

Addendum to "Money Talks"

G. Neil Karn

Since my article, "Money Talks: A Guide to Establishing the True Value of Volunteer Time" (Winter 1982-83 and Spring 1983), was published in The Journal of Volunteer Administration suggesting a system for valuing volunteer time based on replacement costs of equivalent paid work, I have received considerable reader reaction. These two articles argue that volunteer time has consistently been undervalued because the fair market value would consider the hidden costs of fringe benefits, paid holidays, and other leave benefits in addition to the costs of salaries for paid equivalents.

One of the most frequently received challenges to the system has come from readers who are hesitant to impute the value of volunteer time on the basis of a full fringe benefits package because volunteers usually serve less than full-time, and part-time paid employees in their systems receive minimal fringe benefits. The rationale runs along these lines: how can we defend an equivalency value for part-time volunteers based on the benefits package of full-time rather than part-time paid employees? Most readers are sympathetic, but in need of a concrete rebuttal for dubious administrators.

While this may seem a plausible critique, it seems to me that the real issue is not that part-time volunteers are being equated with full-time paid workers, but that we need to establish a fair purchase or replacement

price for the cumulative time donated by volunteers to a particular program. In the large majority of instances, the hours of several volunteers add up to a full-time equivalent (FTE) position or more. Thus, we should be concerned with the true replacement wage--how much it would cost to replace those volunteers with full-time paid workers.

One of the major points of "Money Talks" is that hourly wages alone belie true compensation costs. The average person just does not appreciate that fringe benefits can add up to a staggering amount. Figures just compiled by the U.S. Chamber of Commerce show that the average cost of providing benefits in 1982 reached \$7,187 per employee (U.S. News and World Report, April 16, 1984). This means that the cost for fringe benefits for the average worker in the United States in 1982 was \$3.45 per hour, which is in excess of minimum wage alone! Somewhere along the line this amazing fact has been obscured, and it certainly poses some serious implications for fairly establishing a value for volunteer time. Clearly, to discount the impact of fringe benefits is to serve to undervalue the volunteer product. It is reasonable and defensible to include the full costs of fringe benefits in establishing the value of volunteer time.

In fact, rather than de-valuing volunteer contributions on the grounds that they are part-time and

G. Neil Karn is Director of the Virginia Division of Volunteerism and a member of the national board of the Association for Volunteer Administration. His excellent two-part article, "Money Talks," has received wide attention in the volunteer field. Reprints of the complete 36 page article are available for \$6.00 from THE JOURNAL at our Boulder address.

have a lower equivalent value, one could construct a counterargument that this part-time nature actually qualifies volunteer service for a higher value. Employers frequently are willing to pay a premium for part-time assistance because it allows them to access the help they need when they need it, without a long-term obligation.

Have a peak load in typing? Hire a clerical person from a temporary agency. Need legal assistance? Hire an attorney at a handsome hourly cost. It is still cheaper than in-house counsel. Have a management problem? Hire a consultant from Philadelphia, Boulder, or Downers Grove.

When agencies recruit just the right volunteers to head up the fund drive, design that special brochure, draft the articles of incorporation, or show up in force to handle a massive food distribution, aren't they doing the same thing--accessing the help they need when they need it? A premium price, if only a figurative value, seems justifiable.

So having said all this, where does that leave us in terms of concrete policy for valuing the contribution of volunteers, albeit in part-time increments? It is still a judgment call, but I would suggest volunteer directors weigh one or more of the following three considerations:

1. Are the employees in the equivalent category of paid work usually retained on a full-time rather than part-time basis?

2. Do the cumulative volunteer hours in a particular job category add up to the equivalent of a full FTE or more?

3. Do the cumulative volunteer hours, while less than the equivalent of a full FTE, still qualify for premium pay because they are on an "as needed" or "on-call" basis?

If you can answer any of the foregoing questions affirmatively, then you have grounds for considering the full benefits package in your compu-

tations of the worth of volunteer time.

Remember the skeptics come primarily from one of two camps: (1) the analytic types who demand logical interpretations and reasonable explanations, and (2) the discounters of volunteer contributions who cloak their biases in such dodges as the "part-time" argument. Both argue rationality, but only the former really means it. For the analytic, I believe we can offer a logical counterargument; but for the latter group, I believe we must recognize them for what they are and remember the words of Elbert Hubbard:

When a fella says, "It ain't the money but the principle of the thing," it's the money.