

Volunteer Driver TurnKey Kit

Planning Implementation Evaluation



VOLUNTEER REIMBURSEMENT

Will a reimbursement incentive be paid to your volunteer drivers? If so, will it be paid on a per trip basis or will volunteers be reimbursed for their mileage? How much will the reimbursement be? These are questions that need to be answered in the planning stage of volunteer program start-up.

People volunteer mainly for altruistic reasons. We want to help others. We want to give back to the community. We want to feel that we are doing something meaningful with our lives. Sometimes a volunteer pool can be provided through a community service organization as part of its community service commitment. But recruitment of volunteers is enhanced when incentives of some sort are also offered. Incentives can take many forms, but the payment of expense reimbursement is a popular choice.

If volunteer drivers are using program vehicles and not incurring out of pocket expense for the use of their own car, incentives can take other forms – maybe a discount card arranged with local theaters, stores or restaurants, for example. If volunteers are using their own vehicles it may be essential for program success to help pay for the vehicle expenses. Then the question arises: how much and how will the reimbursements be paid?

Reimbursements are non-taxable as income when they are less than the *Optional Standard Mileage Rates* allowed by the IRS. These rates are established annually by the IRS and can be changed as economic circumstances change. In addition, volunteers are allowed to deduct mileage to and from a volunteer site at the rate of \$.14 per mile, which is set by Internal Revenue Code. Volunteers who receive mileage reimbursements from programs that adhere to these guidelines are not required to report their reimbursements in their tax filings. However, if the amount of reimbursements exceeds the amount allowed by IRS *Optional Standard Mileage Rates* the excess amount will then be treated as income.

In some communities where distances are very short, it may be possible to pay a per trip reimbursement, rather than a per mile reimbursement. If these distances are so short as to make reimbursement of vehicle expense impractical, it may be advisable to switch to a non-reimbursement incentive approach or to combine the reimbursement incentive with other incentive approaches. Direct market research can be used during the planning stage of volunteer program development to determine the best approach, as well as to forecast reimbursement expenses.

When initial policy decisions have been made about who the program will serve, it will be necessary to identify individuals in the target population to survey. A convenience sample will work for the purpose of establishing a travel-need profile for the service segment. The information to gather from each respondent will include:



1. Specific purposes of travel required on a recurring basis
2. The frequency of travel required to each destination
3. The mileage distance to each of the destinations.

If distances are generally greater, a straight per mile reimbursement approach may be indicated. The rate of reimbursement does not have to be the maximum allowed by IRS *Optional Standard Mileage Rates*, but should be sufficient to at least cover the direct gasoline expense of the travel. Real condition tests by the Automobile Association of America show that the average per mile gasoline consumption by most vehicles, currently, is about 15 miles per gallon or slightly better. For volunteers who are providing assistance for more travel over longer distances, reimbursements will likely be large enough to be significant, but can also be combined with non-cash incentives as well.

If distances are generally shorter, but mixed in length, it may be possible to establish a per trip reimbursement rate. This approach will work if the average of the total paid to individual volunteers remains below IRS *Optional Standard Mileage Rates*. If the paid incentive is anticipated to be quite small, it will be better to plan instead for a combined incentive offering of reimbursement plus other benefits, or an alternative incentive offering that may not include cash reimbursement.

Note: A recent request was sent to the IRS to ask for a written clarification of this policy.