

IYV

Research Program

INTERNATIONAL

YEAR OF

VOLUNTEERS

INTERNATIONAL
YEAR OF
VOLUNTEERS



For more information
on this and other
research projects visit

www.nonprofitscan.ca

Measuring the Economic Value of Volunteer Activity

What does it mean?

Measuring the economic value of volunteer activity is one approach volunteer administrators can use to assess “volunteer value.” This approach involves assigning a dollar value to the hours that volunteers contribute to an organization.

Why measure the economic value of volunteer activity?

By measuring the economic value of volunteer activity, you can demonstrate to donors, funders, supporters, policy makers, the public, and volunteers themselves how volunteer contributions extend your organization’s budget, activities, and services.

How can you use this information?

Once calculated, these measures may be used in several ways.

1. To help manage and evaluate your volunteer program

You can demonstrate the real costs associated with your volunteer program and the economic benefits of volunteer involvement. You can then use this information in your planning and program administration to:

- Demonstrate how much volunteers contribute to your organization (i.e., the dollar value of the amount of time they give and the out-of-pocket expenses they incur as a result of volunteering).
- Evaluate the contribution of volunteers relative to your organization’s investment in volunteer recruitment, development, and support.
- Assess the return your organization receives on the money it invests in its volunteer program.

2. To educate your organization, funders, and the public about the value of volunteer activity

Add impact to funding proposals, volunteer recruitment information, internal and external accountability reports, public relations, and program development by describing the important contributions of your volunteers and the economic value of their activities.

Funding proposals:

- Describe how volunteers extend the human resources of your organization and explain how much this contribution is worth in dollars.
- Explain how the hours and in-kind support volunteers contribute reflect the level of community support for your organization and its mandate.
- Describe how volunteers’ hours extend the scope, quality, and impact of your organization’s activities in the community.

Financial statements and budgets:

- Include the dollar value of volunteer time as a line item in your operating budget.
- Include the dollar value of volunteer in-kind donations and the dollar value of volunteer activities as line items in financial statements.
- Include a description of what your volunteers do and what this contribution is worth in dollars.

Annual reports:

- Include the dollar value of your volunteers’ contributions in your annual reports.
- Report on your volunteer program using volunteer hours and estimates of the value of volunteering.
- Produce a Volunteer Annual Report that outlines the number of volunteer hours contributed to each program, the dollar value of these contributions, and the names and activities of award-winning volunteers.

The calculations

There are eight different calculations you may use to measure and analyze the economic (dollar) value of volunteer activity. They are classified into three strategic areas: human resource productivity measures, volunteer program efficiency measures, and community support measures.

Learn how to do these calculations

For more information on how do each of these calculations, please see *Assigning economic value to volunteer activity: Eight tools for efficient program management*, available online at www.nonprofitscan.ca.

Human resource productivity measures

Estimate of the Value of Volunteer Activity (EVVA)
 Document the economic (dollar) value of the time your volunteers contribute by assigning a wage rate to each hour of volunteer activity.

$$\begin{matrix} \text{Total number of volunteer hours} \\ \times \\ \text{Hourly wage rate} \end{matrix}$$

True Value Added to Personnel (TVAP)
 Calculate a 'true' economic value to volunteer activities by assigning wage rates and benefits to each hour of volunteer activity.

$$\begin{matrix} \text{Total number of volunteer hours} \\ \times \\ \text{True hourly value (wage rate + benefits)} \end{matrix}$$

Full-time Year-round Job Equivalent (FYJE)
 Compare your organization's total number of volunteer hours to the number of full-time positions they would equal.

$$\frac{\text{Total number of volunteer hours} \div 40 \text{ hours per week}}{48 \text{ weeks}}$$

Percent Personnel Value Extended (PPVE)
 Demonstrate the degree to which volunteers extend the value of your organization's paid staff.

$$\frac{\text{Total dollar value of volunteer activity (EVVA or TVAP)}}{\text{Total staff salaries} + \text{Total dollar value of volunteer activity}} \times 100$$

Volunteer program efficiency measures

Organization Volunteer Investment Ratio (OVIR)
 Find out what your organization's return is on the money it invests in the volunteer program.

$$\frac{\text{Total dollar value of volunteer activity (EVVA or TVAP)}}{\text{Organization's total financial investment in volunteer program}} \times 100$$

Volunteer to Paid Staff Ratio (VPSR)
 Shed light on the volunteer management structure of your program by comparing the number of volunteers to the number of paid staff in your volunteer program.

$$\frac{\text{Total number of volunteers}}{\text{Total number of paid volunteer program staff}}$$

Community support measures

Volunteer Capital Contribution (VCC)
 Calculate the out-of-pocket expenses that volunteers incur and do not claim as an in-kind donation to your organization.

$$\begin{matrix} \text{Total volunteer out-of-pocket expenses} \\ - \text{Total amount reimbursed} \\ + \text{Total amount donated by volunteers} \end{matrix}$$

Community Investment Ratio (CIR)
 Compare the amount your organization invests in its volunteer program to the economic (dollar) value of the time your volunteers contribute.

$$\frac{\text{Total dollar value of volunteer activity (EVVA or TVAP)}}{\text{Total volunteer program budget}}$$

Michelle Goulbourne
 Canadian Centre for Philanthropy

Don Embuldeniya
 Canadian Centre for Philanthropy

INTERNATIONAL
 YEAR OF
 VOLUNTEERS



For more information on this and other research projects visit

www.nonprofitscan.ca

For more information on the International Year of Volunteers, visit www.nonprofitscan.ca.

The Community Engagement Division of Human Resources Development Canada (HRDC) provided financial support to this project. The views expressed in this publication do not necessarily reflect those of HRDC, the Canadian Centre for Philanthropy, or Volunteer Canada.

© 2002 Canadian Centre for Philanthropy



Canadian Centre for Philanthropy™
 Le Centre canadien de philanthropie™

VOLUNTEER
 BÉNÉVOLES
 C A N A D A

Research Program, Canadian Centre for Philanthropy
 425 University Avenue, Suite 600
 Toronto, Ontario M5G 1T6

Tel: 416.597.2293 Fax: 416.597.2294 E-mail: ccpresearch@ccp.ca