

# By The Numbers

## *What donors can learn from volunteer statistics*

For the first time in decades, the Internal Revenue Service (IRS) is revising the Form 990, the annual report most nonprofits are required to file to reveal their financial status to both the government and to the public. There are many accountants, lawyers and academics studying the proposed changes and submitting comments during the public review period that will end this month.

For the most part, accountants and researchers will drive this discussion for suggested improvements. What's important to this column is how volunteer involvement is or isn't reported.

Today there is no requirement for an organization to report volunteer involvement. On the present Form 990 there is an optional line in Part III in which an organization "may" include donated services. Few do so now. Unfortunately, even this superficial nod to volunteer participation has been removed from the revised form. Except for asking whether financial accounting is done by a volunteer, there seems to be no interest by the IRS in examining whether or how an organization makes use of citizen participation.

Perhaps it's not too late to influence the IRS to include one or two lines of reporting on donated services.

### THE BROADER ISSUE

How can national leaders continue to proclaim their interest in encouraging (more) citizens to volunteer if we do not collect data on whether or not they are already?

The first government study on American volunteering was done during the 1970 Census. It's important to recognize that there are no earlier baselines than those data. All of the reports of increases or decreases in volunteer service therefore cannot reference more than 40 years of research. For several decades the federal government did no

counting of unpaid work at all and the field relied on the Independent Sector studies of both financial giving and volunteering to fill the gap. Finally, in 2002, the Bureau of Labor Statistics was charged with including data on volunteering in its annual Population Survey supplement.

But note the critical issue here: All of these data come from self-reported information from the individuals surveyed. In fact, every one of the research studies since 1970 have used only self-reporting as their methodology.

Think about this for a moment. When we talk about "labor statistics," do we assume that the num-

bers of employed or unemployed workers were obtained by asking a random sample of citizens: "Do you have a paying job?" Of course not. The information comes from employers in several ways that can be cross-referenced and compared, including tax reports, payroll data, etc.

Why can't the sector get some data about volunteering from the organizations that benefit from the services of volunteers? Clearly, the IRS seems disinterested. But where are data about the quantity and quality of volunteer involvement in the annual reports of nonprofit organizations?

The American Cancer Society, simply as one example, reports on its Web site: "It's estimated that for every staff person em-

ployed by the American Cancer Society there are 600 volunteers." Have they ever actually done a count? Their financial statements for 2005 have the standard GAAP footnote:

"A substantial number of volunteers have made significant contributions of their time to the Society's program and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill."

This is not the place to continue arguing with the accounting profession about any of the sweeping and somewhat erroneous assumptions in this footnote language. Of course, the rest of the footnote goes to note that volunteers with specialized skills that would otherwise have had to be purchased totaled \$30,489,000 for the year.

Now here is another example that highlights the reporting problem even more dramatically. In the 2006 audited financial statement of Big Brothers Big Sisters of America, the same footnote appears:

"A substantial number of volunteers" assisted the organization's "program services?" They are the program services. The whole organization is named after them.

It would seem obvious that knowing whether and how an organization engages volunteers is a valid indicator of a number of important facts about that organization - issues that any funder, accrediting agency, or donor would want to know. For example:

The number of volunteers who come from the immediate community or population the organization serves might indicate that nonprofit's level of support or acceptance by those in a position to know those services best. Conversely, if the volunteer corps is totally different from those served or lives far away, might there be issues of local community acceptance?

Effective engagement of the right types of volunteers shows the ability to attract and manage all the

resources available to the organization. If the volunteers bring a wide variety of skills, beyond those already available on staff, would this not add considerably to the diversity and scope of programs?

The absence of volunteers (except, of course, on the board of directors) could indicate poor fiscal stewardship, since the organization's leaders see building the payroll as the only way to staff the services. The presence of student interns (also donated service providers) from various universities and disciplines is an indicator of high professional standing of the staff.

If the nonprofit serves certain target populations - whether youth, people with disabilities, or families on welfare - engaging those groups as volunteers demonstrates a willingness to work with as well as for the people they serve, as well as the opportunity to gain useful input and perspective.

Volunteers can experiment or pilot test ideas that are not yet ready to be funded. How creative is the organization in what it asks volunteers to do on behalf of its mission?

Vibrant volunteer engagement that includes people of all ages and demographic diversity, and that is able to recruit new volunteers all the time, shows that the organization is staying current. A moribund volunteer corps that is "aging in place" with no new participants may be a significant warning sign of other concerns.

There are some people who will not donate money to an organization unwilling to involve volunteers beyond special events and clerical work. Shouldn't this be of equal concern to foundations and government granting officials?

To draw the sorts of correlations above, some-

one examining an organization would require information beyond mere head counting of how many volunteers were recruited or how many hours they contributed. Where is the demand for such information? Why doesn't anyone want to know the ages, races, education levels, or other backgrounds of the volunteers? Why not more specific reports on what volunteers do, not just how long it takes them to do it?

In the last analysis, donors and funders should be

helped to understand the philosophy of volunteer engagement of an organization. Most important is to differentiate those who involve volunteers because they are "cheap labor" from those who have a vision of volunteers to expand the capacity of the organization to do the most effective work. *NPT*

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