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Can learning transform society?
Dear Friends,

If we are serious about transforming the way the world works with money, then we have an obligation to look at the role education plays in it. I know this because I get to witness my children every day engaging with people, playing, and slowly becoming who they will be.

I invite you to think through your own experiences of education. What remains of value? What was painful? What was most important? How did you discover what actually motivates you? And what of your education has informed how you stand in relationships, in your work, and in community? This inquiry leads to the core of the educational process—transferring wisdom across generations. And that wisdom is about how we know and learn rather than what we know.

As this issue of our *Quarterly* demonstrates, the relationship between individual and community, and the capacity to navigate our own development, and that between ourselves and others, is the basis for a healthy future—and probably the hardest of all “subjects” to teach. This is so mostly because in order to teach it, we first have to live it. Our hope is that money simply supports and follows these paths of relationship, and frees up initiative to educate, innovate, and cultivate community.

Trusting that you had a joyful and renewing holiday season, and we join with you in invoking the best in the New Year for everyone.

Yours,

Don Shaffer,
President & CEO

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**2014 EDUCATION & ARTS HIGHLIGHTS***

Number of Grants: 351
Grants in Dollars: $6.2 million
Percentage of Total Grantmaking: 65%
Number of Loans: 59
Loans in Dollars: $52 million
Percentage of Total Loans: 52%

*Data based on year-end estimates. Stay tuned for the 2014 Annual Report for final results.
What kind of education is needed for forming the minds, hearts, and hands of the next generation who will have to cope with and transform the ecological, social, and economic issues of today, issues that transcend political boundaries, cultural constructs, and economic realities?

I will start with some historical context for American education. Thomas Jefferson articulated the American ideal of education when he stated that to protect against tyranny it is necessary “to illuminate, as far as practicable, the minds of the people at large.” While the struggle since has been to expand in a truly democratic way the definition of “people at large” so as to do away with the anti-democratic legacy of classism, racism, and sexism, the purpose of education itself remains essential to a democratic state. The Constitution has no provision for education, but the Northwest Ordinance of 1787 made clear that the new government would be committed to supporting education: “Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools as the means of education shall forever be encouraged.” During the first half of the 19th Century schools grew from being subordinate to family, church, and community to being the foremost means of education under the common-school movement.

As the country moved forward, so did the schools, and they came to be seen more and more as the shaper of culture.

The causes to which education, especially public education, could be put in the United States continued to grow. Waves of immigration aroused new thinking on the purposes of education: it should provide for assimilation; it should allow each group to flourish; it should lead to replication of society as we know it; it should give rise to new ways of looking at democracy. Industrialization made its presence felt as schooling became more mechanized and a “product” was called for—trained workers. One influential approach was the reform movement known as progressive education, which dominated into the 1950s and held at its core the effort to use education to improve the lives of individuals.

The paramount voice of progressivism was that of educational philosopher John Dewey. In *Democracy and Education*, Dewey lays out his conception of education as essential to life. Multifaceted in its purpose, education was for him an introduction to humanity and nature, guidance in social life and mores, an avenue for individual development, and a means of building capacities for one’s future.

The echoes of Dewey still resound in the work of reformist educators like Deborah Meier, founder of the alternative Central Park Elementary School in Harlem, based in large part on involving the students in decision-making in a democratic way. For Ms. Meier, one fundamental purpose of schools is to “inspire a generation of Americans to take on our collective task of preserving and nourishing the habits of heart and mind essential for a democracy, and, as we now see, the future of the planet itself.” She insists on a fundamental change in the way people relate to each other in schools, emphasizing that student “voices are heard and taken into account.” For Meier, then, educating for a democratic people means educating democratically.

Waldorf education, inspired by Rudolf Steiner, recognizes that democratic principles are an essential but incomplete imagination of the purpose of education. It is possible to formulate the characteristics of a larger conception of education under the rubric of three essential categorical features: critical thinking, civic engagement or social responsibility, and the cultural/institutional features of schooling.

In 1919, Steiner articulated a new social theory in which he outlined revolutionary principles for practices in three sectors of social life: cultural/spiritual, rights and agreements (political), and economic. The principles had their origins in the ideals of the French Revolution: Liberté, Égalité, Fraternité. Steiner put forward the following: In the realm of the spiritual/cultural the guiding principle is freedom; in rights and agreements, equality; in economics, brotherhood or interdependence.

This expansive view keeps clarity between political
Over seven million Americans have been diagnosed with an intellectual or developmental disability. Often not treated well in our society, they face poverty, unemployment, and discrimination, all of which combined make finding affordable housing a particular challenge. Fortunately, there is an option that provides independence, dignity, and a sense of community to the developmentally disabled: community-based living. Foundation For the Challenged [FFC] is a non-profit social enterprise working hard to meet the high demands for community-based living by making homes available for the developmentally disabled to rent. With their offices tucked away in a suburb of Columbus, Ohio, FFC provides homes to 350 developmentally disabled individuals in 94 residences located across 11 states. With support from RSF financing, FFC has been able to weather the 2008 housing crash and continue on its mission.

**INSPIRATION**
Fran Wesseling has been at the helm of FFC since 2002. She started her career in nursing, but after an interaction with a developmentally disabled person, she decided she wanted to focus all of her energy towards helping this community. Soon thereafter, she became a board member for Alternative Residences, Inc. [ARI], the predecessor organization to FFC. ARI was a non-profit that focused on managing group homes and providing direct services to the developmentally disabled. These support services include taking residents to the grocery store, helping them dress, and preparing dinner for them. However, ARI’s board, led by Wesseling, believed they could do something beyond the norm—something to help the developmentally disabled become part of a larger community. In 2002, ARI sold its service provider contracts to other providers and became Foundation For the Challenged. Their mission became to improve the quality of life for the developmentally disabled by encouraging community inclusion and providing a place for them to live affordably and comfortably. Buying houses and starting a complementary charitable program, it turns out, enables FFC to do just that.

**INNOVATION**
Developmentally disabled Americans receive monthly financial support from the Supplemental Security Income (SSI) program. They use a portion of their SSI funds to pay rent to FFC which owns the homes. FFC uses the rental income to pay down their mortgages and to support their operations (FFC has two full time and two part time employees). Because FFC is not providing the at-home services, the separation of service provider and owner roles ensures that the residents are treated fairly and without conflicts of interest. FFC is a compassionate landlord that understands the various needs of their residents and the challenges they face. They provide residents with the opportunity to live with others in a place where they feel at home. And the resulting integration into the wider community is better for the residents and for society as a whole. As Kathy Strebllo, FFC’s Associate Director of Housing Operations, sees it, the benefits of community living are significant: “The developmentally disabled are able to enjoy all the things that you and I are able to enjoy about living in a community – choosing roommates, picking where you live, and what activities you do.”

The need for housing for the developmentally disabled is enormous. For decades, many developmentally
disabled people, regardless of their disability level, were living in state-run institutions segregated from society and stripped of their independence. In 1999, a landmark Supreme Court decision declared that the segregation of people with disabilities is a form of unlawful discrimination under the Americans with Disabilities Act. As a result of this *Olmstead* decision, community-based living became the desired replacement for institutional settings. Now, however, there is a new problem—a shortage of homes available for the developmentally disabled to rent. Tens of thousands of developmentally disabled people linger on waitlists for years for homes like those FFC owns. In the meantime, they live with aging caregivers or they remain in institutions. FFC does not have control over the state-run waitlists, but they are attempting to meet the overwhelming need one home at a time.

When FFC started purchasing homes, they were able to acquire them quickly using the affordable housing financing available through Fannie Mae and Freddie Mac. Then in 2008, the housing market crashed. Affordable housing financing dried up and suddenly, instead of making 10% down payments on each new home, FFC was required to put down 30%. They were forced to hunt for state and federal grant dollars to help supplement their purchases. Even then, the budget was tight and their ability to buy houses slowed significantly.

FFC went to several small lenders that specialized in housing for the developmentally disabled, but they weren’t able to provide a loan that was large enough to cover FFC’s needs. In 2010, Wesseling, still on the hunt for financing options, met RSF Senior Director of Lending Ted Levinson at a Social Enterprise Alliance meeting. Wesseling recalls, “there was synergy in that RSF valued what we were doing and the mission that we had when other banks didn’t care what we were doing and the social impact we were having.”

Though they provide much needed housing for 350 individuals, FFC felt the need to give back in a more direct way to the community they work with. In 2006, FFC launched the Community Living Fund that supports the developmentally disabled by providing basic living necessities such as wheelchair ramps and walking devices. Individuals have the opportunity to apply for up to $1,000, which goes a long way for someone living on SSI payments. One of Wesseling’s favorite stories is about a grant that was used to pave a bike trail in a rural area so that a boy with Down syndrome could safely ride his bike near his home. FFC has provided over $130,000 in grants to individuals since the fund started in 2006.

In mid-November, FFC held a fundraising event to expand and endow the newly named Wesseling Community Living Fund so that even when the organization faces financial hardships like the 2008 housing crash, they’re able to give back. The event doubled as a retirement celebration for Wesseling. After serving the organization for 28 years, she is stepping down and in her stead Kathy Streblo will become the Executive Director.

Over the next few years, FFC will focus on growth in the markets they’re already in – states like Ohio, Tennessee, Iowa, Florida, and Washington – where they already understand the state regulations and have vetted the service providers. They hope that they’ll be able to keep serving those most in need for a long time to come. RSF plans to keep supporting FFC’s work and other like-minded organizations that are providing dignity, stability, and independence to people with developmental disabilities.

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**Borrower at a Glance:**
Foundation For the Challenged
HQ: Dublin, OH
Impact area: Education and the Arts, Developmental Disabilities
RSF relationship: Mortgage Loan
Employees: 4

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“There was synergy in that RSF valued what we were doing and the mission that we had when other banks didn’t care what we were doing and the social impact we were having.”

- FRAN WESSELING, FFC
Educating for a Democratic Society
Continued from page 3

systems and governing principles with the presence of human individuality and its attendant capacity for self-knowledge and the in-born capacity for altruism. Steiner posited that out of educated self-awareness, each citizen could know how and when to exercise spiritual freedom, hieratic in nature; a sense of rights, egalitarian in nature; or economic action, based on an awareness of material needs and the circulation of goods and services.

In the center of the diagram is placed the individual in recognition that it is the single “I” who must implement the ideals of democracy, along with each other I. The I, then, radiating through its education reaches the three primary fields—rights, equity, spiritual/cultural, critical thinking, and economic/social responsibility—each of which in turn has its complement opposite it: relationships, civic engagement, and morality respectively.

If one sees democracy as the atmosphere in which this threefold educational ecosystem lives, then one can also see that civic engagement, relationship, and morality—the three mediators—along with the three points, form the ground of ethical life without which democracy cannot thrive. Education becomes the means whereby the individual can fully inhabit the democratic/ethical world thus formulated.

In this way, it is possible to use Rudolf Steiner’s view of the threefold commonwealth as a framework for understanding and designing an educational system that cultivates the three key domains with their principles as a basis for a morally/spiritually informed democratic society. Such an education would encourage more conscious cultivation of economic life based on altruism, and a rights life which highlights how we create our agreements—two key aspects of life that often remain unaddressed in current educational practice.

Waldorf education is only one of what could be many possible forms of social education that can be developed based upon Steiner’s ideas around threefoldness. The effectiveness of any education derives from its leaders’ and teachers’ willingness to share a vision of the aims of education, a common and constantly-renewed image of students and their development, an inspiring curriculum that respects teachers’ professionalism and autonomy, and a common method of teaching democratic aims.

A socially just world requires that its citizens have the flexibility of thinking that respects the capacities and freedom of each individual, understands that true equality is essential in governing and in the creation of policies and laws, and sees that the economic world will be sustaining when self-interested behavior is transformed into a more altruistic practice. I recognize that this is no small undertaking given our current educational system—yet, unless we attempt such change, our democratic future is at risk.

Joan Caldarera, Ed.D., is the director of Rudolf Steiner College—San Francisco, a teacher training center. She is also a humanities instructor at San Francisco Waldorf High School. She has taught at every level in Waldorf education from kindergarten through high school, as well as serving in the administration as both High School Chair and Head of Administration for San Francisco Waldorf School. Dr. Caldarera’s doctoral research has been published under the title, Through the Lives of the Teachers: How Waldorf Class Teachers Think about Morality, Waldorf Education, and the Arts in the 21st Century. She has also published articles on aspects of Waldorf education in numerous education journals.
Nearly 2,000 people have checked out our 25 Social Enterprise Stars campaign page since October, when we launched our effort to add a wave of new borrowers to our loan portfolio in the coming year. That’s a great start, but we know there’s plenty of room for an even bigger reach if everyone in the RSF community keeps an eye out for social enterprises that could have a greater impact with our help.

Do you know—or have you heard of—established businesses or non-profit organizations in the U.S. or Canada that are doing groundbreaking work in food and agriculture, education and the arts, or ecological stewardship? Please send them our way:

• Let the lending team know about them by emailing lending@rsfsocialfinance.org
• Direct prospective borrowers to our campaign page: rsfsocialfinance.org/social-enterprise-stars/
• Share news of our borrower search through social media, using the hashtag #SocentStars.

Not sure who’s a good fit? Here are a few great examples of current borrowers in the arts and education field:

**Playworks** is the leading national non-profit leveraging the power of play before, during, and after school to transform children’s physical and emotional health. Its programs improve school climate, reduce bullying, and increase student engagement through play and physical activity. Playworks provides public schools with trained, full-time coaches who use recess and play to support learning. Playworks also provides consultative training services for educators and youth workers.

**Liberty Source** meets an under-recognized need by employing military spouses in U.S.-based business process outsourcing work. Military spouses in the U.S. have a higher rate of post–high school education than the general population but, because of frequent moves and limited job opportunities near military bases, they are four times as likely to be unemployed or underemployed.

**LA Stage Alliance** is a voice for the arts sector in the public policy sphere and creates audience engagement resources, operational support, and other programming designed to “raise the floor” for the entire arts community and allow artists to reach increasingly ambitious artistic goals.

Thank you for helping to build the next economy!

To receive a loan from RSF, an enterprise should have the following qualifications—but we’re not asking you to screen referrals. If you think they might meet our criteria, we’d like to hear about them.

• A social mission in one of RSF’s three focus areas: Food & Agriculture, Education & the Arts, and Ecological Stewardship
• Incorporation in the U.S. or Canada
• Strong collateral (which may include pledge or guarantee communities)
• Funding needs ranging from $200,000 to $5 million ($100,000+ for arts organizations)
• 3 or more years of operating history
• Operational profit, or a clear path to profitability in 12 months
• Annual revenue of $1 million or more ($500,000 for arts organizations)
Events
For the latest on RSF’s participation in conferences and events, check out our “Events” page at rsfsocialfinance.org/connect/events

**CONFLUENCE PHILANTHROPY**
2/4/15-2/6/2015
Sausalito, CA
confluencephilanthropy.org

**WOMEN, MONEY, AND SPIRIT**
2/7/2015
San Rafael, CA
womenmoneyspirit.com

**PLAY BIG**
2/25/15-2/28/15
Sausalito, CA
rsfsocialfinance.org/playbig2015

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**WANT TO GO DIGITAL?**
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**New Leaf Paper Environmental Benefits Statement**

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fully grown | gallons | Million BTUs | pounds | pounds

Calculations based on research by Environmental Defense Fund and other members of the Paper Sub-Committee. www.newleafpaper.com

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