

V.

VALUING VOLUNTEER LABOR AND COSTING VOLUNTEERING
DISINCENTIVES DUE TO LIABILITY

In 1991, an estimated 51.1 percent of the U.S. population volunteered, and 4.2 hours per week were volunteered on average, based on results of the Independent Sector/Gallup survey. This suggests 94.2 million volunteers in 1991 and 217.6 volunteer hours per volunteer annually, or 20.5 billion volunteer hours in 1991. The full time equivalent employment, based on 1700 hours per year, is approximately 8.9 million for reported formal volunteering, and the value of the formal volunteering ranges from \$176.4 billion (based upon average nonagricultural wages plus 12 percent benefits) to \$217.9 billion (based upon survey respondent estimates of the value of their volunteer hours).⁵²

If one includes informal hours of volunteering in 1991, and using Menchik and Weisbrod's multiplier of 2000 hours per year for calculating annual wages, the full time equivalent employment would rise to 10.25 million and the value of all volunteering in 1991 would range from \$237.4 billion to \$293.1 billion.

Given these estimated values, volunteering can be said to equal approximately three to five percent of the total U.S. Gross Domestic Product, which was approximately \$6 trillion in 1992.

Assuming that some potential volunteers are deterred by liability concerns, an assumption supported by the 95 percent confidence level of the variable TBYPPOP in the tobit regression analysis, how might one determine the cost to the nonprofit economy? The following determination is proposed for the time period before the Volunteer Liability Protection Act was passed, assuming a rational population:

$$L = S(x1) * A(x2) * F(x3,x4)$$

⁵² Virginia Hodgkinson and Murray Weitzman, Giving and Volunteering in the United States (Washington: Independent Sector, 1994), 23.