TIME DOLLAR

To: Paul Glastris
From: Edgar Cahn Edgar

Subject: Possible Applications of Time Dollars (a.k.a. service credits)

Much is said about how "it takes a village to raise a child." But what does it take to create and sustain that village. Social capital builds and sustains that village. Time Dollars are the social currency that can generate that social capital. You understand the concept so I won't waste your time explicating what they are or how they work. This is an effort to respond to your query: how might the federal government use them?

Time Dollars can be injected in almost any federal program or initiative because Time Dollars are not a "program." They are a tool or strategy that can be used to advance certain basic principles because they create an economy that rewards decency and caring as automatically as the market economy rewards self-interest. Consider the following as an effort to articulate those values which Time Dollars can advance:

Assets: Regardless of how we formally define the work force, every human being, young and old, has the capacity to contribute significantly. We will do better when we focus on what people can do and reward them for contributing rather than by focussing on their needs and deficiencies. The real wealth of our society is people, not money. The market only taps a portion. We need to tap that wealth more effectively.

Reciprocity: One way transactions, no matter how well intended, are typically less effective than two-way transactions. When we attempt to help others, we need to enable those we help to demonstrate their own strengths by contributing. It is easy to condemn traditional charity as a form of noblesse oblige. But volunteering, professional service programs and entitlements are also unilateral acts that confer one-way largesse. Unintentionally, the message we send to those we help is: Since you have no money, you have nothing we need, want or value. By incorporating an expectation of reciprocity in all transactions, we affirm that person and enlist them as partners in a common endeavor. Most basically, it says: We need each other.

Redefining Work: We need to expand our definition of work to include that vast range of critical labor that is not "counted" because it is not compensated. We tend to devalue or take for granted certain kinds of critical work: the work of families, the work of neighborhoods, the work of civil society, the work of democracy. The market may

Time Dollar Institute ✦ P.O.Box 42519 ✦ Washington, D.C. 20015 ✦ 202/686-5200 ✦ FAX 537-5033

not consider those activities work. But it is worth asking: how productive would our work force be if they were not toilet trained? And how effective is our democracy when voters are uninformed – or simply no-shows? Time Dollars can be used to reward labor that we need but which, in the past, we have failed to compensate.

Social Capital. Putnam teaches us that there is a social infrastructure built of social capital that is as vital as the physical infrastructure of roads, bridges, and utility lines. Its elements are trust, reciprocity, and civic engagement. Time Dollars enable us to generate that social capital one hour at a time, to reward it, channel it and invest it in rebuilding community. Time Dollars enable us to acknowledge and embrace the producers of social capital as genuine shareholders entitled to participate in the abundance that society yields.

Those are the principles underlying use of Time Dollars. There are numerous contexts where they can be inserted right away to strengthen families, rebuild community, restore a civil society. Some can be done right away.

1. Support for Frail Elderly. Eighty percent of the care that enables elderly persons to remain self-sufficient and to avoid institutionalization in a nursing home comes from family, neighborhood and community based institutions. We need to create new kinds of extended families, to strengthen the informal support systems if we are to avoid skyrocketing Medicaid costs for nursing homes. The Older Americans Act already authorizes federal support for Time Dollars or service credits.[1] Funding for service credit programs could be provided either through this discretionary authority or by imposing a requirement on states to consider use of this mechanism in developing State Plans for providing support to the elderly. In the alternative, Time Dollars earned providing respite care for the elderly could, by regulation, be treated as a form of in-kind match – or as the basis for special ranking in any competitive RFP. First experiments with Time Dollars began with the elderly. The Robert Wood Johnson Foundation invested $1.2 million in experiments designed to provide respite care and related services to elderly persons living alone and families providing care for frail elderly persons. Those were highly successful. When the Administration on Aging initiated the first sets of "service credit" grants, it selected the Time Dollar Institute to provide technical assistance.

---

[1]The Older Americans Act, 42 U.S.C. §3035, expressly provides that the Assistant Secretary shall use discretionary grant authority to

"establish, in accordance with subparagraph (B), nationwide, statewide, regional, metropolitan area, county, city, or community model volunteer **service credit** projects to demonstrate methods to improve or expand supportive services or nutrition services, or otherwise promote the well-being of older individuals;
(B) for purposes of paying part or all of the cost of developing or operating the projects, in the fiscal year, make not fewer than three and not more than five grants to, or contracts with, public agencies or nonprofit private organizations in such State; and
(C) ensure that the projects will be operated in consultation with the Corporation for National and Community Service and will permit older individuals who are volunteers to earn, for services furnished, credits that may be redeemed later for similar volunteer services."

2. Welfare Reform: As states dig deeper and deeper into the pool of TANF recipients, they will find that fragile families need support systems that are not there, that job readiness is most easily cultivated in one's own neighborhood helping one's neighbors, that those who do get jobs frequently lose them when their own support system (baby sitting or transportation) breaks down. Lack of affordable, quality child care is a pervasive problem. And despite major investments of federal funds, initiatives to re-engage the missing fathers have been largely ineffective. While welfare reform leaves the actual design of welfare programs to the states, there are some specific actions highlighting creative uses of Time Dollars that could be taken at the federal level.

a. Using Time Dollars to Enable Fathers to Earn a Moratorium on Past Obligations If They Pay Current Obligations. Fathers owing back child support payments to the welfare department are subject to 65% garnishment of wages. Congress has forbidden states from forgiving that indebtedness -- but if asked, the Department of Health and Human Services could rule that states could permit fathers to earn a moratorium on past obligation by earning Time Dollars making neighborhood safer, schools better, expanding recreation programs or working in overnight day care centers. The Time Dollars earned could go to the mother -- and the father could play a visible, constructive role in community.

b. Using Time Dollars to Strengthen Fragile Families, Rebuild Neighborhoods, Improve Schooling, and Provide Support Systems for former TANF Recipients. The federal government is always free to highly successful practices and innovative ideas. And there is substantial discretionary money to promote new approaches. St. Louis' Time Dollar program has already generated national attention for enabling recipients to satisfy the work participation requirement (under the welfare law) by earning Time Dollars. In effect, they earn their welfare checks by helping their neighbors. The Manpower Demonstration Research Corporation has just contracted with the Time Dollar Institute to introduce Time Dollars into its JOBS PLUS program in several cities (Los Angeles, Chattanooga, Baltimore, Seattle and Dayton). We are just starting in Los Angeles but hope it will be a show case.

The Institute has just supplied the new administration in Washington D.C. with a blueprint for how Time Dollars can be integrated into a multi-stage strategy to make welfare reform an instrument to strengthen families, rebuild neighborhoods, and provide an exit from poverty as well as from welfare. Stage 1 would augment TANF checks with Time Dollars for TANF recipients who registered with a Community Service Temp Agency and provided assistance to child care providers, foster families, kinship care households, first-and-second grade tutoring programs, neighborhood safety programs, and care for the home bound elderly. Time Dollars could be used to purchase food from a food bank, rides, baby sitting, neighbor-to-neighbor services or merchandise from a Gifts-In-Kind outlet. Stage 2 would add an incentive: stopping the federal 5 year clock by shifting those TANF workers who had demonstrated reliability, job readiness in specific proficiencies -- by a "promotion" that shifted them from Federal dollars to 100%

state Maintenance of Effort Dollars. Stage 3 would shift them to receipt of the same "take home" pay in the form of a pay check rather than a TANF check. The Earned Income Tax Credit would kick in and Time Dollars would be paid as a fringe benefit. Stage 4 would enable them to qualify for long term employment and promotion in careers funded by a transfer of TANF dollars to the Child Development Block Grant or the Title XX Family Preservation Services. And it would tap Community Reinvestment Act funds as match to Time Dollars as a way to save for college, for a down payment on a home, a car or a computer.

c. Enriching and Expanding the Supply of Home-Based Child Care as A Job Development, Community Development Strategy Linked to Welfare Reform
Taken in combination, the work participation requirement of the welfare law, the exemption from the work requirement if adequate child care is not available, and the authorization to transfer TANF funds to the Child Development Block Grant provide ample tools to expand and upgrade home-based child care from a marginal, baby-sitting, custodial program to a quality, grassroots, child development program.

The Institute has developed a franchise design that would

(a) enable TANF recipients to be trained and to apprentice as child development specialists while fulfilling their work participation requirement assisting a franchisee who was a licensed home-day care provider;

(b) offer an opportunity upon completion of the apprenticeship for TANF mothers to become a franchisee with access to similar support

(c) centralize burdensome functions: marketing, billing, licensing, development of a daily activity plan, purchase of meals and snacks, fiscal management, building code compliance, accounting, providing lending library for toys and educational equipment;

(d) reduce the unpredictable income fluctuations that occur when a child is sick by providing that for a set fee, a family can count on 5 days of sick child care a month. (That way, the provider gets the same fee, regardless, and the parent knows that illness will not mean loss of child care);

(e) provide for a Co-Pay in Time Dollars by having the parent help out, once a week for two hours when picking up her child and by participating in an evening and weekend baby sitting pool for the other families.

There are ways in which the federal government could float such a design for comment and could issue an RFP for creative approaches to implementation.

3. Creating Community in Public Housing. The Baltimore Housing Authority has included an eight hour community service requirement in its lease for HOPE VI housing. The Time Dollar Institute is working with the Housing Authority to implement this as a Time Dollar program and builds community and empowers residents. 50% of the required 8 hours can be earned by the children in the family. Failure to pay the Time Dollar rent will lead to a proceeding before a resident dispute resolution tribunal. The Resident Council can tap the labor pool created by the community service requirement to conduct special events, enhance security, provide child care or tutoring, and strengthen resident governance. It is my understanding that HUD is considering issuing regulations that would include a community service requirement for public housing. If so, utilizing Time Dollars would convert that from a form of involuntary peonage to a form of community building empowerment.

4 Addressing Basic Literacy in Early Grades of Elementary School. Students from disadvantaged backgrounds start behind in first grade; many are not ready to advance to second grade. Schools receiving Title I funds to improve the academic achievement would do well to follow the model we have developed for the Chicago Public School System. For the past four years, VISTA volunteers and mothers paid by the Chicago School System operate a cross-age peer tutoring program where older children tutor younger children and are compensated in Time Dollars. 100 time dollars earned by the child plus 10 by a parent can be redeemed for a recycled computer. Computer recycling with donated computers from government and the private sector can be done by high school students. A federal initiative that combined Title I funds to promote parent participation with VISTA or Americorps slots dedicated to expanding the use of cross-age peer tutoring could have a dramatic impact on learning by both tutors and tutees. A Time Dollar initiative developed in Suffolk County in collaboration with LINCT is demonstrating that access to recycled computers that students and parents can actually earn, loaded with a New Deal School Suite can radically expand access to computer technology and reduce the gap between the have's and have-nots in an information age.

5 Generic Strategies for Introducing Time Dollars in Federal Programs.

a. Match Requirements in Federal Grant in Aid and Discretionary Programs. Numerous RFP's(requests for Proposals) and NOFA's (Notice of Fund Availability) permit or require match from applicants. It would be relatively simple to specify (and even require) that some portion of that match be paid in Time Dollars earned by recipients, consumers, beneficiaries in activities that furthered the purpose of the federal program and that thereby enlisted beneficiaries as co-producers, co-workers and partners in achieving the objective of the grant program. If a portion of the federal grant could only be drawn down after specific numbers of Time Dollars were earned, the focus of staff on securing participation from beneficiaries (students, patients, residents, etc) would shift as a matter of fiscal necessity in order to access the dollars to meet payroll and other expenses.

b. Rating Points and Preferred Access. Many federal programs include a break out of points for applications. Those could include specific bonus points for efforts that enlist beneficiaries earning Time Dollars. In addition, just as national service in the military confers special access to various federal programs, there is no reason why community service, measured in Time Dollars, could not give one preferred access to loans for home ownership, or higher education.

c. Empowerment Zones. Cities now compete for Empowerment Zone grants and designation. Tax incentives are a major element for businesses. And state and local governments often have to be willing to shape local taxes in ways that support community economic development. For renewals of such grants and in future competitions, localities could be required or urged to vest a new self-taxing power on residents modeled after the way in which Business Improvement Districts function. Localities could be vested with authority to impose a tax on themselves by a 51% vote -- with households having the option of whether they will pay in time dollars or dollars. They could control the use of dollars or labor generated by such a tax.

6. National Service, Time Dollars and Volunteering: This administration's call for national service has focussed on what the volunteers themselves contribute. There has been little or no focus on reciprocity, on the importance of empowering those who benefit to give back, utilizing Time Dollars. And neither VISTA volunteers nor Americorps volunteers are trained in how to develop a Time Dollar program in order to mobilize a community and be a catalyst to generate community self-help. It would require no authorization to develop a new initiative based on unleashing reciprocity as a force for social change. A special cadre of VISTA or Americorps volunteers could be trained and certified as Time Dollar coordinators. There would be a dramatic multiplier effect if every hour they contributed generated multiple hours from the communities or organizations they were assisting. Training them in how to launch and operate a Time Dollar initiative would provide important training in community building and would increase their effectiveness in mobilizing a community to address its own needs. The Corporation has recently instituted a new Educational Award program which enables students who engage in a certain specified number of community service hours to earn an education award; I have talked with them and they are amenable to that authority being used to fund a Time Dollar program that enables students to convert past loans into Time Dollar loans (repayable with Time Dollars).

7. Developing a New Approach to Long Term Care Insurance via "Extended Family Insurance." It may be possible to begin testing the feasibility of long term care insurance if premiums can be paid partly in Time Dollars. In the past, the Health Care Finance Administration has authorized Elderplan, the Social HMO, to enable senior members to receive a 25% discount on premiums in exchange for Time Dollars earned. More recently HCFA has authorized Elderplan to use its funds to enable senior members earning Time Dollars to redeem those Time Dollars for transportation, health equipment, and certain social events. A PBS documentary, funded by organized labor, highlighted this innovative way of providing support for family members. This Administration, through a joint initiative involving the Administration on Aging, the Health Care Finance Administration, and foundations, could begin to test the feasibility of a new approach utilizing Time Dollars premiums, Time Dollar co-payment and deferred or graduated vesting to avoid the twin dangers of moral hazard and adverse selection. The Robert Wood Johnson Foundation funded four HMO's to initiate service credit programs for members as part of a health promotion, informal support, and disease management system. It has proven particularly effective in helping persons with asthma reduce trips to the emergency room. Most recently, the Retirement

Research Foundation funded the National Center on Black Aged to explore the feasibility of creating a form of Extended Family Care that would combine licensed home care with Time Dollar care provided by members to other members.

CONCLUSION: This Administration can claim credit for an unprecedented growth in the market economy. Experimenting with Time Dollars would enable it to lay claim to seeking a similar or greater period of healthy growth in the non-market economy, the economy of home and family and neighborhood. The market economy reflects growth every time we spend money to clean up pollution, every time we pay lawyers to handle divorces, every time we build prisons and nursing homes. The real growth we need now is in the non-market economy. Launching that recovery would provide a lasting legacy.