Volunteer Compensation

Running head: VOLUNTEER COMPENSATION IN COMBINATION DEPARTMENTS

Executive Development

How Combination Fire Departments Compensate Their Volunteers, Compared to Lebanon Fire District

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Appendices Not Included. Please visit the Learning Resource Center on the Web at http://www.lrc.dhs.gov/ to learn how to obtain this report in its entirety through Interlibrary Loan.
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Signed: __________________________________________
Abstract

Volunteer compensation is used to keep volunteers from spending their own money to help the community. The problem Lebanon Fire District has is that 20% or more of the volunteers do not participate in District events. The District compensates its volunteers at the same rate regardless of participation. The purpose is to determine how other agencies compensate their volunteers and how they tie that to participation. What type of compensation do they use and do they use participation as a factor in that compensation. Evaluative research was used to analyze the problem. A survey was distributed to get the results. The returned surveys indicate that all departments compensate, but at differing levels and types. It is recommended that Lebanon Fire District put together a committee to evaluate what type of compensation system would work best for them.
Table of Contents

Abstract...........................................................................................................page #3

Table of Contents............................................................................................page #4

Introduction........................................................................................................page #6

Background and Significance.............................................................................page #7

Literature Review..............................................................................................page #10

Procedures.........................................................................................................page #12

Results...............................................................................................................page #14

Discussion.........................................................................................................page #18

Recommendations..............................................................................................page #20

Reference List.....................................................................................................page #23

Table of Figures

Table #1.............................................................................................................page #9

Table #2.............................................................................................................page #15
Appendices

Appendix A: Volunteer Compensation Survey……………………………………..page #25

Appendix B : Volunteer Compensation Results……………………………………..page #29
How Combination Fire Departments Compensate

Their Volunteers, Compared to Lebanon Fire District

Introduction

Volunteers are the backbone of the community service organizations. Volunteer firefighters are compensated for the effort they put forth to help the fire service. Volunteer firefighters should not have to spend their own funds to help their neighbors or departments. Their compensation is meant to offset the out of pocket expenses that the volunteer incurs because of their volunteerism.

All community service organizations that use volunteers as part of their workforce struggle to keep the volunteers active with their group. Many use compensation methods to prevent the volunteer corps from having to expend their own funds to pay for volunteering. The issue for the fire service, these organizations, and our district is to get the most from the volunteer for the amount of money we spend.

The problem is the Lebanon Fire District is having at least twenty percent of its volunteers that do not attend training sessions and/or calls. This results in the District spending money on compensating volunteers that are not actively participating in the department. The purpose of this research is to determine how similar combination fire departments compensate volunteers and to see if they use active participation as a factor in the compensation plan. The research questions are (a) what methods are other combination fire departments using to compensate volunteer firefighters, (b) how are the methods used attached to attendance at events, (c) what
type of events they compensate for, (d) how do they compensate for different events?

Evaluative research will be used to study the problem.

Background and Significance

The Lebanon Fire District has had a volunteer corps since its inception in 1884. According to Perry Palmer (personal interview August 2, 2007), the volunteer had to pay to be a member of the department. The volunteers have always been an integral part of the operation of the Lebanon Fire Department. There has always been, as there is with all volunteers around the nation, a need for a cadre of committed responders to come to events of the department. The Lebanon Fire District responds to an area of one hundred and fifty six square miles of service area for the fire district with a population of thirty thousand and four hundred and fifty square miles of ambulance response area with a population of forty thousand. The district responds to an average of three thousand six hundred calls per year and of that about eighty five percent of those are related to emergency medical services (EMS).

The district has twenty eight paid personnel and about sixty volunteers. The paid personnel include seven on each shift, working a twenty four on and forty eight hours off shift schedule. The other seven positions are assigned to administration. The administrative staff includes: a fire chief, assistant chief, training officer, fire marshal, a finance director, an administrative assistant and an EMS billing clerk. The district currently responds from three stations. Two of the stations are staffed by volunteers only and one has paid staff. The paid station staffs one engine with three paid people and two ambulances with two on each with paid personnel. The paid personnel are supplemented by volunteers.
The department first started compensating the volunteers in the 1960’s at the rate of fifty cents per call. In 1975 that was raised to four dollars per fire. Prior to 1997 the department had paid the volunteers based on a points system. Points were assigned to calls and other events based on the number of hours involved and then a value was set for each point. In 1997 the department’s attorney advised the department to discontinue the use of hours as a basis for compensation based on a Bureau of Labor ruling that indicated if hours are attached to pay, they are employs, not volunteers. They changed to a stipend of about fifty dollars per month based on that advice and the amount of the stipend was set at five hundred and ninety nine dollars. This amount was what the Bureau of Labor had determined to be nominal. A volunteer could earn up to six hundred dollars and still be considered a volunteer. This way the volunteer avoided paying taxes on their reimbursement. (P. S. Palmer, personal interview, August 2, 2007)

Compensation is an emerging issue in our department and around the country that has long term implications for the future of our ability to adequately staff our vehicles with volunteer personnel. The Executive Development course taught that we need to be able to adapt to change. The times and attitudes of our new generation of volunteers has changed and we need to keep up with those changes to keep our volunteers satisfied. We need these people to feel like we appreciate their work and that they play a significant role in our ability to provide quality service to our constituents. The department is dependent on the volunteer corps to supplement the paid staff. Without them we do not have enough personnel to respond to larger incidents. We need a system to compensate the volunteer firefighters, so they are not spending their own money to be a member of our firefighting force.
The following table shows that the volunteer attendance is well below the seventy-five percent required to remain an active volunteer. We have had very little discipline as the result of not attending the correct percentage of drills. It does create an unfair level of compensation between the ones that attend the required number and those that do not, when we pay them the same stipend.

Table #1

Volunteer Attendance Percentages for Lebanon Fire District

(From Length of Service Award Plan calculations – LOSAP)

<table>
<thead>
<tr>
<th>Years of reference</th>
<th>Total Number of Volunteers</th>
<th>Number attending Less than 75% of drills</th>
<th>Percentage of those not making 75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-2005</td>
<td>32</td>
<td>12</td>
<td>37.5%</td>
</tr>
<tr>
<td>2005-2006</td>
<td>30</td>
<td>13</td>
<td>43.3%</td>
</tr>
<tr>
<td>2006-2007</td>
<td>45</td>
<td>19</td>
<td>42.2%</td>
</tr>
</tbody>
</table>

LOSAP statistics.

The volunteers have status boards at each station that gives them this information and keeps them up to date on their, and others, attendance at drills and calls. These boards give the firefighters and the officers a chance to see how they are meeting the standards. Because they are available for everyone to see, they also can help generate peer pressure from other members about their attendance.
Literature Review

There is not a lot of literature on the volunteer firefighter and how they are compensated for their work. A lot of the information available in books and magazines is for volunteer organizations other than the emergency services. The same general principles of compensation that apply to volunteer firefighters would apply to any volunteer group.

The general consensus among fire departments is that money is not a motivator. Gross (1995) states that although not often thought of as a motivator, money can be a powerful motivator. He goes on to say that if the employee does not have enough money or if the incentive is applied unfairly, it can be a de-motivator for the team.

According to Snook, Johnson, Olson, and Beckman (1998) volunteer compensation has no effect on the quality or ability to recruit or retain the volunteer corps. They advise that if you currently have a compensation program to keep it and if you don’t have one don’t start one. They state that the Fair Labor Standards Act (FLSA) has prevented most fire departments from paying an hourly wage to volunteer firefighters. They highly recommend that you have a recognition program to reward the volunteers for their service to the community. This may include things as simple as praise, uniforms, training opportunities or a retirement program. They recommend that specific requirements be placed on the firefighter for attendance at training and department meetings.

There is a new test out that gives guidance to the fire departments around the country on what can and cannot be paid to volunteers. It is included in a letter from the U. S. Department of Labor. Mr. Robinson (2006) states in his letter that the volunteers can be paid up to 20% of what
a person that had the job full time would be paid to do the same job without losing their status as a volunteer. The main stipulation is that the payment must be nominal. That is where the 20% rule comes into effect. If the amount is less than 20% of what a person that normally does that job would be paid for the same work then the payment is considered nominal. In Managing Volunteers for FLSA Compliance it is clearly stated that the 20% rule cannot be tied to productivity or to the number of hours required to complete the activity. It also states that the 20% does not include amounts paid for reimbursement of expenses or for reasonable benefits offered by the employer. This was adopted and replaced the six hundred rule used previously.

Volunteers are considered employees under the law. According to Internal Revenue Publication #15 (2007) any person that works for another person or organization where the work they do is controlled by another is considered an employee. This requires the withholding of Medicare and social security taxes. In addition it will usually involve the withholding of federal income tax. How does this coincide with what FLSA states in Subpart B section 553.101 that volunteers of State and local governments will not be considered employees? They are volunteers only if their services are offered without pressure from the agency. Section 553-104 and 106 of FLSA (1985) makes reference to the reimbursement of expenses and nominal fees that can be paid to the volunteers. It also states that all means of reimbursement and compensation must be viewed as a total compensation package to determine if it meets the nominal requirement.

According to Snook et al. (1998) one of the best compensation methods to use is the Length of Service Awards Program (LOSAP). It gives a retirement benefit to volunteers after a certain number of years of service and reaching a certain age. The trouble with these plans is the ability
to obtain and retain young volunteers. The younger generation of sooner and faster, does not see the benefit of something that I may obtain a number of years in the future.

The system used by Marion County Fire District Number One is a unique way to look at compensation. They use events as the basis for a points system, but each point has an amount attached to it. The amount for each point was determined by a group of volunteers and staff members from the District sitting down to determine the actual cost for the members to volunteer. They used fuel costs, the cost for food at home if it was needed for the absence, the cost of washing uniforms and their replacement if it was out of pocket for the volunteer, and tried to include the total amount that volunteers from their various stations would incur to be a volunteer and participate in their program. They averaged the cost out to come up with a cost per event for the volunteers. (Hari, 2007)

Procedures

The procedure used was a combination of current methods used in surrounding departments and historically how the District is functioning, how it has functioned and the success and failures of methods that had been tried. The current methods used by other departments will be covered below.

The interview was done with the current fire chief of the District Perry Palmer and was used to get background information on how the compensation system was set up. The interview also provided information on what other methods had been tried and why they were later abandoned. It also gave insight into what other methods has been reviewed and the reasons they were not put into practice.
An anonymous survey was used to determine how other departments compensate their volunteers and to see what kind of benefits they offer. The survey was sent to departments across the state of Oregon with most in the Lebanon area. The survey was targeted to departments that have volunteers as part of their responders. The survey had ten questions which included information about the size of the department, the population served, the number of calls made and specifics about their volunteer program and their method of compensation. The survey and the results are included in “Appendix A”.

The survey was developed to get good background information on the department submitting the responses. The background information requested used open ended questions and included: size, their number of calls, what type of department they are. The purpose of the survey had key questions about whether they compensate their volunteers and the methods they use for that compensation.

I wanted to know about the background and then specifics about the different ways they used for compensation. I put some of the more obvious choices for compensation methods in a closed ended table with choices for them to select from. They selected the ones that apply and I then gave them some open ended space to pick up the more unique responses. The stipend information was in an open ended format. The events they pay for was closed ended and the other category was used to pick up the ones that do not fit the boxes. The compensation base was purposely left open ended to try and get to the basis of their method and how they apply the events to the compensation.

There were 52 surveys sent out to various departments and 31 of those responded. I used Survey Monkey as the medium to get the survey to the departments. The ability to get the
correct e-mail addresses for the departments proved to be a challenge. The state associations that have e-mail addresses refused to release them and would not send out the survey for me. I could have used the National Fire Academy list for Executive Fire Officer participants, but that would have spread the survey farther than I wanted it to go and would have given me biased results by using only fire academy participants. Some of the departments had e-mail contact information on their web page, but many did not. If there was a contact for the web page it was frequently the web administrator. The return rate does not have an effect on the validity of the survey. The survey was to get their method of compensation and not to get a consensus on an issue. I thought a good selection of survey participants would be around 50 and I expected about a 50% return rate.

Results

The Lebanon Fire District compensates its volunteers for their service. The current method used is a flat rate stipend. They get a set amount per month regardless of their activity. This does not have any attachment to their actual level of involvement in the events of the District. The District has historically paid volunteers for their service, but the pay has been based on various systems that were used to set the actual pay per individual. (P. S. Palmer, personal interview, August 2, 2007)

The lack of attendance at events keeps the District from having the number of participants needed to complete projects with as little effort as possible. The District has allowed the number of volunteers to increase due to the limited participation by the current volunteers in the District’s activities. The hypothesis that 20 percent of the volunteers do not attend events was disproven by the figures in Table #1. They show that the figure is between 37.5 and 43.3 percent
of the volunteer corps does not attend the training sessions.

The results are included in an appendix in the back of this paper. (Appendix B) The results section from the survey did not include the entire picture of the responses received. I used Survey Monkey to get individual results from each survey and synthesized those results into the table below. The table gives a better picture of the specifics of the some of the unique responses and the overall feeling of the responders about compensation and its application. The majority of the results from the survey in the table are averaged, but some are the responses had potential application were included verbatim. The results from Survey Monkey were hard to get into table format; they are not made to be transferred to a word program. The lay out was less than desirable but necessary.

Table #2

Survey Results

<table>
<thead>
<tr>
<th>Number of people? (average)</th>
<th>Paid</th>
<th>Volunteer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.78</td>
<td>38.93</td>
</tr>
<tr>
<td>Type of department (average)</td>
<td>Municipal</td>
<td>District</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>Number of calls (average)</td>
<td>Total</td>
<td>Fire</td>
</tr>
<tr>
<td></td>
<td>1911.1</td>
<td>299.7</td>
</tr>
<tr>
<td>Do you compensate?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>0</td>
</tr>
<tr>
<td>Forms of compensation</td>
<td>Training</td>
<td>LOSAP</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>10</td>
</tr>
</tbody>
</table>
The methods other combination departments use to compensate vary from department to department. The results of the survey indicate that all of the respondents do compensate their volunteers in some fashion. Of the departments surveyed most provide some form of pay and insurance. The pay was based on their participation with the department. It may be based on accumulated points or on a set hourly wage. The insurance that was offered was either disability or life insurance. Almost all paid for training and uniforms. One third of those surveyed paid for meals and had some type of retirement system. There was only two that offered any type of health insurance.

The vast majority of the surveyed departments paid for attendance at department sponsored events. Twenty five of the thirty one paid for attendance at calls. Twenty four paid for attendance at drills. Two thirds paid the volunteers for their attendance at outside training. Only one half paid for meetings that were attended and about one third paid for community functions.
There were some that paid more for certain types of events or by the length of time the event would take. The points that were used by some were given based on the type of event. An example of that is a department that gave one point for drill, two points for EMS calls and three points for fires. There were a significant number that varied the points or compensation based on the individuals time with the department, the certifications held, if they were an officer, or if it was on a weekend or not. Nine of the surveyed tied their compensation to the number of hours required to complete it.

The ones that use points, total the points and divide the amount of money budgeted for compensation by the total number of points accrued and that gives a point value for each point. The individuals point total is multiplied by the value per point to give the stipend the person will receive. There were a few that had a set value for each point determined in advance and multiplied the persons accumulated points by that number to give the stipend amount. These predetermined values in one case were based on a study of volunteer expenses that were incurred by the responders. It included the fuel and car expenses the volunteer had, cleaning of uniforms, food purchased at home due to their absence, and other items directly related to their volunteer service.

Most of the departments surveyed paid the volunteers either monthly or quarterly. There was a minority that paid over longer periods of time, but most paid it as a stipend on a monthly or quarterly basis.

None of the departments that responded to the survey indicated that the volunteers were unhappy with the way they compensate. In fact six of the responders indicated the volunteers were very satisfied with their method. Most were satisfied with the way they were compensated
with 21 out of the 31 answering that they were satisfied. Only two stated they did not know whether they were or were not happy with their method.

Discussion

The current compensation method used by Lebanon Fire District does not give the individual an incentive to participate in department events. The stipend is paid whether or not the volunteer is present at every event or does not come to any of the activities. This can create apathy in the volunteer ranks because the person that does nothing gets the same compensation as those that do a lot. Even though compensation may not be a true motivator, it can be demoralizing if it is applied unfairly. (Gross, 1995) That is the current situation in the District.

If we have a system in place we need to keep it and if we do not we should not start one, is the advice provided by Snook, et al. (1998) We do have a system that has been in place for a long period of time we just need to revise what we have to make it more fair and equitable for the volunteer corps. The system must provide for participation based compensation. It must be tied to the volunteer’s activity with the District. Without the tie to participation the volunteer gets compensated for just being a member and has no obligation to attend or participate in any of the activities the District needs their help with.

There were almost a third of the departments surveyed that used the hours worked as a basis for their compensation. The use of hours has implications in FLSA law where it says that the hours a volunteer may work cannot be connected to productivity. They can be tied to a per call or event basis, but it has no reference to actual hours worked. (Dodge, 1997) If you use hours as a gauge for compensation you risk removing the volunteer status and they become actual
employees subject to minimum wage laws. Any hours that are worked after you start to pay minimum wage are no longer volunteer and must meet FLSA law. (Managing volunteers, 2006) The use of events must be tied to the event and its type and not to a specific number of hours or time involved. If you use time you become tied to the productivity side of FLSA and have to pay minimum wage for each hour worked. (Snook, et al, 1998) The question is not whether they are employees or not, they are. (Publication-15, 2007) The challenge is not losing their volunteer status in the eyes of the law.

Many of the departments in the survey use a point system to compensate their volunteers. They routinely use a budgeted amount divided by the number of points accumulated to determine the point value. This can create a more competitive environment than might be practical. If you prevent another volunteer from responding, it will increase your point value. This may not be the case, but we should not set up an environment where we create that potential. The more practical method is to set a point value and use it as our method of compensating. This would be similar to the Marion County method. (Hari, 2005) The use of actual expenses as a basis for determining the amount makes it more defensible to taxing authorities and is a more realistic basis for compensating. The objective is not to provide a salary for the volunteer, even though you can to a certain extent; it is to keep them from paying out of their pocket to provide the service to the residents in our District.

We need a fair way to bring together the compensation and the participation at events. It is possible to stratify the events based on the level of effort or advanced certifications required to complete the tasks. The process needs to be clearly defined and easy to apply. All personnel that it may affect need to be involved in the process and understand how it is going to work. We
need to make sure we do not create tax liabilities for the volunteers or for the District. The 20 percent rule will probably keep us from having to pay FLSA wages to a volunteer as long as we keep the stipend to a reasonable level. (Dipoli, 2006)

We need to provide a tangible system for all the volunteers. It needs to especially be geared to satisfy the younger volunteer. They tend to not see the long term advantages of life or disability insurances. They are not interested in retirement or an accumulation of points towards a LOSAP plan that will pay a monthly benefit after they retire. They are interested in what they get now. We need a program that gives them an incentive that is valuable to them and something they can see the benefit of sooner rather than later in life.

Most organizations that depend on volunteers as part of their work force know that it is becoming harder and harder to recruit and retain qualified people. In the volunteer firefighting corps they are required to have so much training and certifications that it is even more critical that we are able to get the best people and keep them as long as possible so we decrease our expense of training and the need to continually provide basic skills classes for the ones we have that are new.

Recommendations

We need to put a committee together to study what we currently have, what else is available, and determine what type of system we should have. The committee needs to be representative of our organization. It should include volunteer firefighters, volunteer officers, paid firefighters, paid officers and chief officers from the department. The committee needs to sit down and review the information in this research project and the survey results gained to determine a
course of action. The committee will need to look at the possible incentives available to the volunteers and determine which ones would be valued by our volunteer corps and which ones would not have the motivational effect that would be expected.

The committee needs to look at the cost of each potential incentive and see what budgetary impact it would have on the District. No matter how good the incentive would be, if it is not economically feasible for the District to provide it will not work. The various incentives considered each needs to be evaluated and then looked at as a group to see how they impact the budget and what long term effects they may have.

Without the input and cooperation of all those that a change might effect, the new system is doomed to failure. With a good dialogue between the volunteers that are affected by the change, the paid officers and firefighters that are having to deal with the volunteers on a daily basis, and from the chief officers that need to be able to manage the volunteers and the budget required to support the program, the solution will be a well rounded and well thought out procedure.

The solution needs to be one that will offer a stipend that is based on the participation of the volunteers. It needs to be based on their activity at various events and those may be weighted by importance or by the fact that they are routinely poorly attended.

The solution needs to be implemented in an incremental manner to allow for adjustment from the previous method to the new one. We are all creatures of habit and when our current way of operating changes we feel stressed. By slowing the implementation we can decrease the sudden onset of the change. The solution needs to be referenced or placed into policy so it can more easily be enforced.
The District has the ability to move forward with a change to our current compensation method and get a procedure that will give the volunteers an incentive to participate in District functions. We have a good group of volunteers that need a more equitable way of being compensated to keep their interest. We need a system that gives the younger members a shorter term incentive than is now available. The younger generation prefers an immediate reward for what they do and we need to be aware of their concerns and try to meet their expectations of the District.
References


