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June 18, 1998



Philanthropy Journal

Tax credit suggested to boost volunteerism

Volunteering should be encouraged with a tax incentive, an investment adviser says.

Charles K. ReCorr, a vice president and senior financial consultant for Merrill Lynch, has a modest proposal to create a tax incentive for volunteering.

ReCorr suggests a tax credit be tied to the time an individual spends as a volunteer.

Based on the national average of four hours a week donated by volunteers, he says, the credit could be calculated by multiplying the value of an hour to the volunteer in his or her paying job by the number of hours each week that the individual's volunteer time exceeds the national average. The nonprofit for which the individual volunteered would provide confirmation of the hours worked.

ReCorr says the credit would encourage more people to volunteer. And because of a natural limit in the number of volunteers the most popular nonprofits typically can manage, he says, the credit also would generate volunteers for more nonprofits.

"You're giving people an economic reason to become engaged in the problems at hand in your community," says ReCorr, who works closely with nonprofits, both managing their endowments and assets and serving on boards.

Political leaders, both at the national and state levels, have been talking a lot about the need for volunteers, particularly to help improve the lives of youngsters. That was the focus of the Presidents' Summit on

America's Future that was held last year in Philadelphia. In addition, several governors have hosted statewide volunteer summits.

The push for volunteerism comes in a society in which people like to volunteer. The Gallup organization says 93 million adults, or nearly half the U.S. population, donate more than 20.3 billion hours a year, with the average volunteer spending 4.2 hours a week working for a charity.

However, with community needs on the rise, and government and corporate support for nonprofits becoming tighter, nonprofits are looking for all the help they can get.

ReCorr can be reached at (919) 829-2012.

What do you think? To reply to this article, [click here](#)

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Jayne Cravens, Re: Tax credit suggested to bo

To: Jayne Cravens <jayne@impactonline.org>
From: "Susan J. Ellis" <susan@energizeinc.com>
Subject: Re: Tax credit suggested to boost volunteerism
Cc: Sarah Jane Rehnborg <rehnborg@mail.utexas.edu>
Bcc:

Here's what I just posted as a reply:

In reply to the article on tax credits for volunteers:

While this idea has surfaced periodically over the years, it has some major flaws: First, the idea of "crediting" a volunteer for the value of his or her pay scale on their paying job is absolutely not right. If a surgeon does volunteer surgery, then absolutely allow the value of the medical care to be credited. But if that surgeon provides tutoring to a child, the "value" of that service is NOT the surgeon's fee--it's the cost of tutoring.

Second, in order for the government to give "credit," someone, somewhere has to be keeping records on volunteer time and contributions. Given my experience with so many agencies, this will pose a real problem should the volunteer be audited. It is also ironic that someone from Merrill Lynch would advocate tax credits for volunteer time, while the financial industry loudly complained when FASB suggested that the same valuation be placed onto financial statements.

And third, this perpetuates the myth that volunteering is measurable only by time logged. This means that if someone is slow and less competent and takes 5 hours to do a task that someone fast and skilled does in 2 hours, the first volunteer gets a HIGHER value for tax credit than the second one!!! So we reward less effective volunteers, rather than valuing the work itself. Also, is 10 hours sitting in a board meeting equivalent to 10 hours winterizing a home or 10 hours comforting a dying patient?

This is a can of worms--and, left to politicians and the IRS, you know that the most simplistic system would be instituted. Beware!!!!

At 09:35 AM 6/22/98 -0500, Jayne Cravens wrote:
>>***Tax credit suggested to boost volunteerism
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>><http://www.pj.org/vol/taxcredit0698.htm>
>>Volunteering should be encouraged with a tax incentive, an investment
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