



THE CHRONICLE OF PHILANTHROPY MANAGING

From the issue dated January 26, 2006

SEARCH THE SITE

SITE MAP

SECTIONS:

[Front Page](#)

[Gifts & Grants](#)

[Fund Raising](#)

[Managing Nonprofit Groups](#)

[Technology](#)

[Jobs](#)

FEATURES:

[Guide to Grants](#)

[Ideas & Resources](#)

[The Nonprofit Handbook](#)

[Facts & Figures](#)

[Events](#)

[Deadlines](#)

CHRONICLE IN PRINT:

[Current Issue](#)

[Back Issues](#)

SPONSORED INFORMATION

PRODUCTS & SERVICES:

[Directory of Services](#)

[Consultants Guide](#)

[Continuing-Education
Guide](#)

[Fund-Raising Services
Guide](#)

[Technology Guide](#)

CUSTOMER SERVICE:

[About The Chronicle](#)

[How to Contact Us](#)

[How to Subscribe](#)

[How to Register](#)

[Subscriber Services](#)

[Change Your User Name](#)

[Change Your Password](#)

[Forgot Your Password?](#)

[How to Advertise](#)

[Press Inquiries](#)

[Feedback](#)

Trading Favors for Charity

'Time dollar' programs let participants give and receive

By Sara Anne Donnelly

Roberta House shops with fake money she earned by helping her neighbors. Her fake money buys very real items — clothes, dishes, bleach, toothbrushes, soap — at a small store run by the nonprofit MORE Time Dollar Exchange, in St. Louis.

ALSO SEE:

[Charities Team Up to Bring
Time-Bank Project to Ravaged
Gulf Coast](#)

['Time Bank' Concept of
Swapping Services Gains
Ground Internationally](#)

The exchange is a "time bank," which allows participants to earn virtual "time dollars" for services exchanged with other participants in the network. The time dollars can then be used to purchase services from other participants, like baby-sitting, automotive repair, or transportation, and can also be redeemed at the store

run by MORE, which stands for Member Organized Resource Exchange.

Ms. House, who baby-sits, cuts hair, and drives elderly residents to medical appointments to earn her time dollars, has been a member of the MORE time bank since 1999 and now works part time training others in the time-dollar system.

Over the years, she estimates, she has persuaded more than 1,000 neighbors to join the exchange.

"It's a good project, and I wish everybody could get into it," she says. When recruiting new members, "I say, these are all time-dollar clothes I have on, and they're interested. They say, 'Well, I'm going to have to come up there and shop with you.'"

Ms. House's efforts and those of the MORE Time Dollar Exchange are purely local, but both are part of a nationwide nonprofit network called Time Banks USA, an umbrella organization in Washington that allows registered participants to swap services with each other via 65 branches in 26 states.

[Privacy Policy](#)[User Agreement](#)[Help](#)

An Innovative Approach

Time Banks USA's leaders believe time banks represent an innovative approach to social services — one that values giving as much as receiving — that can complement traditional social services from other nonprofit groups and government agencies. Eventually, says Mark McDonough, Time Banks USA's former leader and current chief technology officer, the group wants to help create "a large-scale parallel economy of people taking care of each other."

Mr. McDonough and his colleagues have ambitious plans to create several hundred new time banks around the country in the next two years, which means that their organization must raise its low profile among grant makers and intensify fund-raising efforts. And, perhaps most daunting at all, time-dollar proponents must overcome deeply entrenched notions about what charity means to both the donor and the recipient.

"Some nonprofits are very paternalistic toward the people they serve," says Domingo Barrios, a program officer at the Houston Endowment, who oversaw a \$15,000 grant in 2003 to help the Time Dollar Institute promote its concept among charities in his city. "But Time Dollar says, 'No, no, no, guys, it's the people getting the services, that's where it's at.' It's asking people to think differently."

Healing 'Charity Wounds'

Although simple bartering is a centuries-old economic system, the "time dollar" concept was created in 1987 by Edgar Cahn, a social-justice lawyer who founded the Antioch School of Law (now known as the University of the District of Columbia David A. Clarke School of Law).

In 1980, Mr. Cahn suffered a severe heart attack at age 46. While recovering in the hospital, he says, he began to think about how helpless he felt as a patient unable to help the people who took care of him. He wondered if people who had spent years as recipients of aid might feel the same sense of powerlessness that he felt in his hospital bed — an idea he refers to as "charity wounds." He began to devise a plan to deliver social services that would require participants to give as well as receive.

Seven years later, he created his time-dollar system, drafting the concept while on a fellowship at the London School of Economics.

The first time banks were designed solely to assist the elderly, but within a year, he says, participants adjusted the system to include younger people. Today, time-bank members cover the age spectrum and hail from diverse backgrounds.

Despite the changes, the system retains its original concept. For every hour of service performed, one virtual "time dollar" is earned, which can then be used to purchase one hour of any other service in the network and, at banks like MORE Time Dollar Exchange, basic items.

The price of time-dollar services is not calculated according to traditional market value. Every hour of service is worth exactly one time dollar. Cleaning a house, fixing a computer, or providing companionship are all of equal value in time banking.

After Mr. Cahn drafted his concept in 1987, other activists looking to strengthen community ties — most notably the creators of Ithaca Hours, in Ithaca, N.Y. — devised their own systems, all unified by a common desire to counter the social implications of the global economy and what they perceived as the devaluation of domestic labor and old-fashioned neighborly favors.

In the United States, Mr. Cahn's time-dollar model has proven to be the most widely used, outnumbering branches of Ithaca Hours by two to one, according to Susan Witt, executive director of the E.F. Schumacher Society, in Great Barrington, Mass., a nonprofit organization that has studied local currency networks. Twenty countries worldwide also host time banks based on Mr. Cahn's concepts. Nationwide, about 25,000 people participate in time banks. Internationally, that number has grown to roughly 60,000.

Spotty Support

Time banks are part of a tradition that dates back centuries, says Bernard Lietaer, an economist and co-founder of the Access Foundation, a nonprofit organization in Boulder, Colo., that studies alternative currency systems.

The biggest obstacle faced by systems like time dollar around the world, says Mr. Lietaer, is habitual thinking — people are accustomed to using their main currency and are often reluctant to examine alternatives.

Those alternatives, he says, will fail or succeed depending on the charm of their promoters and the accessibility of their approach. The systems that crash are those that are poorly organized and marketed. Time banks, Mr. Lietaer says, have benefited from Mr. Cahn's personal charisma and the relatively strict way in which the time-dollar concept is organized.

Despite these advantages, the system faces challenges in gaining broad public participation. For example, grant-maker support for time banks has been spotty at the national level.

While several major foundations have supported time-dollar projects — such as Edna McConnell Clark and Robert Wood Johnson — their grants were made so long ago that most grant makers contacted by *The Chronicle* said no one on their current staffs could talk about the idea knowledgeably, or about why they had stopped making grants.

According to Mr. Cahn, Time Banks USA's national headquarters currently receives grants from only one source: the Annie E. Casey Foundation, in Baltimore, which contributes \$100,000 annually and has supported the organization's work for more than five years. Casey's money supports time banks in seven sites around the country, including Des Moines, San Antonio, and Washington.

Victor Azios, a senior associate at the foundation who has overseen the grant maker's involvement with time banking since it started supporting Mr. Cahn's organization in 2000, says he understands why some grant makers have been slow to embrace the concept.

"It's not a traditional program," he says. "It's more of a way of doing things and using human capital to build stronger relationships. People were confused by the concept in the beginning. It's not a slam dunk."

Two years ago, the Houston Endowment paid for a roundtable event to teach local charities about time banking. "The concept did not gain a lot of traction," says Mr. Barrios.

Nonprofit organizations, he says, had trouble grasping the ideas and implementing them.

Most charities operate by seeking grants and donations, and then providing services — a "dollar transaction," he says. "The transaction shared in time dollar is volunteerism, but we traditionally think of volunteerism as a one-way street."

When it becomes a two-way transaction, he says, few organizations have the skills to manage that new system, or the resources to devote to acquiring those skills.

The unconventional structure of time banks, Mr. Barrios says, also creates problems in attracting grant makers. "It's a bit of a conundrum," he says. "On the one hand, the way we deliver services has always been a financial transaction. Time dollar is saying that you don't need money to deliver social services, you only need time. But then, why do you need money to do it? But you *do* need money — to administer the concept."

Mr. Barrios, who calls the time-dollar idea "brilliant" and believes it can help to empower recipients of aid, says he would like to see more

foundations support it. But he cautions that it is no quick fix for ending poverty. "It's worth trying, here and there," he says. "But it's going to take time."

An 'Angel Investor'

Both the founder of the time-dollar idea and the organization that spreads the concept have undergone some changes recently.

Time Banks USA was created in December 2004 when two of the organizations Mr. Cahn created — Time Dollar Institute and the Time Dollar Network — merged.

A year ago, Mr. Cahn stepped down from his role as chief executive and was replaced by Mark McDonough, an entrepreneur and philanthropist. This month, Mr. McDonough became the organization's chief technology officer, with the board voting Mr. Cahn back into the chief-executive role.

Richard Rockefeller, a physician who founded Maine Time Banks Network in 1995 and now serves on Time Banks USA's board, says that the national organization faces two big challenges as it strives to expand its operations across the country.

The first challenge, he says, stems from the overall economic climate, which has created problems for all cutting-edge social-services efforts, he says, not just time banks. "Governments are offering less and less funding for the solutions to social problems, and foundations have more and more taken up that challenge, which has displaced some of the more innovative programs," he says.

The second challenge, he says, is ensuring the sustainability of local operations — in the past, he says, several time banks have failed after an initial burst of enthusiasm by members, organizers, and foundations. As a result, he says, some foundations that supported the nascent movement "felt a little bit burned." But today, he says, because of new software and other technology, "time banks are easier to get going, cheaper to run, and easier to keep people involved."

Because foundation money has been hard for the time-dollar effort to obtain, the organization relies largely on money from Mr. McDonough for its \$500,000 budget.

Mr. McDonough, who in July sold his astrology-software business so he could devote his full attention to Time Banks USA, inherited most of his wealth from his family's plastics-manufacturing business ("like *The Graduate*," he jokes). He refers to himself as an "angel investor" of sorts for time banking, putting up his own money because he so strongly believes in his group's mission.

He does not, however, plan to remain the group's chief benefactor. In December, Time Banks USA hired Kristi Nelson, a fund-raising consultant in Northampton, Mass., who says the group needs to "create a culture of fund raising," from its board on down.

"Like a lot of organizations that would like to transcend money in our culture, they've neglected to pay a lot of attention to money as a way to feed the organization," she says.

'We're Getting Serious Now'

Mr. Cahn and Mr. McDonough may have new roles, but they both continue to have aggressive plans for spreading the time-dollar idea.

Mr. McDonough has been pushing the use of a franchise model, requiring each new bank to purchase training and technology before receiving permission to use the "time banks" name, which is trademarked by his organization.

Mr. Cahn says he plans to continue with this approach, and will seek to create small clusters of local time banks, which will be overseen by one paid staff member per cluster, with the individual banks being managed by volunteers. The pilot effort, he says, will begin this winter in Miami, where one of Time Banks USA's veteran organizers works.

Mr. McDonough is convinced that a little business savvy is key to ensuring his group's longevity.

"In the olden days, [the Time Dollar Institute] gave everything away," he says. "You could download the time-banking software for free. Now, we're in a process of saying, 'These are our core values. If you want to use the software and use the words 'time dollar,' you need to follow these practices.' We're getting serious now."

This month's personnel shift is part of the new approach. "I need to focus on technology this year and Edgar makes a stronger spokesperson and leader for the movement," wrote Mr. McDonough in an e-mail message to *The Chronicle*.

Mr. Cahn says he understands why Mr. McDonough would want to make a change: "He really didn't want to stay in that role. He wanted to focus on where his greatest passion is."

A Strategy Shift

As Mr. Cahn takes back the leadership role, he will probably make more of an effort to focus on spreading the idea nationally.

Under Mr. McDonough, Time Banks USA looked to the New England

Time Banks network as a laboratory of sorts for its expansion efforts, hoping to quadruple the number of branches in the region by 2010.

The New England Time Banks network has been unusually successful in attracting a diverse range of participants, says Mr. Cahn.

According to the group's statistics, 75 percent of its 1,500 time-bank participants are low-income, 20 percent are elderly, 15 percent disabled, 15 percent are single parents, and 10 percent are refugees or immigrants.

Bank participants include people like David Daniel, a 39-year-old resident of Westbrook, Me. Mr. Daniel, who suffers from debilitating fibromyalgia, a musculoskeletal pain and fatigue disorder, lent his collection of 200 video movies via the Maine chapter of the New England Time Banks, to receive help fixing his computer.

The swap, he says, helped him out of a financial jam.

"I'm using up a lot of time dollars right now [in] acupuncture and massage therapy, and I went into the red," he says. "I needed a way to get out of the red, and I'm limited to what I can do. So now, I'm making time dollars from the movie rentals."

Mr. Cahn wants to keep helping people like Mr. Daniel, but to move beyond New England.

"Mark focused almost exclusively on that area," he says. "He wanted to cordon off the rest of the country for later, but it was unsuccessful because the rest of the country wouldn't wait."

This month Mr. Cahn and Mr. McDonough are heading to Puerto Rico, where efforts are under way at the University of Puerto Rico to create time banks throughout the commonwealth.

Mr. Cahn says he is also handling inquiries from organizers in Salt Lake City, Portland, Ore., and Columbia, Md. And the organization is helping to foster a string of time banks in Houston, aimed at helping survivors of last year's Gulf Coast hurricanes.

Strengthening Community

Violet Cosgrove is part of the population Mr. Cahn originally created the time banks for — the elderly. And she believes the exchanges can help foster a greater sense of community.

Ms. Cosgrove, a 78-year-old widow, lives with her disabled son and her two dogs in Glen Burnie, Md., 10 miles outside of Baltimore. She joined the local time bank, Partners in Care, in 1995 and spent much

of her early years in the network as a donor, not a receiver. She was primarily a driver during those years, taking other elderly people to medical appointments and around town on various errands.

But in 2003, after a knee operation prevented her from driving, Ms. Cosgrove says she found herself relying on the Partners in Care network more than she ever could have imagined.

Since her operation, network volunteers have driven her to and from appointments, repainted the interior of her house, installed doggy doors for her pets, refurbished her computer desk, and repaired a loose storm door on her patio — all paid for with the time dollars she accrued during her years as a driver.

Being involved with the Partners in Care time bank, Ms. Cosgrove says, feels a lot like living in the tight-knit neighborhoods of her childhood.

"I lived in a small town when I was a kid and everybody knew everybody else," she says. "You felt like family. And that's what I feel like with Partners in Care — they're my family.

"If I drive for the next five years, I couldn't make up for what they did for me. I'll probably owe them, and their bank, for the rest of my life."

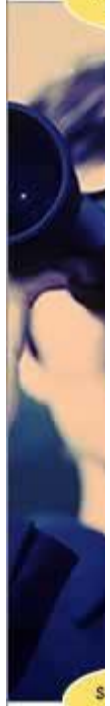
Heather Joslyn contributed to this article.

To comment on this item, send a message to comment@philanthropy.com

Copyright © 2006 [The Chronicle of Philanthropy](#)



Loc
for
gr
mo



Fe
on
Chro
Gui
Gr



