

Valuing Volunteer Time

By Henry Flood

Volunteer labor—skilled and unskilled, professional and “general”—often comprises a significant portion of the in-kind match used by grantseekers to secure federal, state and foundation funding.

In the case of federal funding, the basic policy is that volunteer services may be counted as part of your match share if those services are “an integral and necessary part of an approved project or program.” Simply put, this means that the volunteer services must be directly related to your proposed project activities. (The applicable government-wide policies are contained in the cost share and matching provisions of OMB Circular A-110 in __.23 (d) and (e) as codified by each awarding agency and in __.24 (c) of the Common Rule as codified by the various awarding agencies.)

While the value of a volunteer service may vary according to skill category, three methods of calculation are possible:

- A rate based on a comparable position within your organization
- A rate derived from rates commonly paid in your service area
- A rate based on the value provided by another employer

If the same position exists within your organization, you should use the same salary and fringe for the volunteer service. This is the preferred method. If a paid position similar to that of the volunteer’s does not exist within your organization, you should use a rate consistent with rates paid for similar work within your labor market area. Finally, if another employer furnishes the service, the rate should be the same as that the employer charges, plus a reasonable fringe but exclusive of overhead.

Let’s take a closer look at how these three methods work.

Internal Rate Calculation Method

Suppose that your organization is a local Visiting Nurse Association and you pay your staff nurses an annual salary of \$40,000 (\$19.23 an hour). This is your salary rate. If your fringe rate is, say, 27%, you would have an hourly fringe of \$5.19. The combined rate adds up to \$24.42. This is the rate you would use in calculating the in-kind match for volunteer nurses.

Labor Market Calculation Method

Suppose that your organization is offered the services of a Web site developer on a volunteer basis for one year. You do not have a similar position on your staff. Ask for salary data from a few public or private organizations in your area. Or examine wage surveys conducted by the federal Bureau of Labor Statistics, your state department of labor, a local planning agency or a local chamber of commerce.

Many sources of employment data are now online. An especially useful site is www.salary.com, which maintains comprehensive salary data for thousands of job titles organized according to region. (Simply enter a position title and a city or area, and a precise figure is calculated.) If your organization is located in a very remote rural community, you might have to rely on county or regional data to establish the rate. Once you have determined a salary, add your organization's fringe rate to arrive at the combined rate.

Keep in mind that many federal agencies may require you to break out your rates into salary and fringe and display them in separate budget lines. Also, in order to protect against a potential cost disallowance, prepare a cost memorandum documenting how you calculated the value of any donated services you plan to charge to the grant.

Method for Services Furnished by Another Employer

When the volunteer services you receive come from another employer, use the salary rate paid by that employer, plus a reasonable fringe rate. To document this combined rate, obtain a letter of verification from the employer donating the service. Do not include any amounts attributable to that employer's overhead.

The letter of verification should specify both the employee's job title and his or her hourly rate. If the employer has agreed to donate the employee's services for a fixed period of time, that too should be documented.

Volunteer time donated by physicians, attorneys, accountants, engineers, and other self-employed professionals should always be documented in a letter of commitment. Ask them to state their hourly rate in the letter, and also ask them to declare a daily rate, in case you need to calculate full or partial day values.

Sometimes, professionals will donate a portion of their time, and ask for partial compensation out of the grant for the remainder of their time. If so, apply the same rate to both volunteer and paid time. Using split rates—valuing volunteer time at full cost and calculating paid time at a discount—can raise the hackles of auditors.

What about “general” volunteer time that may not be tied to specific jobs or titles? Students, ad hoc clerical support, community volunteers and the like fit into this broad category. Since 1994, Independent Sector (www.independentsector.org) has come up with an annual figure that represents an hourly rate for this sort of volunteer time. It is based on the average hourly wage for nonagricultural worker published in the annual Economic Report of the President. This figure is then increased by 12% to include fringe benefits. For 2000, the rate was \$15.39.

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