

**Michigan State University Extension**  
Volunteerism Area of Expertise **White Paper**

## **The Cost and Benefits of Volunteers**

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### **Introduction:**

A cost-benefit analysis can provide a practical understanding of program costs and a quantifiable value of program outcomes. This kind of information is essential in proving organizational accountability and garnering support for programs utilizing volunteer support. (North Carolina Cooperative Extension Service) Volunteers are considered the base element of our programs. (Riley, Schott 2001) Their delivery of the programming and skills for project related presentations to our audience, be it newborns to senior citizens within our communities is a valued and important component.

Volunteering is at the heart of citizen action and central to their ability to serve their communities. (Independent Sector, 2001). Several comprehensive studies have demonstrated that the everyday generosity of American volunteers is paramount to the over 1.23 million charities, social welfare organizations and faith-based congregations in the United States.

### **Background:**

To further understand the value of volunteer time, we look to the following statistics that put our topic into perspective. The dollar value of volunteer time for 2001 is determined to be \$16.05 per hour. (Independent Sector 2001). Note: 2003 figure is \$16.54 per hour. The value of volunteer time is calculated by taking the average hourly earnings of all production and nonsupervisory workers on private nonfarm payrolls (as released by the Bureau of Labor Statistics) and increasing it by 12 percent to estimate the fringe benefits. Considering the 83 million volunteers that have contributed an average of 3.6 hours per week, and annual hours volunteered (excluding informal volunteering) of 15.5 billion, this equates to an estimated \$248.8 billion in 2001. (Independent Sector 2001).

***“Volunteers are not paid—  
not because they are worthless, but  
because they are priceless.”***  
***Anonymous***

Volunteering as an individual accounts for 44 percent of adults being annual formal volunteers. Sixty-nine percent of them volunteer on a regular basis and average just over 24 hours per month of volunteering time in the community. (Independent Sector, 2002).

2002 data from Current Population Survey (CPS) notes the following highlights are:

- The volunteer rate was higher among women than men.
  - Employed persons were more likely to volunteer than persons who were unemployed or not in the labor force.
  - Among persons 25 years of age and over, the volunteer rate of college graduates was four times that of high school dropouts.
  - The main organization for which the majority of volunteers worked was either religious or educational/youth service related.
- Volunteers spent a median of 52 hours volunteering during the year. (AVA Member Briefing, Jan.-Feb. 2003, p.4.)

**Costs and Benefits of Volunteers:**

The value of volunteer time is mentioned above. However, not many publications have studied the costs and benefits associated with volunteers. Many costs and benefits are specific to the organization and programs offered through volunteer efforts. The list below is not all-inclusive; it is simply provided as a guideline when considering the costs and benefits of your volunteer programs.

| <b>Costs</b>         | To Program   | To Volunteer  |
|----------------------|--|---|
| Direct               | <u>Monetary:</u><br>Cost to plan, implement and complete volunteer programs: <ul style="list-style-type: none"> <li>▪ Recruitment (advertising, publications)</li> <li>▪ Background checks</li> <li>▪ Training (work shops, orientation packets, conferences)</li> <li>▪ Travel of staff and reimbursement of volunteer expenses</li> <li>▪ Supplies (printing, postage, etc.)</li> <li>▪ Overhead (office space, equipment, telephone)</li> <li>▪ Insurance (liability, workman’s compensation)</li> <li>▪ Recognition (awards, gifts)</li> </ul> | <u>Monetary:</u> <ul style="list-style-type: none"> <li>▪ Travel to/from worksite</li> <li>▪ Out-of-pocket expenses not covered by host, such as telephone calls related to volunteer duties, supplies, etc.</li> </ul><br><u>Personal Time:</u> <ul style="list-style-type: none"> <li>▪ Less time w/ family and for personal needs</li> </ul> |
| <b>Costs (con’t)</b> | To Program   | To Volunteer  |

|          |   |  |
|----------|---|--|
| Direct   | <u>Staff Time:</u> <ul style="list-style-type: none"> <li>• Time away from other duties (lost opportunities)</li> <li>• Managing (tracking time, reporting successes, developing forms, writing grants, evaluating programs)</li> </ul> |  |
| Indirect | <ul style="list-style-type: none"> <li>▪ Liability</li> <li>▪ Cost of poor decisions</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Personal liability</li> </ul> |

| Benefits | To Program   | To Volunteer   |
|----------|--|--|
| Direct   | <u>Programs:</u> <ul style="list-style-type: none"> <li>▪ Reduction of real dollars for programming (more work done with less money)</li> <li>▪ Community benefit (meals served, trees planted, trash cleaned up, program education)</li> </ul><br><u>Paid Staff:</u> <ul style="list-style-type: none"> <li>▪ Increased skills</li> </ul>   | <u>Personal:</u> <ul style="list-style-type: none"> <li>▪ Self-esteem and personal development</li> <li>▪ Increased skills</li> <li>▪ Recognition (community, awards, certificates)</li> </ul><br><u>Community:</u> <ul style="list-style-type: none"> <li>▪ Increased services (meals served, trees planted, trash cleaned up)</li> </ul>   |
| Indirect | <ul style="list-style-type: none"> <li>▪ Programs and organization receive greater exposure to outside sources by expanded services and through word of mouth from volunteers</li> <li>▪ Positive public relations</li> <li>▪ Wider exposure to opportunities through volunteers (know potential donors, recruitment of peers)</li> <li>▪ Increased partnerships and networking opportunities</li> <li>▪ Lower priority programs are realized</li> <li>▪ Increased agency accountability (volunteers = more eyes)</li> <li>▪ Volunteers bring fresh outlook and new ideas to programs</li> </ul> | <ul style="list-style-type: none"> <li>▪ Social opportunities (meet new people)</li> <li>▪ Form business connections and/or gain work experience</li> <li>▪ Increased community awareness and ownership</li> <li>▪ Continued benefit from services (carbon sequestration for every tree planted, teens who seek higher education because of volunteer experience, reduced crime rates)</li> <li>▪ Sense of purpose</li> <li>▪ Earn prestige and respect in the community and from peers</li> <li>▪ Potential connection to future job</li> <li>▪ Social ties generate trust</li> <li>▪ Increased physical health in old age (Volunteering. p.10)</li> <li>▪ Increased mental health (Volunteering. p. 10)</li> <li>▪ Chance to pay back community</li> </ul> |

**Another look at benefits of volunteer programs:**

Volunteers gain skills, self worth, self-esteem, community connection, and utilize their education and knowledge for others.

*Programs* assist in the delivery, management, enhancement and evaluation of programs. Volunteers contribute their own time, talents and even small financial (out-of-pocket) contributions to programs. Travel, supplies and curriculum, as well as clerical supplies and record keeping can be assigned a dollar value, which is not figured into the program. This creates a cost reduction for the program as a whole and is, in effect, a giving back to the community from the volunteer.

*Communities'* will benefit from active productive individuals in leadership roles. These roles give the organization a model to pattern after, respect for the actions being taken in the community, and a network of educationally connected units that make the delivery more effective and recognized by others.

*Consider this:*

It is apparent that not all benefits of volunteers are tangible. Can you imagine a world without volunteers? Is our goal ONLY for increased program outputs? Or should we consider the benefits to future generations through our program's legacy?

*“It is one of the most beautiful compensations of this life that no man can sincerely try to help another without helping himself—“*  
**Ralph Waldo Emerson**

When performing a cost/benefit analysis, should we attempt to associate a monetary value with costs such as opportunities that were lost because paid staff were working with volunteers instead of on core programs? How do we assign a value to spillover benefits such as carbon sequestration that occurs year after year from every tree that a volunteer plants?

**Case Studies:**

**Adopt-a-Forest 2001 Cost/Benefits**

The Michigan Coalition for Clean Forests is a coalition of the United States Forest Service, the Department of Natural Resources, the Michigan Forest Resource Alliance and many other organizations, corporations and individuals. Their mission is to eradicate (or at least significantly reduce) trash that has been illegally dumped on public land. The Adopt-a-Forest program is one way volunteers can help accomplish this mission.

Costs:

|  |                     |
|--|---------------------|
| Manager X 520 hours (1/4 FTE) + fringes (38%) =        | \$ 15,787.00        |
| Administrative x 520 hours (1/4 FTE) + fringes (38%) = | \$ 12,917.00        |
| Mailing  | \$ 592.00           |
| Overhead (office space, equipment, etc.) (1/2 FTE)     | \$ 1,240.00         |
| <b>Total Program Cost:</b>                             | <b>\$ 30,536.00</b> |

|   |             |
|---|-------------|
| Trash Disposal Fees:                              | \$ 9,541.00 |
| Scrap Tire Disposal                               | \$ 5,623.00 |
| Total Program Cost including trash disposal fees: | \$45,700.00 |

Benefits:

6443 volunteer hours x \$16.05/ hr = **\$103,410.15**

Money from the sale of recycled scrap metals: \$500.00

Total Program Benefits including volunteer hours and scrap metal sales=  
**\$103,910.15**

1,277 participants removed 3,709 cubic yards of trash (including 6083 tires) from 139,200 acres (217.5 square miles) of public land. Forty-three percent of all trash removed was recycled.

These estimates indicate a \$3.38 return for every \$1.00 spent, not including trash disposal fees. When trash disposal is added, a \$2.27 for every \$1.00 spent ratio is realized.

These estimates place no monetary value on aesthetics of land after cleanup, number of increased visitors to the area, positive public relations with partners and citizens, responsible land stewardship education, and so forth.

### Community Tree Planting 2002 Cost/Benefits

The National Tree Trust each year joins with the Michigan Department of Natural Resources to provide tree seedlings to volunteers who are willing to plant them on public land such as schools, parks, cemeteries and golf courses.

In 2002, 1760 volunteers dedicated 8,524 hours of labor and planted nearly 40,000 seedlings. In addition, 263 volunteers tended to trees planted in the previous year and dedicated nearly 1,300 hours of service.

Costs:

|  |             |
|--|-------------|
| Manager X 520 hours (1/4 FTE) + fringes (38%) =        | \$15,787.00 |
| Administrative x 520 hours (1/4 FTE) + fringes (38%) = | \$12,917.00 |
| Mailing  | \$ 200.00   |
| Overhead (office space, equipment, etc.) (1/2 FTE)     | \$ 1,240.00 |

Total Program Cost: **\$30,144.00**

Benefits:

9,824 volunteer hours x \$16.05/ hr = \$157,675.20  
Out-of-pocket expenses paid for by volunteers in 2002: \$11,724.52  
Value of in-kind services (equipment rental, free mulch, etc.) in 2002: \$7,090

**Total Volunteer Benefits: \$176,489.72**

These estimates indicate a \$5.85 return for every \$1.00 spent.

These estimates place no monetary value on aesthetics of land after tree planting, number of increased visitors to the area, positive public relations with partners and citizens, responsible land stewardship and forestry education, carbon sequestration from the trees, higher property values, lower crime rates, and so forth.

**Other studies:**

The numbers can be staggering, and to look at the Michigan 4-H Volunteer statistics, we find that there are 25,331 adult volunteers that are servicing 281,273 4-H youth across the state. At the national average for volunteers of 24 hours a month (Independent Sector 2002), 4-H volunteers are volunteering 7,295,328 hours per year. At the dollar value of \$16.05, 4-H volunteers time is valued at nearly \$117,100,000 in Michigan.

In looking at a specific case study, the Kalamazoo County Master Gardener Program revealed an interesting result. During the past five years (1998-2002) the Masters Gardener Volunteers in Kalamazoo County have donated over 26,971 volunteer hours in which they donated 17,088 hours to Michigan State University Extension related programming and 9,883 hours of personal choice volunteer time to their community. They have helped 276,237 people in this time span. This is a value of over \$432,884.50 to the community!

Master Gardeners also attended seminars and lectures totaling over 6,648 hours to gain more knowledge and improve their volunteer capabilities.

In the past year (2002) the Master Gardeners in Kalamazoo County have donated over 9,831 hours of volunteer time with a value of \$ 157,787. They volunteered and served over 116,205 people in the Kalamazoo county area.

Forty-one Master Gardeners volunteered over 853 hours at the Kalamazoo County Master Gardeners Association garden and provided over 10,000 pounds of fresh vegetables to the Kalamazoo Loaves and Fishes organization to help feed the community. Presently there are over 300 active Master Gardeners in Kalamazoo County. (Emelee Reifschneider, Consumer Horticulture Extension Agent, Kalamazoo County, 2003).

*Another case study* includes the Branch County 4-H Youth Development Program where 4-H clubs are encouraged to complete community service activities. Over the

last five years, youth, leaders and others have donated more than 5,870 hours to carry out community service projects. The projects have included helping senior citizens in care facilities, at senior housing units and at home providing them a better quality of life through visits, holiday celebrations, special dinners, and completing housekeeping chores. Local agencies and community service organizations and events, such as the Branch Interfaith Hospitality Shelter (Homeless Program), Big Brothers Big Sisters, Food Bank, Red Cross, St Jude's Children Hospital, Tibbits Opera House, Downtown Business Association events, Jump Rope for Heart, Toys for Tots, Community Action Agency, Community Health Center, local schools, Adopt-a-Highway, Adopt-a-Stream, and Coats for Kids have all benefited helped through the 4-H work. Other projects have included the development of local festivals, museums, township halls, and fire halls. The value of the volunteer hours for community service in Branch County is \$94,213.50 using the \$16.05 hourly rate developed by the Independent Sector in 2002.

**“We make a living by what we do, but we make a life by what we give—“**  
**Winston Churchill**

**Application/Summary:**

Volunteering carried out through nonprofit organizations in the USA has been estimated to be equivalent to 9 million full-time jobs. (Independent Sector 2000) Although volunteering can be cost-effective, it is not completely cost-free. Understanding the costs and benefits of a volunteer and to a volunteer will greatly enhance the cost effectiveness of a volunteer management program.

Volunteer Managers will benefit by measuring their own program's volunteer investment and overall worth of volunteers to the program. Reviewing all of the direct or indirect costs and benefits to the host and volunteer in the program can reveal ways to trim costs for both and allow them to organize more effectively.

In addition, information gained from a cost and benefit analysis can be used to solicit future funding for programs.

***“You have not lived today until you have done something for someone who can never repay you.”***  
***Anonymous***

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Moderated listserv for those interested in volunteer resources management: send a blank e-mail to [cybervpm-subscribe@yahoogroups.com](mailto:cybervpm-subscribe@yahoogroups.com)

[www.energizeinc.com](http://www.energizeinc.com)

[www.independentsector.org](http://www.independentsector.org)

[www.volunteermatch.org](http://www.volunteermatch.org)