

Vidar Foundation Tuition Loan Program 2020/21 Program Pilot

**For Waldorf Teacher Education and Waldorf Early Childhood Education Students
at the Rudolf Steiner Centre Toronto and the West Coast Institute for Studies in
Anthroposophy**

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Introduction: The Need for a Credit Vehicle for Tuition Fees

There is a demonstrated need for more Waldorf teachers and Waldorf early childhood educators across Canada. For several years, many Canadian Waldorf schools and childcare centres have been unable to hire the trained faculty they need. In some cases, this is due to the fact that prospective students are unable to afford the tuition for the relevant training courses available through the Rudolf Steiner Centre Toronto (RSCT) and the West Coast Institute for Studies in Anthroposophy (WCI). While these organizations have access to some bursary funding through the Association of Waldorf Schools of North America and some other tuition support, it is not sufficient to enable all eligible student to enroll. In addition, these organizations are not eligible for provincial student loans. RSCT and WCI need a credit vehicle to enable some students to afford course tuition fees. This situation has been exacerbated by the recent loss of income many are experiencing as a result of the covid-19 pandemic. Both RSCT and WCI are uncertain if they will have viable courses unless a tuition credit vehicle can be established.

In order to help address this situation, the Vidar Foundation (Vidar) is establishing the Vidar Tuition Loan Program for Waldorf Teacher Education and Waldorf Early Childhood Education Students in Canada (VTLP). VTLP will offer no-interest loans to students to cover tuition and other expenses associated with becoming a Waldorf teacher or Waldorf early childhood educator through RSCT and WCI. Loans will be secured through community co-signers and will be repayable over a five year period following graduation. Providing interest-free loans should make these Waldorf vocational courses more accessible leading to higher enrollments at RSCT and WCI, and an increased number of course graduates available for hire by Waldorf schools and childcare centres. VTLP is offered as a one-year pilot project for the 2020/21 academic year and may be extended in future depending on the availability of investor support.

Source of Financing for VTLP: Investors who Support the Waldorf Movement

With the support of RSCT and WCI, Vidar will identify people willing to either give or loan money to Vidar to support this initiative. Any gift money will be receipted and held as permanent funding for VTLP or related Vidar initiatives. While gift money is greatly appreciated, Vidar anticipates that VTLP will largely be supported by loans from investors who agree to transfer a portion of their investment portfolio to Vidar for a period of time for this purpose.

In a signed investor contract with Vidar, investors will specify the amount of their loan and the intended timeframe of the loan confirming their understanding that these loans are secured, as explained below, but will yield no interest or investment income. The investor contract will also specify that notwithstanding their initial intent, investors may withdraw their funds at any time with three months notice. Amounts greater than \$50,000 might require more time. Should the program continue, investors will be invited to 'roll over' their investment for additional terms as well as adding to the sum of their loan. Some investors may also choose to convert some or all of their loan into a charitable gift to Vidar, potentially as part of a bequest.

For the 2020/21 pilot project, Vidar will aim to secure \$200,000 in funds in total, with \$100,000 available for RSCT students and \$100,000 for WCI students. These funds will be repaid over a five to eight year period as some of the full-time training programs are a year long while some of the part-time programs are two or three years long. This \$200,000 investor target is based on the anticipated need to support students starting in 2020/21. The estimate is based on currently available program applicants and experience from previous years. Depending on the courses students select, this amount should enable each institution to provide loans for between 10 and 20 students.

The RSCT, WCI and Vidar Boards hope there will be sufficient investors for VTLP to become a self-sustaining program. This would require sufficient capital for VTLP to continue to provide loans to all eligible students for several years in a row, as repayments will lag behind new loans. As noted in the multi-year forecast in the appendix, it might eventually require up to \$500,000 for each institution for this to be a self-sustaining program. During the 2020/21 academic year, Vidar will determine if the program can be extended, what total capital requirements might be and consider seeking additional investors accordingly.

Vidar Tuition Loan Accounts

Vidar will hold the funds received in two separate bank accounts, one for RSCT and one for WCI. Vidar will retain ownership of these accounts. Should either RSCT or WCI go into receivership or out of business, creditors would have no access to these funds held by Vidar. All outstanding loan repayments would be transferred to Vidar, and the funds could be redirected to other anthroposophical vocational training institutions.

Based on 5% "Growth Contributions", and hopefully gifts and bequests, the endowment portions of the funds owned by the funds themselves will gradually increase over time, and will belong to Vidar in perpetuity.

Students will be able to borrow money from these funds to pay for their RSCT and WCI tuition fees. While it would be possible for Vidar to transfer the funds to each student and then have each student pay the institution, it will be more efficient for Vidar to pay the institutions a lump sum on a quarterly basis. Quarterly payments, as opposed to annual payments, are appropriate for two reasons:

- they correspond to how RSCT and WCI currently receive tuition payments, and so are in keeping with established cashflow requirements.

- it flattens out the amount that funds have to pay out to RSCT and WCI which should facilitate the fund solvency as repayments begin to flow back in.

If VTLP is continued past the 2020/21 year but there are not sufficient investors, it could be that the number of loans available will fluctuate over time, with more loans becoming available again as the original loans are repaid. While this is not ideal, both RSCT and WCI could adapt to this situation as required on an annual basis by either intensifying loan eligibility requirements or lowering the available loan amounts. In a worse case scenario, VTLP might not be available at all for a period while previous loans are repaid.

Basic Loan Terms

VTLP will make loans available for up to 80% of the total of tuition fees to a maximum loan of \$16,000 per student. A loan may be granted for a 1 year, 2 year or 3 year course of study. While loans may be repaid sooner, all loans must be repaid within five years following graduation. Monthly loan repayment rates must be at a minimum repayment rate of \$100/month or higher. In addition to repayment, all students will be charged a 5% “Growth Contribution” payable upon enrolment. This fee will be added to the fund value, enable loans to others students in future.

Example 1:

A student enrolling in a one-year, full-time program at RSCT with tuition fees of \$10,000, requests the maximum potential loan amount of \$8,000. The student pays the 5% Growth Contribution of \$400, and agrees to repay the loan over five years with monthly payments of \$133 as follows:

2020\21	2021\22	2022\23	2023\24	2024\25	2025\26
Debt of \$8000	Repays 12 x \$133 =	Repays 12 x \$133 =	Repays 12 x \$133 =	Repays 12 x \$133 =	Repays 12 x \$133 =
Vidar pays to RSCT in quarterly amounts of \$2,000	\$1,596 using a pre-authorized withdrawal	\$1,596 using a pre-authorized withdrawal	\$1,596 using a pre-authorized withdrawal	\$1,596 using a pre-authorized withdrawal	\$1,596 using a pre-authorized withdrawal
Student pays Growth Contribution of 5% or \$400.	Total repaid: \$1,596	Total repaid: \$3,192	Total repaid: \$4,788	Total repaid: \$6,384	Total repaid: \$8,000

Example 2:

A student enrolling in a three-year, part-time course at WCI with tuition of 6,000 per year, for a total tuition of \$18,000 takes a loan of \$12,000 (out of a total loan available of \$14,400), pays the 5% administrative fee of \$600, and agrees to repay the loan over five years with a monthly repayment rate of \$200/month. In this case, repayment begins in the 2023\24 academic year and ends in 2027\28.

Loan Application Process

Students wanting to borrow money through the VTLP will apply for financial support as part of their course application to either RSCT or WCI. Each organization will develop a process for determining with the applicant:

- if they are eligible to access VTLP
- the total amount of the loan they will required
- the time period covered (based on whether the course of study is one, two or three years)
- the monthly repayment rate
- when repayments will start and complete
- identify community members who co-sign the loan (see next section)

Regarding eligibility, RSCT and WCI will work together to develop an appropriate means testing criteria to ensure students who do not require support do not take advantage of the no-interest program. This criteria will likely be based on annual family income versus number of dependents.

As loans for each school semester are approved, each institution will inform Vidar of the aggregate amounts and associated quarterly payment schedules. For one-year courses, there will be four equal payments. For two- and three-year courses, 8 and 12 payments respectively.

Assuming the program is extended beyond the 2020\21 academic year, each organization will sustain a simple spread sheet showing the payments and repayment schedules

Two Levels of Loan Guarantees

Level 1 – Community Co-signers

These no interest loans are secured for the Vidar Foundation investors through other community members who agree to act as loan co-signers (loan guarantors). A co-signer agrees to pay back a portion of the loan should the student in question default on the payments. Co-signers sign a simple contract confirming their willingness to underwrite a specific portion of the loan. Each loan applicant will be asked to try to identify and approach community members who would be willing support their loan application in this way. For some applicants, it will be easy to identify and approach potential guarantors. Others may be able to identify them but need support in asking for support. Still other applicants may not be able to identify potential guarantors. The training institution will work with the applicant as required to secure sufficient loan guarantors, including locating guarantors from amongst the broader anthroposophical community as required.

Level 2 – RSCT / WCI Commitment

As part of VTLP, both organizations agree to cover any losses not covered by the community co-signers. With this commitment, Vidar can provide reasonable assurance that investors will be able to retrieve their loan.

Appendix - Multi-Year Fund Requirement Forecast

The following table is a simple prediction of the multiyear investment required for the fund to be self-sustaining for each institution. It assumes that \$100,000 is loaned out per year and that \$20,000 of that is returned annually over five years. With these simple assumptions, Vidar would eventually need to secure an ongoing pool of \$400,000 in investor dollars for each institution but with new investment amounts decreasing each year. The fund would be self-sustaining in the 6th year of operation, requiring new investors only to replace those withdrawing their funds.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Vidar Investment This Year	\$ 100,000	\$ 100,000	\$ 80,000	\$ 60,000	\$ 40,000	\$ 20,000	\$ -
Total Available for Loans	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Invested in the Fund	\$ 100,000	\$ 200,000	\$ 280,000	\$ 340,000	\$ 380,000	\$ 400,000	\$ 400,000
Amount Loaned Out	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Amount Repaid	\$ -	\$ 20,000	\$ 40,000	\$ 60,000	\$ 80,000	\$ 100,000	\$ 100,000

The funds will be strictly limited by the availability of investor funds. They will only be able to offer new loans in a given year based on the amounts provided by investors. These funds would be separate from all other Vidar funds, and would need to remain entirely self-sustaining. Liquidity would be managed by careful discussion with lenders about the length of term they are willing to loan for, and for larger amounts, flexibility of repayment schedule based on the fund's cash flow situation.