

Time Banks Provide New Way to 'Spend' an Hour

Time-based currency provides a sense of value for skills that the larger job market doesn't pay for

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There are more than 12 million unemployed Americans right now, and that's not counting discouraged workers and the underemployed. That means that far more than 12 million people have skills that are not being put to use in the job market. But in scores of small, alternative economies around the country, the jobless and the gainfully employed alike can earn value by providing their services to others.

The idea is called time banking, and it is based on the simple notion that time is equal for all people. In this system, services can be exchanged based on how long it takes to complete them, rather than on a market value determined by supply and demand. Raking the local massage therapist's leaves for one hour can be traded for a 60-minute Swedish massage, in other words.

There are more than 300 time banks around the world, in more than 35 countries, according to the nonprofit TimeBanks USA. In the organization's time bank directory, a few fledgling groups list zero or one members, but some have more than 500. The Dane County TimeBank in Madison, Wis., for example, lists 2,025 members.

These are not banks in the traditional sense. Instead of brick-and-mortar depository institutions, many time banks are simply organizations that facilitate and track how their members exchange their time and services. Many time banks involve simple neighbor-to-neighbor exchanges.

"You're in a system of members. So you might do something for me, so you earn an hour," explains Linda Hogan, a cofounder of hOurworld, a Portland, Maine-based nonprofit that provides training and services that help time banks to operate. Earning an hour—or a "time

dollar" or "service credit," as different time banks call them—means that a participant can "buy" an hour of service from another person. Likewise, a person can "spend" that earned hour credit like money to buy services from someone else. The time bank helps participants connect with each other and keeps track of credits earned and spent.

Hogan emphasizes that these transactions are not simply trades; just because you taught Portuguese to one person doesn't mean you must accept a service from them. Rather, you can seek out services more suited to your needs from your time bank's listing of available services.

Those services range from the mundane to the life saving. While some participants trade in their babysitting or guitar-lesson skills, others offer healthcare and business services. Hogan estimates that 25 percent to 30 percent of services exchanged in Portland are related to healthcare, both traditional and nontraditional. That's boosted by True North, a healthcare provider in Portland that allows time bank members with earnings below a certain level to [pay for services](#) with time dollars.

"My best exchange was the guy who married me and my husband. I paid him one time bank hour to marry us," says Emily Steinwehe, who participates in Madison's Dane County TimeBank, offering her expertise in gardening and dog training. She adds that car repair and electrical work are two of the most sought-after services in Dane County's time bank, in part because only a few members provide them.

"Really, the sky's the limit. We've had babies born, we've had weddings, funerals, [and] lots of small business development," Hogan says.

While it seems intrinsically true that time is equal for all, the idea that eight hours of delivering a baby could be as valuable as eight hours of scrubbing someone's floors can be jarring. After all average annual pay for OB-GYNs is well over \$200,000, and midwives regularly earn more than \$100,000. Compare that to the roughly \$25,000 that janitors averaged in 2011.

But this concept of equality lies at the heart of time banking, says Edgar Cahn, the founder of TimeBanks USA.

"It values people and activities that the market doesn't value. Because in the market and in the monetary world, price defines value," Cahn says. "So if it's scarce, it's valuable. If it's abundant, it's cheap. If it's really abundant, it's worthless."

The ability for people to serve each other is universal and therefore abundant, he says. But precisely because of its abundance, that capacity is undervalued.

"We are devaluing kinds of activity that are fundamental to community," Cahn says.

Time banking seeks to promote that sense of community, along with an affirmation that just because the market won't pay money for a skill doesn't mean it's worthless. Indeed, the downturn seems to have opened people's minds to the viability of a time-based currency.

"Given the recession and unemployment, the notion that we've got untapped capacity in community—I do not have an uphill battle of convincing people of that anymore," he says.

The idea has gained recent traction, but time banking has been around for decades, under a variety of different names, such as service exchanges, time shares, and hour exchanges.

Some communities had been exchanging services as early as the 1970s, Hogan says, but the program gained a foothold in the early 1980s, when Cahn—a lawyer by training—introduced the idea of time dollars and did work on the feasibility of the system. In the late 1980s, the Robert Wood Johnson Foundation invested \$1.2 million to boost the program at six health care organizations. Cahn acted as an adviser for the initiative.

While many organizations simply facilitate the exchange of hourly services, others are committed to helping specific populations, like troubled youth or the elderly. Partners in Care, a Maryland-based service exchange, connects volunteers to elderly members who need services such as rides and grocery shopping.

The Grace Hill Settlement House in St. Louis allows members to purchase actual goods with the time dollars they earn. A store run by the organization sells donated personal items and toiletries like toothbrushes. This allows members to "earn" the things that they buy.

"We support the notion that this is about creating care for one another where people own that care and deliver that care one to another," says Rod Jones, president and CEO of Grace Hill Settlement House.

Frances Garrison, a retiree who volunteers with Grace Hill, gives seniors rides in exchange for time dollars. The exchange is satisfying, she says, because it allows people with limited earnings to still get value from their good deeds.

"I'm doing a good deed for them, and they're giving me something nice in return. And since they're on a fixed income, they don't have too much money to blow," she says. "The time dollars are very precious dollars."

Some adherents speak of time banking with an almost religious fervor, using not only the language of finance ("value," "exchange") but also of altruism and harmony ("community," "human dignity"). It's a philosophical movement as much as an economic movement, but amid the lofty goals, there are practical concerns. Time banks must be sure to restrict their activities to services and not bartering. While exchanging goods is taxable, says hOurworld's Hogan, exchanging favors is not. This means that time banks helped to bring about this surreal-sounding IRS ruling:

"The IRS has ruled that you cannot tax time."

That's how Hogan puts it; the IRS is more verbose. The agency ruled in 1985 that time banking is not bartering. Barter exchanges—organizations where property and services are traded—can be taxed. However, the IRS distinguished this from time banking, and has ultimately agreed that time dollars are not taxable.

"It's the labor that we're exchanging," Hogan says. If she were cooking a meal as part of her time bank service, she says, "then I'd bring you the receipt from the store for the ingredients, and you would pay me cash for that."

In part because of tax rules and in part to uphold the time banking ethos, Hogan says that it is necessary to ensure that the rules are followed.

Transactions must be on a strictly hour-for-hour basis. Participants cannot bid with their time, offering two or three time dollars for an hour of service that they particularly want.

Hogan says that she also finds herself discouraging members from tipping. "You get people wanting to give extra hours or wanting to congratulate someone on a good job."

Doing the accounting at a time bank can also be a surprisingly complicated task, Jones says, especially when a time bank also deals in physical goods.

"When I first got here, I thought, 'This can't be this intricate,'" he says. "But if you have 10,000 time dollars and there's not enough people to trade in your system or not enough items to make good of value to you, then essentially the system collapses. Those items, the dollars have to be backed either by people in the system or they have to be balanced by items in the store."

Time banks also often face the problem of having enough U.S. dollars to be sustainable. A system that doesn't deal in money but still wants to pay even a single worker, let alone a small staff, must rely on donations and grants. Cahn says that this has been an uphill process for many time banks.

Allison Basile, founder of the 440-member DC Time Bank, which serves the Washington, D.C., area, is an example of this.

"In D.C.'s case we have not had a coordinator. It's basically just been a very small sliver of my time," she says. "In some ways, I'm pleasantly surprised that we continue to grow." The goal, Basile says, is to eventually be able to pay a coordinator, but she says that is probably a year or two away.

Though many time bank proponents fervently believe in the power of the hour, they do not labor under the notion that time could supplant the dollar.

"Oh, sure, there are anarchists that want to change the world," she says, but Hogan adds that ultimately, time dollars often simply help people to operate without cash from time to time.

One economist explains that time banking boosts often-ignored economic activity. The types of work that people do around the house and the favors that people exchange with each other have value, even if it is not reflected in GDP, she says.

"There is a lot of what I believe is relevant to the economy, in the sense that it produces goods and services that enhance well being, that is not paid. And there is the potential for more of that," says Neva Goodwin, codirector of the Global Development and Environment Institute at [Tufts University](#).

Goodwin also notes that time banking is a supplement to a money economy that is in many ways more efficient: "You can search wider for what you need, and more people can find you. And if you have skills that will generate a high income, you're likely to want to use them that way," she says.

Hogan and other proponents say that time banks can help new businesses get off the ground. She says that massage students can, for example, simultaneously earn time dollars

and work toward certification. In addition, Grace Hill is working on a system where small businesses can get loans of time dollars in order to get the help they need to start up.

Still, the more you deal in hours, the less valuable U.S. dollars might seem to you, Hogan says.

"The more you get used to it, the more you realize, 'Wow. I don't actually need to pay to get my pants hemmed.'"

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