, etc. One school has an annual pottery fair which brings in excess of \$15,000

per year. They invite the best potters in the area and charge them a percentage of their intake. It has become so popular that people travel from all over the East Coast to attend.

Christmas Fairs taking in \$20,000 are common, so it is possible, with good planning, to make revenue from such events, but once again making a profit should not be the sole purpose of the fair.

The schools also take in revenue by sponsoring local cultural events such as concerts, eurythmy performances, recitals, community plays, etc. Again, these events are not necessarily put on as money makers, but rather as cultural offerings to the community. Again the school becomes recognized as a leader in the cultural sphere: This attracts notice and helps provide a healthy interaction between your school and your community. When this relationship is cultivated in the right way, then money will be available.

Finally, there are **foundations** which are sources from which schools can apply for funds. A foundation is a nongovernmental, nonprofit organization with its own funds and programs managed by its own Board of Trustees. Foundations are established to aid educational, social, artistic, charitable, and other activities serving the common welfare primarily by making grants to other nonprofit organizations. Some foundations may use different words in their names, such as “fund,” “endowment,” or “trust,” but these terms are not legally or operationally different. Education has always ranked highest on the list of beneficiaries of foundations.

There are five basic kinds of foundations:

The **independent foundations** have assets which come from the gift of an individual or family who has decided how the foundation shall issue grants and to what specific purposes. These foundations are most frequently local in character and are the most important source. Two examples of large independent foundations are the CARNEGIE CORPORATION and the FORD FOUNDATION.

The **company-sponsored foundations** derive their assets from a profit-making company or corporation, but are separately constituted organizations. Their giving tends to focus on the community where the corporation operates, in fields related to corporate activities and to nonprofit organizations connected with their employees. Many companies will match gifts given to Waldorf Schools by their employees. DIGITAL and GENERAL MOTORS are two large companies with company-sponsored foundations.

The **community foundations** are publicly supported organizations which derive their funds from many donors. Their grant-making activities are generally limited to charitable organizations in their local communities. They are usually classified by the IRS as public charities and therefore are not subject to the same regulatory provisions that apply to private foundations. They are among the most open foundations, and they usually make a great deal of information available about their activities. The NEW YORK, SAN FRANCISCO, and CLEVELAND FOUNDATIONS are three of the largest of the approximately 250 community foundations.

The **Federal Government** operates several programs with similarities to foundations. They are funded from tax monies appropriated by Congress, and they function as government agencies rather than as private foundations. Examples include the NATIONAL ENDOWMENT FOR THE ARTS and the NATIONAL SCIENCE FOUNDATION.

Operating foundations also maintain a fund derived from a single source, but their primary purpose is to operate research, social welfare, and other programs determined by their governing body. They generally make few if any grants to other organizations. The TWENTIETH CENTURY FUND and the AMHERST H. WILDER FOUNDATION are examples of operating foundations.

Each year nearly one million requests for funding are made to the approximately 22,000 active foundations in the United States. Of these requests, perhaps no more than six or seven percent eventually obtain the support they were seeking. The vast majority of these requests are declined, some because there are never enough funds to go around, but many because they represent programs which do not match the guidelines of the foundation. Grant requests may also be denied because the applications are poorly prepared and do not reflect a careful analysis of the organization's needs or its capacity to carry out the program proposed.

Each foundation is unique, and you should be sure to find out about the selection process demanded by the particular foundation that you have applied to. The improper solicitation of a foundation can damage your reputation and can harm other Waldorf Schools as well!

To assist in researching for proposal writing, the foundations in North America have created THE FOUNDATION CENTER to assist in the soliciting of grants. THE FOUNDATION CENTER is a resource center whose purpose is to assist in the proper application for grants. Information can be received by writing to:

THE FOUNDATION CENTER

79 Fifth Avenue

New York, NY 10003

Unlike other funding sources, foundations do not issue lists or announcements specifying available grants. The best indication of their current interests is for you to research their recent funding patterns. The Foundation Center publishes COMSEARCH which is made up of printouts of all actual grants made of \$5000 or more to non-profit institutions.

Many foundations place limits on their giving, including subject areas, recipient types, and geographic locations. Finding out about these limitations before you submit your proposal will save you a great deal of time.

After developing a list of foundations with a funding history in your field, you must learn as much as possible about each. Such information is available in annual reports published by approximately 500 foundations. The IRS publishes tax returns for all private foundations. These can be found in THE FOUNDATION CENTER'S:

NATIONAL DATA BOOK (an analysis of grantmaking by assets, grants, type and state)

CORPORATE FOUNDATION PROFILES (detailed analysis of the 230 largest, company sponsored foundations plus a brief profile of an additional 400 corporate foundations, the fastest growing segment of the foundation community)

GUIDE TO FOUNDATION PROFILES (covers 711 companies, listing significant information and a statistical analysis)

SOURCE BOOK FILES (this comes out quarterly and provides a 4–8 page analysis of the 1000 largest foundations. This book breaks each grant down into area of giving, type of grant, support awarded,

and types of recipient organizations.)

THE FOUNDATION CENTER recommends strict adherence to the following questions:

- ☐ 1. Does the foundation have any geographic limitations which would disqualify your proposal?
- ☐ 2. Does your project or organization fall within the foundations stated or traditional giving program?
- ☐ 3. Does the foundation make grants for the type of support you need? (construction, science supplies operating budget, etc.)
- ☐ 4. Does the foundation make grants in the amount that you need?
- ☐ 5. Does the foundation have particular application guidelines or procedures to be followed and have you followed them?

Schools should cultivate both big and small foundations in their own geographical area. If you determine that the grant-making interests of a foundation in your own community coincide with those of your school, you will want to create a good relationship with the appropriate staff members. It might be possible to build a funding structure using a variety of components. For example, you could solicit small grants, from \$150–\$6000, from local foundations for continuing support and only approach the large foundations when you have a large project.

Even after you have properly researched and identified the foundations who receive your proposal, you are not prepared to write your grant. First you will have to examine if the foundation has any set procedures or steps that must be followed. Many foundations have no applications and leave the grantseeker free to present their ideas in the most appropriate format. However, all foundations do expect to find certain facts and figures in all proposals that they receive. The following is a checklist of what a good proposal might contain:

- ✓ 1. A cover letter outlining the most significant points in the proposal and asking for the foundation to consider the attached proposal.
- ✓ 2. A cover page with the foundation's name, your school's name and the title of your proposal.
- ✓ 3. A table of contents listing everything within the proposal.
- ✓ 4. A summary of the proposal condensed to one page and including the sum of money requested, the specific purpose of the grant, the total budget of the project, and the anticipated end result.
- ✓ 5. The qualifications of your school's organization and staff to carry out the project.
- ✓ 6. A statement of the problem or need which the project is seeking to fund.
- ✓ 7. The goals or objectives of your project.
- ✓ 8. The methods which you will employ to attain your objectives and who in your organization will be accountable to see that the steps are carried out.
- ✓ 9. The evaluation criteria by which your program's effect will be measured.
- ✓ 10. Your budget in detail.
- ✓ 11. An appendix including evidence of your tax-exempt status, supporting documents, your latest audit, references, current operating budget, most recent IRS Form 990, names and addresses of your Board, etc.

Make sure that your final document has page numbers which correspond with your Table of Contents

and that it has been thoroughly proofread by a few individuals to check for mistakes in English usage, grammar, and spelling. Make sure that the proposal is to the point and readable.

If you have no prescribed guidelines, you can write a letter proposal which is less than two pages, double-spaced. A full proposal should be no more than five pages, double-spaced. In any case the foundation should be contacted in advance of the proposal. The involvement of your Board can be crucial in some cases.

One support group that offers programs and services to help schools and institutions increase private financial support is CASE *Council for Advancement and Support of Education*. They offer regional workshops on proposal writing that are highly recommended.

CASE

Suite 400, 11 Dupont Circle

Washington, DC 20036

Tel #202/328-5900

CASE holds many different workshops which may be beneficial to your school. In the summer they offer five-day, intensive institutes in educational fundraising as well as a variety of other topics. Also CASE has many publications (books, monographs, and microfiche). Membership in CASE is open only to non-profit educational institutions. There is a yearly fee for membership.

One of the best pathways to a successful grant application is to know someone connected with a foundation who may be supportive. Often one finds, within the school's parent body, individuals who have influence or are related to someone who has; they might be willing to speak on behalf of your school.

You may have within your parent body individuals who work for companies that are willing to give matching grants for any donation an employee makes to a nonprofit organization. This can be an added incentive for large gifts.

Do not overlook your State Attorney General's office. They may have jurisdiction over bequests and legacies for which your school might qualify.

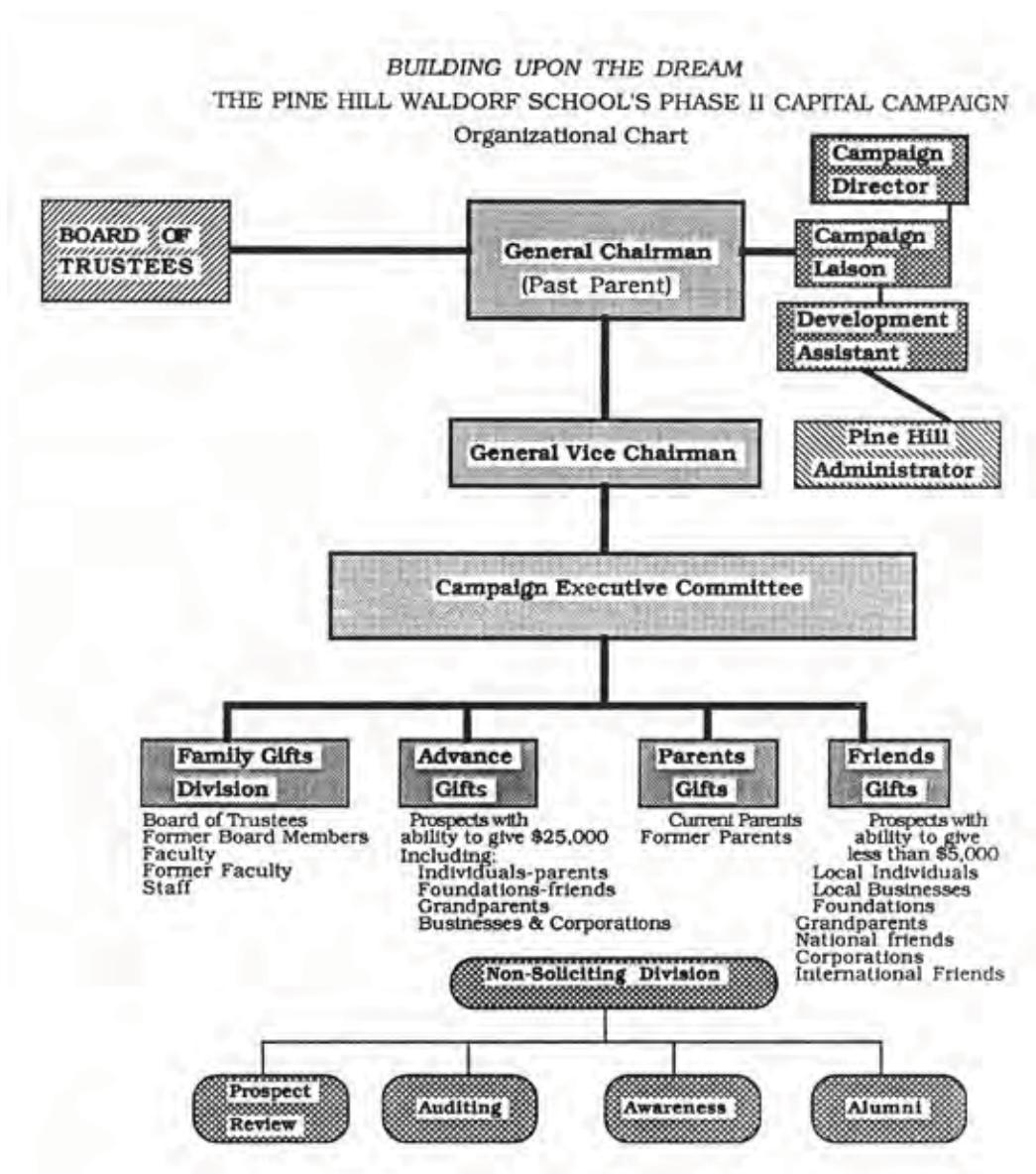
When it comes to raising large amounts of money for a building for the school, you will need to embark upon a Capital Campaign. You may choose to hire a professional fundraising company to assist you in organizing the campaign and helping to identify and solicit the prospective donors. It must be emphasized that hiring a professional fundraiser does not guarantee that you will take in money. What they will do is help to organize "you" so that you can effectively solicit money. Not everyone is ready for this and each school should ponder it carefully. Also, all fundraising forces a critical analysis of the school's program and faculty.

While the Annual Giving Campaign is for the operating budget, the Capital Campaign is for bricks and mortar. Capital fundraising is 90% planning and 10% involvement. Raising money is a little bit like milking a cow. The cow doesn't respond too well to a letter or a phone call—you've got to sit down and work on her to get what you want. The direct mail approach is the most expensive form of fundraising. Face to face always works best. The best source of money for our schools is those people who have already given. These people are referred to as "renewals." These people must be properly cultivated, as has been pointed out earlier in this chapter. The goal of people working on a capital campaign is to attract large bequests.

Ketchum, Inc., asks ten short questions before they will take on working with an institution on a capital campaign. So you want to start a capital campaign:

1. For what?
2. Why?
3. Where?
4. Who will raise the money?
5. Who will manage the campaign?
6. How?
7. How much money do you want to raise?
8. What besides \$?
9. How frequently have you asked in the past and when will you ask next?
10. What happens after the campaign is over?

The following organizational chart demonstrates how Ketchum, Inc., set up The Pine Hill Waldorf School's second phase of its building project which was entitled "*BUILDING UPON THE DREAM.*"



The Pine Hill Waldorf School
Phase II Capital Campaign
Foundation Research Form

Name of Foundation:

Address:

Phone Number: ()

Contact Person:

Assets: (Note year)

Board of Trustees/Directors:

Primary interest areas:

Sample range of past giving: High gift, year _____ Low gift, year _____

Procedures for submitting requests:

Deadlines for submission of requests:

Past giving history to Pine Hill:

FOUNDATIONS SPECIFICALLY FORMED TO HELP WALDORF SCHOOLS

WALDORF EDUCATION IN THE WEST

This is the charitable foundation begun in 1969 for the purpose of supporting Anthroposophical work and Waldorf Education in America and for encouraging cooperation between Waldorf institutions. The Foundation makes interest-free loans and grants available to individuals seeking Anthroposophical training. Applications must be received by March 15 for consideration in April. Applicants should request either a grant or a loan application and include a brief life summary, two letters of recommendation and their social security number. The completed package should be sent to:

Waldorf Education in the West
Copper Beeches, Plaw Hatch
Sharpthorne
Sussex, England 810619

**THE WALDORF EDUCATIONAL FOUNDATION
(GLENMEDE TRUST COMPANY)**

This foundation was established in 1951 for the purpose of strengthening the philosophies of Rudolf Steiner as taught in North America through Waldorf Education. Its capital comes from the Pew Charitable Trusts. Grants are awarded once per year, usually in the month of May. All proposals must be received no later than April 15. Grants are made to those schools, institutes, and other pedagogical institutions affiliated with and recognized by The Association of Waldorf Schools of North America. Copies of all grant proposals must be sent to the Chairperson of AWSNA. Specific guidelines can be received by writing to:

Ms. Melanie Quackenbush
The Glenmede Trust Company
229 South 18th Street
Philadelphia, PA 19103

ANTHROPOSOPHICAL FOUNDATION OF THE MIDWEST

This group invests its money in the form of grants so that its returns yield the maximum financial benefit to the Anthroposophical cultural life. Formed in 1978 the Midwest Economic Group has multiple tasks, such as to initiate Anthroposophical financial projects and to raise funds for the Anthroposophical Foundation of the Midwest. It works with Anthroposophical, tax-exempt organizations in the geographical region of the midwestern United States. Specific information can be received by writing to:

Rudolf Steiner Foundation
Anthroposophical Foundation of the Midwest
1002A O'Reilly Avenue
San Francisco, CA 94129

WALDORF SCHOOLS FUND, INC.

Incorporated in 1948 and registered in the state of New York, the Board meets twice yearly. This perpetual trust is limited to the benefit of schools in the United States which are full members of the Association of Waldorf Schools of North America. All grant requests should reach the Fund Chairman prior to April 1 and September 15. Grant requests should contain:

- a brief, official letter outlining the nature of the request
- supporting documents, including an institutional budget and the budget of the grant-application-related project. If the project is a large one, you should state how it will be completed.

Twelve sets of the above should be sent to:

The Secretary
Waldorf Schools Fund, Inc.
% The Nature Institute
Route 21 C
Ghent, NY 12075

RUDOLF STEINER FOUNDATION

Incorporated in 1934 as a not-for-profit membership foundation, it serves as an objective third party in transactions between donors, lenders and receivers of financial resources. It tries to create an environment in which money can follow the intentions of human beings working out of Anthroposophical insights. It works with schools to help them with their financial planning, to assist them with setting up loan pools, and acts as a receivership for gifts and pledges. Information can be received by writing to:

Rudolf Steiner Foundation
1002A O'Reilly Avenue
San Francisco, CA 94129

FOLLOW UP (After you've written the proposal)

- [] Make sure that you keep a complete record of all material you've sent.
- [] Mark your calendar at dates that any subsequent material is due.
- [] Give copies to anyone in your school who should see it.
- [] Give copies to anyone who had helped you in the preparation of the proposal and/or write thank you notes.
- [] Implement additional strategy—ask any contact to use his/her influence with the recipient of the proposal.
- [] If after a reasonable amount of time you have heard nothing about your proposal, then:
 1. Phone the organization and keep them up to date on any news you may have with regard to the proposal.
 2. Have your contact inquire on your behalf.
 3. Phone the person in charge of your grant and ask him/her what the status is.
- [] When you hear a favorable or negative response, then:
 1. Immediately acknowledge the foundation's communication.
 2. Inform everyone connected with helping you to draft the proposal.If the response is positive, then
 3. Begin implementation and prepare to document the grant's progress.
 4. Notify individuals within your school who are responsible for financial record-keeping and documentation.
 5. Keep your foundation posted on all exciting developments surrounding your grant.
 6. If the response was not favorable and your proposal was not considered, then find out why. Be sure to ask for advice for your next proposal.

* * *

PLANNED GIVING is considered by many to be highly important for Waldorf Schools to develop. The following article by Louis Rossi of High Mowing School attempts to shed some light in this area.

PLANNED GIVING

by Louis Rossi

This overview of Planned Giving has been written fully recognizing that no Waldorf School in North America currently has such an effort in place. Yet I feel it is appropriate to introduce this topic because several of the more established schools will and should be contemplating such a program in the near future. My purpose is to provide an appreciation for the factors involved in planned giving, and how one could get started in the field.

One of the first development activities undertaken by a Waldorf School is Annual Giving, and I am interpreting this in its widest sense—any income that supports annual operating expenses. These include cash gifts; income from auctions, fairs, etc.; gifts-in-kind; and donations of materials and equipment. While a great deal of planning, organization and physical labor is involved in successful annual giving, the degree of specialized skill involved is not very great. With a little common sense, annual giving activities can usually go a long way.

When schools undertake capital campaigns, at least one additional factor is required: Expertise is brought into the organization at some level, and usually the earlier the better. This is evidenced by several Waldorf Schools contracting outside consulting firms, electing fundraising counselors to their Board of Trustees, etc. This is understandable as the gift amounts solicited are much larger and require donor research and cultivation, and the campaign is more sophisticated in organization and content.

A school's development picture is rounded out by the "Planned Giving" which is receiving increasing attention from many non-profit organizations. Here the level of organization, planning, and expertise is at its highest. It is unlikely that planned gifts are made to any institution without the advice and consent of tax attorneys. While a Waldorf School could conceivably acquire the expertise necessary to conduct an annual giving and capital campaign, it is not practical to think that a school could embark on a planned gift program without a tax attorney and some form of external fundraising counsel.

The following definition of Planned Giving is quoted from a Steven Sheppard article in "Handbook for Development Offices at Independent Schools," edited by T.J. Whelan and published in 1982 by the Council for the Advancement and Support of Education—CASE (an organization a growing number of Waldorf Schools have found it useful to join). *"In general, deferred (Planned) giving encompasses various forms of irrevocable as well as revocable agreements or intentions to make productive assets available to a charitable institution at some point in the future. It encompasses, but is not limited to, bequest programs, separately managed trusts, pooled income funds, current and deferred gifts annuities, bargain sales, charitable land trusts, gifts of life insurance, and others."*

It is clear that a relatively large degree of time, resources and budget must be invested by a school in order to conduct a planned giving program. However, successful planned giving programs can yield significant income for schools. The Council for Financial Aid to Education recently reported in their "Voluntary Support of Education" 1984–85 issue that Planned Giving accounted for 28% of all gifts to higher education in that year.

With the permission of the Taft Group, the "Comparative Guide to the Features of Nine + Years of Planned Gifts" is given below. The gift types represent legally available vehicles that maximize tax benefits to the donor, depending on their financial situation. The task of the development office is to identify a potential donor's asset profile, determine which planned gift could be most appropriate, and then gain the interest and attention of a potential donor. Once an agreement in principle is reached, a tax attorney (either the school's or the client's) can put it in final form. This is not, however, as simple as it sounds. A great deal of organization, expertise, planning, and diplomacy is involved in this process.

Comparative Guide to the Features of Nine Types of Planned Gifts

Finding the type of planned gift that will best meet the needs and desires of donors and nonprofits is a special challenge. This chart can help. It is an abridged version of one that appears in Alden B. Tueller's book, *The Planned Giving Deskbook: A Continuing Guide to Tax Law and Charitable Giving*, published by the Taft Group.

Planned Gift Type	Donor Profile	Benefits to Donor	Benefits to Nonprofit	Donor's Control of Gift
1. Revocable Gift *	Desires/needs to be able to revoke gift.	Total Control/ownership during life; estate tax reduction	Charitable gift at donor's death	Absolute until death; thereafter, none (except some "say" in how nonprofit manages)
2. Outright Gift	Willing/able to give all rights in asset immediately	Income, gift, and estate tax deductions; simplicity	Full ownership of gift without waiting for donor death	Generally, none (except some "say" in how nonprofit uses assets)
3. Bargain Sale	Willing to let nonprofit own entire asset, but need/wants part of payment for gift asset	Income, gift, and estate tax deductions; part payment for gift asset	Same as above	Same as above
4. Remainder Deed Or Life Estate	Owner of farm/home who wants use of asset until death	Income, gift, and estate tax deductions & lifetime use of farm/home	Irrevocable right to own home/farm after tenant (usually donor)	Complete right to manage/operate during life, but no power to waste or sell without consent of nonprofit
5. Charitable Gift Annuity	Similar to bargain-sale donor, but wants payment in installments, for life, and guaranteed	Income, gift, and estate tax deductions; lifetime, fixed or annual income; guaranteed	Same as # 2	Same as # 2
6. Charitable Lead Trust	Requires substantial income, gift, estate-tax deduction; moderately to very wealthy	Income gift, and estate tax deductions; possible retained management; may regain or transfer trust assets at end of trust	Irrevocable payments, at least annually, for trust term	Donor can be trustee
7. Pooled Income Fund	Small to large assets. Wants to keep or give lifetime income from the gift assets	Income, gift, and estate tax deductions; lifetime income without limits; investments diversified guaranteed	Irrevocable right to receive the fund assets attributable to the income beneficiary's share at the death of beneficiary	None
8. Charitable Remainder Trust	Large assets. Wants inflation hedge, income for life or fixed term. May want investment of trust.	Income, gift, and estate tax deductions; lifetime or term income with % limits. investment control; guarantee	Irrevocable right to receive the trust assets when trust ends.	Donor often can be a trustee
9. Charitable Remainder Annuity Trust	Similar to #8 except donor desires fixed payments during trust term.	Same as above except lifetime or term income has dollar limits rather than %	Same as above	Same as above
<p>* Requests in wills or revocable trusts, insurance policy beneficiaries or savings account trusts.</p> <p>© THE TAFT GROUP, reprinted with their permission.</p>				

The incentives for the donors of planned gifts are apparent when examining the nine types of Planned Gifts. There are income tax savings which can be substantial in the case of appreciated property. There are estate and inheritance tax savings and probate savings as well. Some types provide life income to the donor or stated beneficiaries, and of course, the satisfaction of providing long range assistance to your school. In exchange for the benefits, the donor gives up control of the gift assets during their remaining lifetime.

An example of how a Charitable Remainder Unitrust works is given below (taken from “Introduction to Planned Giving Workshop” by Winston Smith and sponsored by CASE):

“A donor in the 38.5 % tax bracket transfers to a Trustee assets that cost \$20,000 but are now worth \$100,000. Donor receives a current income tax deduction of \$60,000 (this varies with the age of the donor and the agreed rate of return).

This provides donor with a current income tax savings of \$23,100, plus capital gains tax savings of \$22,400. ($\$100,000 - \$20,000 \text{ cost} - \$80,000 \text{ gain} \times 28\% = \$22,400$), for a total tax savings of \$45,500.

The trustee pays the donor an 8% annual return of \$8000. However, donor’s effective rate of return is:

\$8000 which = 14.7%.

\$54,500

The \$60,000 current income tax deduction depends on the age of the donor and agreed rate of return (in this case 8%). By placing the gift of \$100,000 in a charitable remainder unitrust, the donor in this example pays \$45,500 in taxes, thus the cost of the \$100,000 gift is reduced to \$54,500.

If the donor were to place the \$100,000 in a certificate of deposit instead of making the gift, he would retain control over the total amount which would be effectively reduced to \$54,500 by taxes. His annual income, assuming the CD pays 8% interest, would be \$4360. One way of looking at this example is that is in exchange for giving away the control of the appreciated asset, the donor gains \$3640 (\$8000 - \$4360) in additional annual income during his lifetime.”

Should a school explore a planned giving activity as part of their overall development program? It would seem that at least the following guidelines ought to be met. The school should have:

1. An established, active and staffed annual giving program in place.
2. At least one or two successful capital campaigns conducted.
3. A Board of Trustees solidly behind the effort.
4. An identifiable, planned giving, prospect list.
5. An opinion from a respected fundraising counsel.

If you are seriously considering a planned giving activity there are numerous workshops, seminars, and planned giving organizations that can be helpful. There are several introductory Planned Giving Workshops sponsored by CASE that are well organized and highly informative.

BIBLIOGRAPHY FOR GRANT WRITING

by David Mitchell

ANNUAL REGISTER OF GRANT SUPPORT. Chicago: Marquis Academic Media. (\$62.50). This provides detailed information and eligibility on public and private foundations as well as government agencies.

“COMSEARCH Printouts.” The Foundation Center: \$115 per category; \$5 per category on microfiche; \$175 for complete set of 99 categories (microfiche)

FOUNDATIONS’ ANNUAL REPORTS. Write to the foundation and request this.

THE FOUNDATION CENTER NATIONAL DATA BOOK, New York: \$55 for 2 volumes published annually in December. This is good for researching smaller foundations. It provides a brief profile of each, culled primarily from IRS returns.

THE FOUNDATION CENTER SOURCE BOOK PROFILES, New York: The Foundation Center. \$265/year for apprx. 500 profiles.

THE FOUNDATION DIRECTORY NEW YORK, The Foundation Center. \$60 for a descriptive report of information on 2800 of the largest foundations in the U.S.

THE FOUNDATION GRANTS INDEX, New York: The Foundation Center. \$40 gives you a review of the pattern of giving for around 500 foundations.

THE TAFT FOUNDATION REPORTER, Washington, DC. The Taft Corporation: \$267 for their Directory, \$110 for 12 issues of “Foundation Watch Update.” This gives biographies of directors and trustees as well as detailed information on 500 private foundations.

STATE DIRECTORIES AND FOUNDATIONS, Your own individual State House: Cost ranges between \$5–\$25. This gives information on foundations and private bequests within your own state. It is controlled by either the State Attorney General’s office or the Office of the Secretary of State.

Freeman, David F. THE HANDBOOK ON PRIVATE FOUNDATIONS, Washington, DC. Council on Foundations, 1981: \$14.95. This is a guide on “how to do it” from the foundation’s point of view.

CORPORATE ANNUAL REPORTS, Free when you request them directly from the company to which you plan to make a proposal.

HOW TO RESEARCH A CORPORATION, Chicago: The Midwest Academy, Inc., 600 West Fullerton,

Chicago, IL 60614. This is a short, comprehensive explanation of the key points that you can use to determine a corporation's priorities.

CORPORATE 500: THE DIRECTORY OF CORPORATE PHILANTHROPY, San Francisco: Public Management Institute, 1983. \$245. This Directory gives you reports on the leading corporate philanthropies.

BOYD'S CITY DISPATCH, Upper Main St., Box 1087, Sharon, CT 06069. \$60/thousand. This publication lists those affluent individuals having a net worth in excess of \$100,000.

DUN AND BRADSTREET'S MILLION DOLLAR DIRECTORY, Dun's Marketing Service, Three Century Drive, Parsippany, NJ 07054: Volume I \$275; Volume II \$245; series \$765. This is a Directory of privately held U.S. companies.

Dermer, Joseph. HOW TO WRITE SUCCESSFUL FOUNDATION PRESENTATIONS, New York: Public Service Materials Center, 1977. \$9.95. This guide is a complete course in grant application writing. It includes sample forms for each type of proposal or/and letter.

GRANTSMANSHIP: MONEY AND HOW TO GET IT, 2nd Edition, Chicago: Marquis Academic Media, 1978. \$7.50. This book suggests how you can define your goals, locate donors, prepare proposals, and report results.

Hillman, Howard. THE ART OF WINNING CORPORATE GRANTS, Public Service Materials Center. \$14.95. This booklet tells you how to research corporate funding opportunities, how to approach corporations, and how to prepare a proposal for a corporation.

THE GRANTMANSHIP CENTER NEWS, 10115 West Olympic Boulevard, Los Angeles, CA 90015: \$20 bimonthly. Information on federal and foundation funding, book reviews, and "how to" information

You might also find useful information to research from the following sources:

DIRECTORY OF CORPORATE AFFILIATIONS

WHO'S WHO PUBLICATIONS

AMERICAN MEN & WOMEN OF SCIENCE

DIRECTORY OF AMERICAN SCHOLARS

RAND MCNALLY BANKERS' DIRECTORY

NEW YORK TIMES

WALL STREET JOURNAL

FORBES, BUSINESS WEEK, FORTUNE

Local town histories

Local artistic programs and donors

Local theater/concert programs

Membership list for local service clubs/organizations

Other Schools' development reports

Past and current lists of students and parents

Past and present lists of grandparents

Your own well-maintained donor lists

Most of the information contained in this short bibliography can be found in any large library.

All states have foundation centers where there is a microfiche file as well as copies of many of these publications; locate and visit the one near you.

CORPORATIONS GIVING MATCHING GRANTS

A

Alco Standard Corporation
American Express Co.
American Mutual Insurance Co.
Anheuser-Busch Companies
Associated Box Corporation

B

Bank of Boston
Bank of New England
BankAmerica Corporation
Barclays American Corp
H & R Block, Inc.
Bristol-Myers Co.
Burlington Industries, Inc.

C

C.I.T. Financial Corporation
Cabot Corporation
Campbell Soup Co.
The Chase Manhattan Bank
Chemical Bank
CIGNA Corporation
Citicorp/Citibank
Connecticut Savings Bank
Corning Glass Works

D

Deere & Co.
Digital Equipment Corporation

E

Emerson Electric Co.

F

Federated Department Stores, Inc.

The Firestone Tire & Rubber Co.
H.B. Fuller Co.

G

GenCorp, Inc.
General Cable Co.
General Cinema Corp.
General Foods Corp.
General Mills, Inc.
General Telephone & Electronics
The BF Goodrich Co.

H

Hallmark Cards, Inc.
Harper & Row Publishers, Inc.
The Hartford Insurance Group
H.J. Heinz Co.
The Hoover Co.
Houghton Mifflin Co.
Hughes Aircraft
Hughes Tool Co.

I

Ingersoll-Rand Co.
International Paper Co.
International Telephone & Telegraph Corp.

J

John Hancock Mutual Life Insurance Co.
A. Johnson & Co.

K

Kidder, Peabody & Co., Inc.

L

Eli Lilly and Co.
Thomas J. Lipton, Inc.

M

McDonald's Corp.
McGraw-Hill, Inc.
Merrill Lynch & Co.
Mobil Oil Corp.
Morgan Guaranty Trust of N.Y.
Mutual of Omaha

N

National Can Corp.
The New York Times Co.
The New Yorker Magazine

O

Occidental Petroleum
Owens-Corning Fiberglas Co.

P

Pepsi Co.
Pitney Bowes

Q

The Quaker Oats Co.

R

RKO General, Inc.
Rand McNally & Co.
Raytheon Co.
Revlon, Inc.

S

SCM Corp.
Seattle Trust & Savings Bank
The Sherwin William Co.

Sony Corp of America
The Standard Oil Co.
Stauffer Chemical Co.
The Stop & Shop Companies, Inc.
Subaru of America, Inc.
Suburban Propane Gas Corp.

T

Tandy Corp./Radio Shack
Textron, Inc.
Time, Inc.
Toyota Motor Sales U.S.A.
Transamerica Corp.
Transco Energy Co.

U

United Bank of Denver
United Brands Co.
United Parcel Service

W

Wells Fargo Bank
Winn-Dixie Stores, Inc.

This is a partial listing of national companies which have in the past offered *equal, double* and *triple* matching grants. For an up-to-date list contact CASE.

CHAPTER 9

LONG RANGE PLANNING AND DEVELOPMENT

by Bob Routledge

The healthy growth of Waldorf Education in North America and the availability of this education to more and more children can occur only if each and every Waldorf School is strong, both as a Waldorf School and as a part of its community. This strength can come only from a healthy development—a development which is neither rushed nor delayed, but which goes from one healthy phase to the next with continuing strong support from its community of faculty, parents and friends.

Such development does not “just happen.” It arises from sound planning and deliberate activity. The admonition to all involved in starting or growing a Waldorf School should be “Plan your work, then work your plan.”

The development pattern which is probably, and rightly so, the most common in North America is about as follows:

Phase One – Nursery or Kindergarten only. The aims are usually to create awareness in the community of Waldorf Education, to satisfy some immediate pressures for the needs of some families, and possibly to lay the base for a later grade school. However, usually there is no commitment to the timing of starting the grade school.

Phase Two – The Grade School. This is the major step because it involves a commitment to build the full eight grades, usually beginning with one or two, and growing organically to full size.

Phase Three – The High School. A difficult step, because of the high costs and the usually small initial enrollments, normally undertaken only after maturation of the grade school.

Phase Four – The filling out, improving, enhancing of faculty, facilities and role in the community.

Concurrently with these stages of development as a teaching institution, there is usually an escalation in the complexity of the space and facility needs (perhaps including a move from renting to owning), in the financial structure, in the size and interrelationships of both the faculty and the parent body; and thus, the whole enterprise goes through its own unique development.

In all of these phases, the factors to be addressed and resolved generally fall into four groups. These are:

1. *Faculty and Staff* – Can the school locate, and induce to join it, the special people it needs—pioneering spirits in the beginning, people with special experiences or the freshness of a new graduate to balance the group or sometimes the “art plus math plus gym plus violin” to fill a special space? Can it see its needs far enough into the future to plan well to fill them?
2. *Parents and Public* – Is the school attracting new interest and new enrollments? Are enrolled children satisfied that the school is doing what it said it would? Is there continuing strong support for the school from parents, friends and the wider community?
3. *Space and Facilities* – Does the school have adequate facilities for its present and for future growth? Are they being adequately maintained and enhanced?

4. *Finance* – Is the school budgeting? Living within budget? Needing to raise funds for operations? Able to borrow if needed? Paying adequately? Getting fees in on time? Is the school financially strong or weak?

Given the complexities of any school's situation and operation, and its need to grow to fulfill its promise and role, and given the risks and problems inherent in growth, it is apparent that schools must develop means to manage their way into the future. That means long range planning. Long range planning is vital to the life, strength and healthy development of schools, whether they are just coming into being or already established; and the benefits of good planning will be experienced in many spheres of activities related to the school.

Most obviously, the management of the school's financial resources can be effectively done only if there is some knowledge of the needs and expectations for the following few years. Similarly, fundraising can be effectively planned and carried out only if the needs are clearly defined as to amounts, timing and benefit to the life of the school.

Perhaps more important than either of these is the social development—the building of the strength of the community and the reduction of personal disagreements—which can flow from a good planning process. If a school is to have the full and enthusiastic support of its faculty, parents, and friends—if, indeed, these people will all be asked to make significant sacrifices for the school—then the idea toward which they work must be a goal and a plan in which they believe. Without a clear goal and plan there can be many, many personal ideas of goals and plans, and many conflicts and resentments as the unplanned development fails to conform with those personal, often unexpressed plans.

Finally, good planning is vital to meaningful discussion and good relations with local governments and agencies. Solid planning, which recognizes their concerns and reflects the ideals of the school, may not only avoid difficulties and bureaucratic delays but also develop support in the larger community.

The idea of formally creating a long-range plan is sometimes frightening to people, and very often seen as the mysterious realm of some form of experts, or possibly crystal ball gazers. It should be none of these. Rather, it is a process of observation, fact-determination, rational thought and discussion, considered judgment and, finally, some mathematical calculations and financial figuring.

It is a process which should be carried out by the people involved in and responsible for the enterprise, and the process and the plan should be openly discussed and explained to the whole school community. This process should be “alive” in the sense that it should welcome, as time passes, new information and possibilities, and should review its original assumptions and projections against them, amending the detailed plan as appropriate.

One final note about the planning process. It is somewhat analogous to painting a room in one's house, in that the preparation work may take longer than the actual planning. However, as with painting a room, the better, more thorough the preparation, then the better will be the result.

The planning process can be looked at as involving seven steps. These can be labeled as:

1. Seeing the star, setting the target
2. Seeing today's reality
3. Forecasting the environment

4. Setting principles
5. Exploring possible plans and selecting the best
6. Critiquing, refining, and developing the budget
7. Developing action plans and a review process

The description of this process which follows may appear to be oriented toward schools about to be created, or new schools. However, any school, however mature, that wishes to undertake a new planning process would be well served by reviewing all of the steps to ensure that its planning base is firm.

1. Seeing the star, setting the target

The first step consists of two parts. Most important, and fundamental to the whole plan, is the answer to the question: “What is the image of the school we want to have created when all of our work is complete?” This is a question to be answered primarily by the faculty and, possibly, the principal supporters. The answer will touch on, inter alia, such issues as: inner city, suburb, or country location; number of grades; number of classes per grade; class size; languages; pre-school class; single building or multiple; faculty standards; any special program emphasis, etc. The answer will describe the perceived ideal school for the place in the world in which it is to be. This is the “star” which will probably remain fixed to keep the enterprise on track.

Knowing that this ideal may be far off in time and thus difficult to develop a reasonably detailed plan for, a “target” must be selected which is closer in time—perhaps three to five years ahead. It will be consistent with the ideal, but be the first stage which can realistically be planned toward. It might, for a new school, include the kindergarten and first grades, rented premises in a location consistent with that of the ideal, and the beginnings of a “construction fund.” The target is here, on earth, within the scope of prediction, action, and control—but on this path to the star. The target is probably defined by open discussion among faculty, parents, Board members, and active friends.

2. Seeing today’s reality

An enterprise cannot plan its path to the future without knowing where it stands at the beginning. It must develop a clear picture of its “Here and Now.” This just includes whatever history it has—the impulses and activities which have brought it to its present state. It must also know its assets and liabilities—funds, land, buildings, contracts, debts, etc. And it must know its strengths and weaknesses—its human talent (does its circle of parents and friends include a lawyer, an accountant, a skilled manager, an insurance agent, etc.), its potential sources of support, its relationships to other Waldorf Schools and the whole movement, potential faculty members for the future, its image (if any) in the community and, very importantly, the enthusiasm of its supporters for its star and target.

3. Forecasting the environment

Insofar as it can, the school must try to see the trends around it which may affect it in the near future. For example: Is the child population of the area it will serve rising, steady, or declining? Is the economic situation in this area improving, steady, or worsening? What are the predictions (local, state, re-

gional, national) for the economy, for the public school population, for private school enrollment, etc.? Is the area the school will serve expanding, is new housing being created, or is it static or declining? Are other independent schools starting up in the area, or closing down? There is, of course, no way to accurately foresee this sort of future development; but local government agencies, school boards, real estate professionals, and others do have indicators of recent trends and experienced judgment as to whether the trends will continue.

All of this may seem mundane activity in the exciting work of starting or developing a Waldorf School, but in reality this great enterprise should deserve all possible assurance that it will have every opportunity to grow strongly.

4. Principles for the planning process

This is the final preparatory step. It does not require data or forecasting skills, but rather a willingness to discuss and decide in advance on many issues which can haunt schools later in their development if they have not been dealt with. These decisions are also critical to good financial planning and control. Ideally, the decisions should be enshrined as policies for the school, changeable only after thorough discussion. Some of these issues of principle are:

- Fee levels – Should they be “low” to encourage anyone expressing interest to enroll their children, or “high” to reflect the excellence of the education (and help avoid financial problems for the school)?
- Tuition assistance – Will the school give discounts on fees to parents who claim inability to pay the full fee (thus possibly requiring either fundraising to balance annual income and expenditure, or higher fees for those parents who do pay) or will the school demand full fees from all (possibly establishing a tuition assistance fund for which funds will be raised)?
- Salaries and benefits for faculty and staff – Will the school be supported financially by the sacrifices of faculty and staff, or will they receive compensation and benefits which enable them to live decently (if not affluently) and without financial worry in the community?
- Fee collection – Will the school be gentle or forgiving with slow or non-paying parents or demand on-time meeting of contract obligations?

Such questions, and there may be more, obviously affect planning and development, and should be discussed by faculty, Board and key supporters early in this preparatory process.

The preparatory process is now complete. It shouldn't take a great deal of time, since the steps after the first are not sequential and can be in some significant degree concurrent, subject to personal schedules.

The process has been done to permit the planners to see clearly where they want to go, where they are now, how their local world might change, and the key financial bases on which the school will operate. Now planning can begin.

5. Exploring possible plans and selecting the best

Whatever the situation of the school—new initiative or partly grown—there will likely at this point

be no one course of development which can be identified as the best and only. Now is the time for creating reasonable assumptions and examining each one on three projection bases: Optimistic, Moderate and Pessimistic (or “Best Case,” “Most Likely,” “Worst Case”). An example might help. Imagine a school about to be started looking at three possible starting configurations: 2 Ks, K+I, and K+I+2. For each of these, there are three possible starting enrollment levels—Worst Case, Most Likely, Best Case. For example:

		Worst	Most Likely	Best
Configuration 2	K	6	8	10
Year 1	I	4	6	8

Then we can look at growth rates in the same way for example:

		Worst	Most Likely	Best
Configuration 2	K	7	10	13
Year 2	I	7	10	13
	II	5	8	11
Year 3	K	8	12	16
	I	8	12	16
	II	8	12	16
	III	6	10	14

And so on.

In all cases the numbers are based on reasoned judgment, expressed parental interest, community growth situation, other local independent school growth, other Waldorf School growth, etc.

In the same way, working from these student number projections and with faculty or other Waldorf School advice, the faculty needs (full and part time) and the space and material needs can be projected.

These “quantity” numbers can then be multiplied by the appropriate dollar rates for salaries (as determined in step 4 principles), rents (as discovered by a search for space), supplies (as determined from other schools’ experience), and fees and tuition assistance (as also determined in step 4).

The result of all of this number tumbling will be cash income, outgo, and net gain or loss for each configuration under each projection assumption. Thus the initiative group for this new school can see the result—the financial “impact” of each plan.

Of course, it is unlikely that any one projection will prove to be 100% correct; but if the task has been done carefully and realistically, the “Most Likely” projections will be close, barring disaster or windfall.

In the case of the start of a new school or the launch of a high school, the first years (3, 4, or 5) will likely show a loss, except under the most optimistic “Best Cases.” If the projections all show annual loss beyond year five, the basic rate assumptions should be reviewed. For example:

- Assume full classes, multiply by full fees. If total income under this scenario does not significantly (30-40%) exceed costs, then fees are too low.
- If the above scenario does provide income well in excess of cost, but the application of tuition assistance brings it below the 30–40% margin, then tuition assistance is too high. (30–40% excess of income over costs with full classes corresponds to break even at about 72–77% of full enrollment—a safe assumption.)

- If full classes at fees similar to those of good private schools in the area does not yield this 30–40% margin, then either costs are too high or class sizes too small.

Out of all of this effort, usually requiring only one or two people, those involved with the planning should now be able to select the most appropriate configuration and projection, recognizing both the need for the enterprise to have “critical mass” and the need to find financial support to offset the projected losses.

6. Critiquing, refining and developing the budget

Having now selected the plan judged most appropriate out of the assumptions and approximations of step 5, the planning group can review both the plan and the process with the larger group supporting the initiative. This review should involve reviews of all assumptions and refining of all fee income and salary and other cost assumptions, adding detail and creating a livelier image of plans, expectations and assumptions. At this point, the “What If” questions can be examined. What if enrollment is lower, or higher, than estimated? What are the greatest areas of risk, and what offsets are available?

All of this assures that the plan, as refined, is realistic, sound and known intimately by all the people involved. The risks should have been minimized by all of the efforts to see the future clearly.

At this stage, the refined plan for Year One may become the first budget, since a budget should be the financial reflection of a plan of action. With the plan well developed, critiqued and refined, it needs only the necessary level of detail and timing to become a budget which all understand.

7. Developing action plans and review processes

Two major areas of activity are facilitated by a good planning process. The first is financial in nature and involves developing reasonably detailed budget forecasts for the next three to five years so that that school’s fundraising efforts can be based on the most specific needs, and those doing the actual fund raising are well equipped to explain both the real basis of the needs and to assure donors that their gifts will play a key part in the school’s strong development. The fact that the planning has a long term aim, the “star,” as well as near term sound forecasts may also catch the imagination of potential donors and lead them to pledge ongoing support for the forecast period or longer.

The second activity is concerned with the school’s ability to have good teachers to teach and to be sure of good space in which to operate. With the forecasts, committees—of the faculty for teachers, and of knowledgeable parents for the space—can more confidently take on these tasks. Good reviews complete the planning process and help the healthy development of schools. Two are suggested.

Annually, at either the half-way point of the school year or at year-end, the actual events and developments should be compared with the assumptions and forecasts of the long range plan. (This same activity will also be done on the year’s budget but usually earlier and narrower in focus to prepare for the subsequent year’s budget.) For planning purposes, the activity is one of looking for significant changes from expectations and trying to analyze and understand them. Unless these variances are judged to be due to fundamental shifts in the school’s environment, they are only noted for following to see if a trend is developing.

Periodically, say each three or four years, a more thorough review should examine such trends,

if any, and review all elements of development compared to plans. In these reviews, the goal itself must probably be re-examined and reset to reflect the development which has taken place, the changes in the school's environment and, indeed, all of the elements on which the previous plan was based.

Long range planning, then, is neither a preserve of experts nor a process unrelated to the here and now. It is, or should be, an integral part of the life of a Waldorf School, aiding the healthy development of the school, the Waldorf Education movement and the education of all children in North America. Good planning enables us to see clearly what we want to create and how to do it.

Bob Routledge was educated as a mechanical engineer at the University of Toronto. He has held several senior managerial positions at Proctor and Gamble and General Foods. He was the founding President and Chairman of the Board of the Toronto Waldorf School, is currently the President of the Threefold Educational Foundation in Spring Valley, NY, the Vice-President of the Waldorf Schools Fund, treasurer of the Hesperus Fellowship, and Vice-President of the Ontario Association of Independent Schools. He serves as a consultant to various Waldorf Schools.

CHAPTER 10

PHYSICAL PLANT/ INSURANCE/ LIABILITIES

by Bob Sonner

For both new and established schools, there is no doubt that the consideration of the physical facilities ranks with the staffing, the esoteric work and the pedagogy as a very visible constituent element of the vessel we try to create for children of today. But, though it is the most visible apparent element from many points of view, the physical plant seems for most of us the one element we feel we can compromise.

Looking about and around in our growing movement, there are the most miraculous and improbable beginning facilities imaginable: living rooms, basements, store fronts—all the way up to already existing school properties. Each reader and surely everyone connected with our work would agree to the need to provide some practical insight into the phases of growth of our schools.

Our experience has shown us the need to stress how important it is for all schools, especially the new schools and those about to commence, to use the utmost care and planning for the pioneer stages of growth. To grow slowly, one class at a time if possible, to allow for the time to search out the best teachers, the best possible facilities, the most conservative budget planning, all of these aspects should not arise out of a sense of needing to begin at any price. There should be a strong assurance that the school will be able to continue on a year-to-year basis; such assurance rests on careful planning.

In addition to the consideration of such deep and formidable problems, there needs to be addressed a matter which most will agree ought not to be problematic. We all do the best we can with what we are blessed to work with, and this applies as much to our facilities as it does to anything else. We do so out of the knowledge that our future depends on what we do. How our facilities appear as a first impression makes the difference as to whether the inquiring parent or visitor will even want to hear about what goes on in our fine school. How is it in your school? Are there embarrassing cobwebs in every corner? Dust on every surface? Litter next to your gorgeous flower beds? Remember that these images have a strong impact to counter your most exalted picture of what our educational work can bring. Recently a visitor from the Goetheanum, after an extended tour of American schools, commented to American teachers who visited her in her (highly polished, immaculate!) office that one of the most noticeable impressions of the schools she visited was the untidiness of classroom floors and play yards.

Neat, clean, well maintained facilities do not occur legislatively. It takes consciousness, planning and the personnel time to make it happen. The standard must be set and there must be follow-through. Someone must care. Continually.

There needs to exist in the life of every school an organ of consciousness which can be encompassed by the proposed title of Building and Grounds Committee. What is your title for this group?

The Building and Grounds Committee

This is an ongoing group which generally precedes the founding of a school and must, in a sense

as a kind of active guardian angel, stand behind the growth of a school all its life. Those who serve on this committee must have a long-term commitment with the group, for continuity will be the warp which can provide the stability through which that marvelous, flamboyant woof of evolution can weave.

Those who come and go from time to time bring the impulses and the impetus to grow and meet arising needs. Vision, experience, and experts are important qualities as well, and will nourish the work of the group. The guide for this committee can change when necessary, but the leadership must see the immediate needs as well as have the long-range vision.

The Building and Grounds Committee would have as its tasks in the realm of the physical plant the following mandates, and is limited to giving advice only, to those who are responsible to act.

1. Looking toward expansion at least three years in advance of the specific need.
2. Researching of costs; social, legal-political ramifications; and helping to lay the groundwork to smooth the way when decisions are finally made.
3. Helping with architectural planning, drawings, and budget proposals for expansion projects; delimiting exactitude of such help in proportion to the needs as they come toward the year of implementation.
4. Receiving as well as giving. There must be a genuine responsiveness to what is possible as well as to what is needed. This committee's rhythm, as it were, must be of listening, of taking in, before the work towards solution can begin. Therefore the essential makeup of the committee should contain a blend of temperaments, a preponderance of imagination, and an overpowering wisdom of purpose.
5. Practical conceptualizing. In the synthesis of all this activity, the necessary details need to be worked out in committee so that its recommendations can be communicated in the most effective way. For this committee, in the end, must come up with practical, implementable solutions to growth needs, and in a timely way.
6. Funding planning. All of the above cannot even begin to materialize without the necessary money, whether it is for the leasing of more classroom space or the building of the performing arts center. There is a commitment implication, to each and every aspect of the Building and Grounds Committee's endeavors, and that is to consider how a recommendation shall be funded.

How many of these elements are missing from your Building and Grounds Committee sessions? How many more crucial elements can you add to this list?

Funding for Growth

In the practical consideration of funding for growth, as opposed to funding for operations, getting started in a substantive way is most important. Get a building reserve fund started NOW, if you haven't already done so. Restrict it, tie it up, don't touch it until you intend to spend it for its intended purpose. In theory, fundraising events should be geared toward capital or expansion projects. When possible, this is the practice. Keys to success here are to keep the fund sacrosanct and add to it. Some schools start a building fund or a capital fund, put it away, and are content to leave it; that is, leave it until they need it to plug up a

cash flow problem. And, of course, it usually follows that the crisis is such that the funds cannot be replaced. Others do manage to hang onto the fund, but they neglect to build it up. This writer knows of a building fund that was so long neglected that even the accountants couldn't find it!

Some schools have a capital service fee as a part of their fee structure and are able to build capital in a continuous and fairly predictable way. These fees range from \$100 to \$500 per family per year. It is a healthy way to fund for growth, and it spreads the cost fairly among those most benefited, the families who attend the school.

Yet other schools in their budget planning set aside reserves out of operations to replace equipment as it gradually wears out, or to have the money in advance for that next grade. Once begun, this is an effective way to help keep operations in tow and allow for expansion.

The ideas expressed above have the effect of allowing more freedom and latitude in fund development because they come into the picture through the operations budget. This is exactly the other side of the coin from the practice, all too common in our schools, of budgeting so tightly that the bulk of donations and fundraising has to be pumped into operations when replacement needs catch up.

Final thoughts on this topic. Since we are non-profit organizations, we have the option in our accounting practices not to depreciate the value of our assets. This practice can help make us appear increasingly prosperous as we grow; but we are sorely tempted in that practice to avoid setting aside reserve funds for wear and tear, which, after all, is why we depreciate assets in the first place. Again, the eventual result of this practice is to increase operating costs when we have to replace desks, chairs, school buses, etc., not to mention the need to go into debt to buy the costlier needs. (Nor to mention this as a factor in not being able to grant a sufficient salary increase to the teachers.)

Other Growth Considerations

This paragraph is directed toward budget planning, both long and short range. Sometimes overlooked is the proportionate increase in the cost of utilities and custodial and maintenance services when expansion costs are projected. The same is true for projecting increased insurance costs. And, finally, a plea is entered here for the consideration of something many readers will nod "aye" to. Please calculate, plan, and build storage and utility space as you grow! Does any school at present have more storage space than it needs, or even enough storage space?

Time Planning in Expansion Projects

Planning committees, faculties, trustees, administrators—all must battle forever the windmill of deadline. Fight hard to make things happen, to complete growth projects, to be ready before the deadline. Identify your absolute deadline with certainty, and beat that deadline by at least a week. Nothing confirms a suspicion of "novice at work" more than to see an opening event not quite finished, or to hear, "The carpet man couldn't install our new carpeting in time for our marvelous ceremony, but..."

Keeping It Clean

What does keeping it clean mean to you? Do you have a fully trained custodial staff which keeps

your facilities clean on a regular basis? Is this task an implied part of your job description? Most of our situations live somewhere between these two possibilities. Knowing, as we do, the value to students of setting the correct example and showing that care and concern for keeping our belongings clean and presentable surely underlie our motives for being an active janitor, as it were, at certain times during our workday. Economics undoubtedly plays into the picture, for we would rather spend our money for things far more valuable than cleaning services—an easily justified practice in the pioneer years and beyond. In fact, schools at all stages of development effectively keep their campuses and facilities clean and litter-free by scheduling a ten-minute clean up at the end of each day. Everyone pitches in. Often this is followed up by a janitor who does the bathroom facilities and generally works those areas needing more specialized attention. Budget savings can be further made if you are able to get quality volunteer help in addition to the staff/student efforts. As your budget allows it, you can move toward professional help.

Often an independent contractor, who may have several other clients as well, can meet your needs and do the work with expensive, professional equipment which you could never afford to own. The cost for such service is quite competitive with what you would have to pay for equipment, labor, payroll taxes, benefits, etc.

As it is with any other part of your operation, things will not always be done the way you wish unless there is someone around who has the overall consciousness to see that the minute tasks are done as well as the obvious tasks. The cobwebs, scuff marks, fingerprints, graffiti (What? Graffiti in a Waldorf School?!) dust, etc. This taskmaster is usually actively looking after things by doing as well as showing. Such caring is contagious. Unfortunately, lack of caring is even more contagious.

Keeping It Up

Upkeep, in a word, covers this major concern in every kind of business. If you take care of what you have, it will last longer, and you won't have to buy it again for a long time. The key to making this homily a truism for your school is a burdensome task, which must be done. Essentially you must determine the life expectancy and the maintenance and care needs of virtually every inanimate object needed to serve you and all who come to you. This cannot be left to chance.

Scheduled Maintenance

Your physical plant, even if sparse for your needs in your eyes, is highly complex. There are many systems, many things to be watchful for, and the need for heightened consciousness is maximum. To have an idea of what is involved, the many aspects of plant care and maintenance are presented in an outline form. The mere titles and names will surely suggest what needs to be in your consciousness and efforts. This is not an exhaustive list. You could easily add to it. How many of these apply to your situation? Can you confidently say that all or most of these areas of concern are being adequately served? Is there sufficient talent, strength and time for your staff to cover the majority of these without a full time maintenance specialist? Add parent volunteer expertise. Do you still need help?

MONITORING AND CONTROLLING CONSUMPTION OF

Electric power
Gas
Water
Fuel for Heating

OCCASIONAL RENTALS

Tools not owned
Tables, Chairs
for events
Storage Space

MAINTENANCE DEPARTMENT NEEDS

Workshop
Tools
Supplies
Materials on hand

SECURITY

Locks, Devices
Keys
Electronic
Detectors
Sensors
Trip Alarms
Circuitry
Alarms
Control Panels
Telephone Tie-ins

CUSTODIAL (JANITORIAL)

Floor care
Carpet care
Vacuuming
Dusting
Windows
Waste Disposal
Refuse Pickup Area
Bathroom Services

FIRE ALARM

Control boxes,
switches
Control panel
Circuitry
Fire Sprinkler
System
Fire hoses
Extinguishers

VEHICULAR EQUIPMENT

Truck
Buses & Vans
Tractor
Power-mowers
Trimmer

ADMINISTRATION OF

Taxes
Licenses
Permits
Record-keeping for
maintenance
Checklist Building
Plans
Contingency
planning

OCCASIONAL OUTSIDE SERVICES

Electrical
Carpentry
Plumbing
Sewer/Drain
Furnace
Air-conditioning
Fire Extinguisher
Fire Alarm
Security system
Roofing
Auto Mechanics
Snow Plowing
Office Machines

ROOMS, FACILITIES NEEDS

Plastering
Tiling
Flooring
Carpentry
Cement, Masonry
Weatherstripping
Painting

(Add to list
"Occasional"
Outside Services)

SERVICES AND SYSTEMS

ELECTRICAL

Power panels
Circuits, Breakers
Lights
Fixtures
Ballasts
Switches
Relays

Timers
Clocks
Motors

PLUMBING

Faucets
Toilets
Pipe
Valves
Vents
Sewers
Drains

ROOFS, GUTTERS

Surfaces
Caulking
Cleaning
Tarring

HEATING, AIR- CONDITIONING

Burners
Valves
Compressors

Drive Motors
Pumps
Exchangers
Filters
Ducts
Thermostats
Security Controls
Security Systems
Exhaust Systems

GROUNDS

Landscaping
Turf
Shrubs
Flowers
Trees
Garden
Playing
Fields
Track
Parking Lots
Mowing
Fences,
Gates
Condensers
Exterior,
peri-
meter Lights
Sprinkler
system
Irrigation
system
Heads
Pipes
Valves
Timers

In reviewing the various entries above, keep in mind we are thinking of as many appropriate aspects of upkeep as fits the item: fixing ability, skill to work a particular task, knowing the best and most economical way to accomplish a need, keeping track. These are all elements which have to be dealt with in order to keep things going, or to keep things clean, or to keep things legal or economical.

The large proportion of items listed can be tracked with a routine checklist. But, as usual, someone must organize it and follow through on the overall picture. There are several books on the market which can help you with your physical plant control. Local school districts, obsessed with the need to schedule and organize anything, usually develop their own systems and charts. Those in charge will often willingly share their knowledge and materials as well. This writer has discovered that there exists a certain camaraderie amongst those who care for physical plants, much the same as that which exists among gardeners. School plant managers in the public school realm can be a valuable resource for you ... and they do it for free!

Finding the Maintenance Man

Everyone seeks the “Man Friday” when setting out to hire a maintenance person. He (or she, these days) is an engineer, journeyman in all the trades, artistic craftsman, loves to work sixty-hour weeks, and for all this asks for a mere fraction of the “highly remunerative teacher’s salary.” Interestingly enough, many of our schools have just such a person, as personified by those who love him, even though there may be a slight exaggeration in some of the qualities ascribed above. And therein lies the tale. There are people who love to do and to care for these works of Man’s genius, and it is important to seek out these qualities. Intelligence, skill, competence and motivation must accompany this love, of course ... and don’t forget to check the references! The same general qualities are to be sought for in custodians, janitors, gardeners and helpers, whether volunteer or not.

An assumption must be made here that perhaps everyone does not know what is the difference between a custodian and a janitor. It’s not at all unlike the difference between a garbage man and a sanitary engineer. A janitor performs cleaning duties of various kinds, with assigned tasks and duties generally limited to cleaning. A custodian, in the sense that it applies to physical plants, is one who, in the course of his duties, also looks after the security as well, and has, literally, the custody of the property to which he is entrusted. It is a matter of degree, of course, and of prestige and title to some extent. The custodian usually has also some managerial and administrative duties assigned. There seems to be sufficient class distinction that a janitor prefers to be called a custodian inasmuch as he has to turn off the lights and lock the doors anyway.

Consciousness and Supervision

A certain amount of supervising of the staff charged with the care of the physical plant is definitely in order, even if that staff consists of colleagues. Hopefully, all of your staff will be motivated and be independent starters, whose instructions and job descriptions are so clear that you need do little more than check up after the fact. In truth, however, there needs to be that person, once again, who carries the consciousness (apologies for the repetitions, but it cannot be said often enough!) of detail in this endeavor. Luckily, here it is not necessary, though desirable, to possess the same or stronger skills as you hope your staff will have. What is needed in abundance are caring and determination.

Augmenting Consciousness and Caring

Many schools have found that keeping task books for cleaning, repairs or grounds is most helpful. A notebook for each is kept in a handy place, with an attached pen to make it even easier to make entries. As one notices burned-out lights, a lawn in need of mowing or a similar task, it is written in and dated. If it is a high priority need in the eyes of the writer, he or she says so and adds a signature. The worker involved checks the book several times a day; and when a task is completed, it is signed off with the date of completion. Tasks in the book represent only a fraction of the staff worker's jobs; but in this way, the greater consciousness and caring of the staff works in a very efficient and friendly way.

The Pecking Order

Though we are highly evolved and have faculty-run schools where everyone has input into everything, we do need to remember that we are not all bosses. We do need to be conscious of that when we deal with support staff members. The job world, other than ours, operates on the principle of hierarchy. The maintenance man's boss or the gardener's boss can give orders, but not the other workers (we teachers). One person needs to be assigned as the supervisor, advisor, or mentor. That will prove far more effective. Channel suggestions through that person. Or write your suggestion in the book. The reason the book works is that it isn't the same as too many bosses. Far more comfortable to read it than to hear it... provided the note doesn't begin, "When are you going to...."

Insurance

In general, our society today is the most litigious it has been at any time in history. As a part of that society we are forced to spend alarmingly increasing amounts of money for insurance to protect ourselves from this or that exposure. Further, though rates continue to rise, insurance carriers are continually reducing coverage in order, they say, to protect themselves from the litigious society.

How Much Insurance Is Enough?

Though this question may seem out of sequence, it is placed here to stress how important it is early in the budget process to determine what you can afford in insurance premiums. We have just come through a period of time (since 1983) in which insurance companies have canceled liability insurance policies for schools, small businesses and even governmental agencies, or else have raised premiums by up to 200%. Many businesses have had to operate without coverage. You may have been in such a position. You may have been or may become forced to decide whether or not you can afford liability coverage at all. At best you may have to settle for reduced and inadequate coverage as an alternative to none at all. So, how much is enough? Enough is what you can pay out for premiums. The limits are determined by your budget limitation. This implies you set that budget limitation in relation to the more important needs of your school. Don't be drawn in by the fear of litigation. But don't pretend you don't need the insurance either! Balance.

Liability Insurance

Many legal advisors to our Boards of Directors recommend a minimum of one million dollars in liability coverage. Premiums vary greatly and exclusion, aggregate clauses, defense cost clauses, and the like reduce the effectiveness as well as the face value of the coverage. In the writer's school (Los Angeles), liability coverage of \$1,000,000 carried a premium of \$15,780 for 1986.

Limits May Not Be Limits.

Many policies carry "Aggregate Limits" now. That simply means the company will pay no more than the agreed limit, and that will include all occurrences and all costs to defend the claims, legal costs and court costs. This maneuver is forcing insurers to buy "defense coverage" in order to become adequately protected. The increasing complexity of insurance suggests that we need to be sure to have expertise in this field in our school, either on the staff or on the Board of Trustees.

Catch 22 et al.

While the broad definition of "liability" is generally understood, and while many are becoming aware of the trend toward increasing exclusions, there are two fairly recent exclusions which are rapidly becoming standard. First-aid treatment and failure to render first-aid treatment are both excluded. Child abuse is now excluded. Schools are increasingly vulnerable because of this dual-edged attack of exclusions and not-affordable premiums.

The Exclusion Game

Be sure to ask your agent to spend an afternoon with you to explain his proposed policy. Exactly who is covered? Under what circumstances are your employees covered? Who is not covered? On some policies a perfect stranger would be covered on your property, but the family of a teacher might not be covered. How do Workers' Compensation laws affect your policy? Are Board of Directors included? Volunteers?

When Is a Memo not a Memo?

Did you know that the innocent "memo" calling your attention to hazards which they "suggest" you correct can be used as an escape from having to pay claims if you fail to correct the problems and a claim arises over one of the listed items? ("Obvious endangerments not corrected.")

School Bus Liability

Does your policy protect your students off campus as well as on it? Do you know that liability insurance may enhance your school bus coverage as far as the students are concerned? But NOT while they are in transit in a vehicle other than a school bus driven by a qualified, licensed bus driver? Have your agent go over the fine print about these matters with you.

When Help Is not Help

Volunteer drivers. Teachers driving students. Your liability coverage may be out the window on most policies. Get a declaration in writing from the carrier stating your coverage will hold under the circumstances you outline to them before you agree to these two. The driver's insurance may be in force, but if there is "an occurrence," guess who the "deep pocket" is?... And guess where your insurance company will be? (Watching from the wings.)

Property Damage — Fire Insurance

You are generally limited to coverage allowed on the valuation made on your property by the insurance adjuster at the beginning of a policy year. Premium rates can be adjusted by adjusting your co-insurance (deductible).

Again, because of trends in the industry, it is wise to go over a policy carefully before agreeing to it. All policies are not the same.

Some rules of thumb: Make sure you get "cost of replacement" rather than "current value" or "value at purchase." Generally, higher deductibles mean lower premiums. But check it out with a few hypothetical claims. You might be surprised as to who saves the money! If your broker calls for a valuation schedule for specific items, don't delay getting it off. You can't claim if they don't know you had it.

Some policies cover personal property owned by employees. Be sure that you ask for this coverage. Also, property lost on a field trip is usually covered. Most companies give discounts for security systems. Security systems pay back two-fold when you consider this.

The manner in which policies are written is obviously important. Consider the wisdom of buying coverage with this premise: Unless you are a single unit school, with all your eggs in one basket (building), it doesn't pay to buy property insurance to your aggregate value limit. If you have a campus with ten buildings, the most valuable of which is \$500,000, and your aggregate value is \$3,000,000, you might want to consider limiting your aggregate coverage based on the likelihood that you might lose a maximum of two or three buildings at any one given time. Discuss this with your agent

The concerns covered in this chapter are but a fraction of the entire economic picture of a school. Yet, flawed as it is, limited as it must be, the consideration of these topics carried with it a sense of absolutely being overwhelmed by the impossibility of it all. If one realized fully just the economic implications of operating a Waldorf School, setting aside the more noble motivations, there would probably be very few Waldorf Schools.

Bob Sonner has been a student of Anthroposophy for thirty-seven years. He received his Bachelor of Music and Master of Science at the University of Southern California and pursued a dual role as a musician and teacher in his early years. Bob has taken a class through eight years and has taught in high school. He is now at Highland Hall where he is full time Business Manager. He serves as vice president of the Board at Highland Hall, is trustee at Rudolf Steiner College and acts as an advisor to the Boards of the San Francisco and East Bay Waldorf Schools.

**MONITORING AND
CONTROLLING
CONSUMPTION OF**

Electric power
Gas
Water
Fuel for Heating

**OCCASIONAL
RENTALS**

Tools not owned
Tables, chairs for events
Storage space

**MAINTENANCE
DEPARTMENT
NEEDS**

Workshop
Tools
Materials on hand

ADMINISTRATION OF

Taxes
Licenses
Permits
Record keeping for
maintenance
Checklist Building
Plans
Contingency plans

**OCCASIONAL
OUTSIDE SERVICES**

Electrical
Carpentry
Plumbing
Sewer/Drain
Furnace
Air conditioning
Fire extinguisher
Fire alarm
Security system
Roofing
Auto mechanics
Snow plowing
Office machines

**ROOMS, FACILITIES
NEEDS**

Plastering
Tiling
Flooring
Carpentry
Cement, Masonry
Weather stripping
Painting

(add to "Occasional"
Outside Services)

SERVICES AND SYSTEMS**ELECTRICAL**

Power panels
Circuits, breakers
Lights
Fixtures
Ballasts
Switches
Relays
Timers
Clocks
Motors

PLUMBING

Faucets
Toilets
Pipes
Valves
Vents

ROOFS, GUTTERS

Surfaces
Caulking
Cleaning
Tarring
Trees

**HEATING,
AIR CONDITIONING**

Burners
Valves
Compressors
Condensers
Drive motors
Pumps
Exchangers
Filters
Ducts

GROUND

Landscaping
Turf
Shrubs
Flowers
Garden
Playing fields
Track
Parking lots
Mowing
Fences, gates
Exterior perimeter lights
Sprinkler system
Irrigation system
Heads
Pipes
Valves
Timers

continued next page

Sewers
Drains

Thermostats
Security controls
Security system
Exhaust system

SECURITY

Locks, devices
Keys
Electronic detectors
Sensors
Trip alarms
Circuitry
Alarms
Control panels
Telephone tie-ins

CUSTODIAL (JANITORIAL)

Floor care
Carpet care
Vacuuming
Dusting
Windows
Waste disposal
Refuse pickup area
Bathroom services

FIRE ALARM

Control boxes, switches
Control panel
Circuitry
Fire sprinkler system
Fire hoses
Extinguishers

VEHICULAR EQUIPMENT

Truck
Buses and van
Tractor
Power mowers
Trimmer

CHAPTER 11

THE ART OF BANKING AND THE WALDORF SCHOOL MOVEMENT

by Siegfried E. Finser

In Germany, during the late 1960s when a number of new Waldorf Schools were being built every year, the impulse was born to work with capital in a more conscious way. Through the courage and insight of Wilhelm Ernst Barkoff, an attorney, and Gisela Reuther, now Treasurer of the General Anthroposophical Society, the first steps toward founding a bank based on the insights of Rudolf Steiner were taken. Rolf Kerler, who joined them a little later, was the third person who made possible the start of the GLS Gemeinschaftsbank EG.

Today the bank has overall assets of more than 70 million Deutsch Marks and is able to arrange funding for projects all over the world. It has created renewed interest in, and awareness of, the social tasks of the banking profession. The GLS Gemeinschaftsbank has pioneered community building approaches to the financing and management of farms, schools, and even businesses. The GLS Gemeinschaftsbank newsletter and statements are mailed to many countries, and its key people lecture and consult with organizations and projects as far away as South America. Wilhelm Ernst Barkoff, Gisela Reuther and Rolf Kerler made a tour of the main centers of Anthroposophy in North America in 1979, lecturing and bringing their important message to this country.

In 1983 the Rudolf Steiner Foundation, in consultation with leaders of the GLS Gemeinschaftsbank, reorganized the form in which it operated since receiving a not-for-profit charter from New York State in 1934, and became active as a financial services organization for the Anthroposophical movement in America. As the work of the Foundation grows and develops, its legal form will also change to be consistent with the regulatory requirements of the United States banking laws.

From the beginning, the co-workers of the Foundation recognized the need to clarify the role of the banker in our movement. Very often, money, and those who direct its use, exerts too great an influence on what happens. True, without money, very little can happen. However, without initiative (and without individuals with initiative), money is not used effectively.

To ensure that the roles of the initiator, the financier and the banker are kept in balance, the Foundation made the decision to serve in one capacity only—as banker. The Foundation does not decide which initiatives are important, which Waldorf Schools are “good” or even really “Waldorf.” The Foundation avoids situations where the mere availability of money could inadvertently decide such questions. These decisions rest with the Association of Waldorf Schools of North America.

The Foundation also does not wish to be viewed as a “source” of money. It serves as a mediator. Individuals retain direction over the use of funds they place in Lending Accounts with the Foundation. They decide which projects are funded with the money in their accounts.

The Foundation, as banker, acts as intermediary between the initiative groups, such as Waldorf Schools, and the “owners” of financial resources on deposit in Foundation Lending Accounts. Co-workers have used the phrase “transparent mediation” to describe the nature of the Foundation’s role as banker.

In 1987 the assets of the Rudolf Steiner Foundation (in four types of accounts: Lending, Borrowing, Giving and Receiving) exceeded \$2 million. It received and transmitted more than \$800,000 in gifts to Waldorf Schools, curative homes and centers of higher education. It mediated loans in excess of \$1 million to institutions constructing new buildings, purchasing properties and renovating existing structures. By the end of its first three years of operation, the Foundation had made available through its clients, on a cumulative basis, more than \$5 million in loan or gift money to projects within the movement. Nevertheless, these numbers are modest compared to present needs and in light of future needs. Within the next ten years it is estimated that between \$50 and \$100 million will be needed to support the expansion of the Anthroposophical movement, including the Waldorf Schools.

Perhaps the most meaningful aspect of the Foundation's work is the possibility of engendering and enlivening social development in the financing of projects. The Rudolf Steiner Foundation has pioneered a variety of financial approaches which place the financial strength and health of such anthroposophical activities on the determined will and cooperative interworking of human beings. A brief description of some of these approaches is presented below.

THE SUPPORT COMMUNITY

If \$400,000 is needed to complete a project, there are many ways of gathering this needed capital. Certainly one possibility which has often happened is that one or two wealthy persons donate the entire amount. This produces the needed money quickly, with the least effort and, administratively, is least cumbersome and least expensive.

Another way is that 100 people each agree to provide the sum that is needed over a period of years. They may each pay different amounts, but the average comes to \$4000. Over a 36-month period, this requires monthly gifts of \$112. If the same project united as many as 300 people, all determined to achieve the goal, the necessary contribution from each would be only \$38 a month. The power of people working together in a determined way to achieve the same goal is a kind of social magic.

The fundamental posture of such an approach is that people are the most critical ingredient, not money. One doesn't raise money. Money does accumulate around a project, but only as a consequence of the people deciding what will happen. One looks for people, not money. The more people know of Waldorf Education, appreciate its work and qualities, experience its sources of energy and are moved to support it, the more the Waldorf Schools will flourish. Money is only one necessary outcome—it usually comes as a result of the right climate and relationships among the people involved with the school: parents, teachers, children, friends.

If the Waldorf School movement worked together financially in a cooperative way, a \$400,000 facility could be completed in one year at a cost of \$3.50 a month to each parent and friend. We are not yet able to work together in this way. Each school struggles mightily with its own capital needs and is not able to consider the needs of the movement as a whole.

The older and more established schools are now beginning to help the younger institutions by lending some of their surplus capital to get them started on property acquisition and buildings. We are beginning to recognize that every new school, every achievement of a single school, benefits all the other

schools as well. This recognition requires a different kind of thinking, thinking which is individual, but which also serves the whole movement. It is individual thinking on behalf of the whole: It is the active participation in a community of support that carries the Waldorf School movement.

For such a development to occur within the Waldorf School movement, the objective presence of a banking institution is critical. The schools may be willing to help each other. The Foundation may then serve as objective witness of agreements and transactions between them. It protects the rights of each and, thereby, protects the rights of the whole without harm to the individual parts. The Foundation's role and presence as objective third party makes possible a greater degree of trust and cooperation among the schools.

Thus far, the concept of support community has been implemented locally, with some interest nationally and internationally, in a variety of projects, beginning with the Pine Hill Waldorf School. Perhaps the way it will grow is project by project until an understanding of the basis the fundamental social law grows, and the practicality of its approach is demonstrated.¹

SUBSCRIPTION PLEDGE AGREEMENT

In this country, a written promise to give a certain amount is not ordinarily a legally enforceable document. When, however, an institution incurs a risk or expense in reliance upon such a promise, the document then becomes enforceable to the degree of any other contract. The Subscription Pledge Agreement has been developed by the Rudolf Steiner Foundation to enable a community of determined people to fund their project if they are willing to promise to pay specific amounts for a specific amount of time. In reliance upon these Subscription Pledge Agreements, the Foundation will lend the school an amount equal to the sum total of all such agreements so that the facility can be built while the community repays the loan. Provisions are incorporated for the possible unexpected hardships of life and the potential for default.

GUARANTEE AGREEMENTS

To further enhance the working together of communities of people around the achievement of a project, the Foundation has made use of Guarantee Agreements to provide security for a loan. The money that is loaned to each project does not belong to the Foundation; it comes from people in the movement who have opened Lending Accounts with the Foundation in order to provide funding for exactly such socially constructive projects. Any default would impact all of us, not just the wealthy, but many caring people who want the Waldorf School movement to continue to grow and are willing to lend their small savings for the sake of this ideal.

The close circle of parents and friends around a school borrowing money have to be prepared to absorb the inherent risk in such a project to protect the others who have provided the basic funding for the loan. They do this by signing Guarantee Agreements and depositing some percentage of the guaranteed amount with the Foundation to back the guarantee. Once this group of friends takes on the risk, they also acquire a heightened consciousness of the financial side of the project and are even more determined to achieve the goal.

REVOLVING LOAN ASSOCIATION

In funding one project, for \$1.2 million, all but the last \$200,000 was able to be met in the repayment schedule. In order to carry this part of the total, a Revolving Loan Association was created. The Association issued 200 bonds, each with a face value of \$1000.

New parents joining the school community were asked to purchase such a bond. When they left the school or their child graduated (in this case from Grade 8), their bond became available for resale. In every case so far, the bond has been resold and the \$1000 paid back. The new owners of the bond are, of course, new parents joining the school. The bond pays interest to its owners, but it is agreed this interest is to be given to the school and helps reduce the cost.

In this way, about \$200,000 of the building costs are always outstanding and are carried by the current parents of the school and by those to come. The Revolving Loan Association is a way to involve future parents in the creation of the basic and central facility of the school, by helping to carry its cost while enjoying its benefits.

The basic ingredients of all these approaches are somewhat similar, building financial health and social achievement through practical means of determined cooperation. Together, the Foundation and the project depend on people, on involving people in the school's development process, on building circles of friends and committed support groups. This not only accomplishes the objectives of a project, it also, and perhaps more importantly, creates the social context for serving the community in the right way. It takes the Waldorf School out of any insularity, out into the community which it serves.

We can see from some of these approaches that banking is a social art. A bank for the Waldorf School movement cannot be a money machine. It, too, must be founded upon and strive for spiritual impulses, just as Waldorf Education itself is charged with the spirit through and through.

With such thoughts at the core of its goals and activity, the Rudolf Steiner Foundation offers opportunities to begin working in this way. It serves as a socially constructive banking initiative for the anthroposophical movement and the Waldorf Schools. It permits people, schools, businesses and other organizations to open what it calls Lending Accounts with interest earning deposits of \$1000 or more. The Foundation asks the owners of such accounts to designate the project within the anthroposophical movement for which their funds can be used. There are credit-worthy projects in need of funding now and no doubt there will always be more.

The Rudolf Steiner Foundation works closely with development projects at Waldorf Schools in this country. It has helped finance projects at Waldorf Schools in New Hampshire, Massachusetts, Washington, DC, State of Washington, California, and Colorado.

The Foundation works cooperatively with banking initiatives in other countries such as the Mercury Provident Society (England), the Triodos Bank (Holland), and the Freie Gemeinschaftsbank (Switzerland). There are also financially-oriented initiatives in this country, such as the Midwest Economic Group and the Templar Trust Threshold Fund, which work socially with the insights of Rudolf Steiner and with which the Rudolf Steiner Foundation cooperates.

Any Waldorf School contemplating a new building, purchase of property, or other major project might wish to begin the process of establishing a relationship with the Foundation by opening an account

and keeping the Foundation's co-workers informed of its plans and activities. The earlier this is done, the better it is. The Foundation cannot deal with last minute demands. Its responsibility to its clients and their trust prohibits any rash or less than thoroughly researched loans.

A WORD OF CAUTION

None of the ideas and approaches described above is easy to implement, nor do they work prescriptively. The descriptions given here are an overview and should not be construed as a manual for do-it-yourself financing. Every project has its own dynamics and challenges and calls for unique approaches. Rarely can a solution used at one school be applied at another without going through the rigorous disciplines of fact gathering and creative financial structuring that are part of every project. On occasion one or another idea has been taken up and improperly implemented with a less than desirable result. This is usually due to the lack of involvement by the Foundation or a similar financial organization which can provide the necessary objectivity. In the realm of finance, laws apply which work regardless of the good intentions of the people involved. Part of the challenge is to enter the reality of each situation with both wisdom and courage.

For copies of newsletters, annual reports and information about opening an account or starting the borrowing process, address your request to:

The Rudolf Steiner Foundation, Inc.

RD 1, Box 140A

Chatham, NY 12037

1. See Chapter 3, *Phases of School Development*, where Christopher Schaefer quotes Rudolf Steiner's fundamental social law. – Ed.

Siegfried E. Finser, President of the Rudolf Steiner Foundation, is an independent management consultant whose current client list includes 19 government and nonprofit institutions, as well as many corporations in the United States and abroad. He was treasurer of the Anthroposophical Society in America and President of the Threefold Educational Foundation. Until 1976, he was the Director of Human Resource Development at ITT and had corporate responsibility for all education and development programs. He has conducted well over one hundred workshops and courses, mostly on human resource management topics.