

The Mileage Reimbursement Challenge

A Report By The Beverly Foundation

September 18, 2008

The Beverly Foundation's targeted survey in June asked volunteer driver programs that provide transportation to older adults about the impact of fuel costs. Mileage reimbursement was identified as a major area of impact and an increasing challenge. On September 3, 2008, an e-mail message was conveyed to 112 similar volunteer driver program members of the STP Exchange. The message was as follows:

We heard your "rumblings" about fuel. Now we want to hear from you about mileage reimbursement. We know it is becoming an increasingly difficult problem for many volunteer driver programs. Please take a few minutes to answer ten questions that we have posted on [surveymonkey.com](https://www.surveymonkey.com/s.aspx?sm=8ZiLmKFGP4LkcMq4VRU1cA_3d_3d): https://www.surveymonkey.com/s.aspx?sm=8ZiLmKFGP4LkcMq4VRU1cA_3d_3d

As we did with the inquiry on fuel, we will prepare a media release and distribute it to you, to transportation and aging services and to media throughout the country. We also will post the resulting report on our website (www.beverlyfoundation.org) and that of the STP Exchange (www.stpexchange.org). The inquiry will close on September 12th, 2008.

Thank you in advance for participating. The Beverly Foundation Staff.

The message provided e-mail recipients with a link to an on-line survey (on survey-monkey.com) which included nine closed-ended questions (with some opportunities for comments) and one contact information question. Within one week 53 volunteer driver programs responded to the survey for a 47% response rate. Respondents were located in 24 states and represented 4,969 volunteer drivers. What follows is a summary of what we heard from those volunteer driver programs.

1. Results of Data Analysis

What follows is a summary of the responses to six closed-ended survey questions.

1. Question: Do some or all of your volunteer drivers use their own automobiles?
Responses: Yes 100%
2. Question: Do you reimburse your volunteer drivers for mileage?
Responses: Yes 61% No 39%
3. Which of the following methods do you use for mileage reimbursement?
Responses: Check 100% Gas Card 21% Gas Voucher 8%
4. Question: Are your volunteer drivers more likely to accept reimbursement now, than they did in the past?
Responses: Yes 64% No 36%

5. Question: Do you give them something other than money to show appreciation?
Responses: Yes 85% No 15%
6. Question: The following eight items have been identified as concerns by many volunteer driver programs. Please indicate the level of importance you give each of them.
Responses: The top three reimbursement concerns identified by respondents were “impact on budget, impact on driver recruitment, and reimbursement rates”.

Additional information is included in Section 6.

2. Rationale For Volunteer Driver Mileage Reimbursement

Of those programs that reimbursed for mileage, approximately one-third indicated that less than 30% accepted reimbursement and one-third indicated that more than 90% accepted reimbursement. Additionally, almost two-thirds of the respondents indicated that volunteer drivers were more likely to accept reimbursement now than they did in the past; the reason being the high and higher cost of gas. Several of their comments are included below.

“In the past couple of years, the number of volunteers requesting reimbursement has gone up about 400% and our cost has gone up 450%.”

“We’ve always done reimbursement, but many of our volunteers are on fixed income and cannot afford to donate their fuel/vehicle costs as well as their time.”

“We have only offered reimbursement for the past two years. Not many of our volunteers request reimbursement. Some only request it if they are driving long distances. Some only request it because it is available. After May of 2008, when we could no longer reimburse, one driver would not drive until funding was available, and one driver limited his mileage.”

“Volunteers who drive locally usually don’t want reimbursement, but if they drive a 140 mile round trip to a medical center it adds up to a lot of miles and fuel costs. Those are the people who request reimbursement. Also, some of the drivers who go to a town which is 22 miles away request reimbursement.”

“A few older drivers on fixed incomes have said the gas prices tax their monthly expenses, but have not declined to drive due to gas prices.”

“The cost of fuel was the reason given (for requesting reimbursement), and I insisted that they accept reimbursement.”

3. The Reimbursement Dilemma (To Reimburse or Not To Reimburse)

100% of the respondents to the survey provided transportation by involving volunteer drivers as well as their vehicles, and of that number, 61% reimbursed volunteer drivers for mileage and 39% did not reimburse for mileage. Respondents offered a number of comments both about reimbursing and not reimbursing for mileage.

3a. Comments About Reimbursing for Mileage

- “Budgeting Funds for volunteer mileage reimbursement sends the message to volunteers that they are valued and important.”
- “Some of our donors specify ‘for volunteer gas’.”
- “We reimburse if they request it. Only two request it, as our drivers are mostly fairly well-fixed retirees and they deduct the mileage on their income tax.”
- “We offer it, but it is actually only claimed by a few volunteers, those who drive fairly long distances.”
- “We reimburse some of the volunteers, those who need the reimbursement to be able to volunteer and those who travel a long distance.”
- “We offer it, but no one takes us up on it.”
- “While none of our volunteer drivers receive mileage reimbursement for in-town transportation, we do provide out-of-town rides for people receiving transportation for “Road to Recovery” for radiation trips.”
- “Our volunteer drivers request the mileage reimbursement on their monthly time sheets. Of the approximately 180 volunteers serving our transportation program, less than 10 request reimbursement each month. Some volunteers choose to use the charitable deduction when they itemize their income taxes.”
- “Volunteers who request reimbursement could not afford to drive at all if not for the reimbursement.”
- “We reimburse only if requested and cap it at a certain amount. About 25% of our drivers request reimbursement. However, some refuse any and all reimbursement out of principal, but then cut back their rides or quit volunteering. This is a difficult problem as we have little leverage if they won’t even accept reimbursement, but then choose to stop driving.”

3b. Comments About Not Reimbursing for Mileage

- “Gas reimbursement is important, but the feeling of giving/helping is equally or more important.”
- “We strongly believe that the costs of gas are part of the volunteer’s donation...and we understand if people need to opt out due to this. We have had zero difficulty securing volunteers who embrace this idea.”
- “It would be nice to be able to reimburse, but we live on a shoe-string budget.”
- “We do not reimburse, however, we are currently seeking grant funds to establish a reimbursement account. We believe it is needed and our volunteers have been asking about it.”
- “It’s simply not in our budget to reimburse.”
- “It could become a full time job.”
- “With high gas prices, most of the volunteers are concerned about driving so many miles in our rural area. We are very fortunate to have some folks who live in the area that are affluent enough to weather this difficulty. They believe in giving back to the others in the area who are not so well off.”

4. Three Reimbursement Methods

While none of the respondents said they reimbursed with cash, 100% indicated that they reimbursed with checks. They also indicated they used gas cards (21%) and gas vouchers (8%) for mileage reimbursement.

4a. Advantages of Reimbursing by Check Respondents described the following advantages of reimbursing with checks:

- Checks are easy to account for and show on the books.
- Checks provide a paper trail (for accounting purposes).
- Checks offer administrative efficiency and ease of tracking spending.
- Checks provide a clear audit trail for funding sources.

4b. Comments About Reimbursing with Gas Cards

“We do not have the funds. We did have a donation of \$1,000 to be used for gas cards which we sent out to the volunteers, starting with the ones who had driven the most.”

“We would prefer to give \$25 gas cards quarterly. Our volunteers don’t seem to be interested in the mileage reimbursement.”

“We had grant money for volunteer perks and we used the option of a \$25 gas card. 68% took the perk, the remaining 32% donated it back to us.”

“Appreciation fuel cards are given if the volunteer drivers log enough miles on the monthly reports. Different plateaus of mileage earn different values on the fuel cards.”

“We have just acquired funding for volunteer appreciation. We are considering turning it into fuel gift cards. It will be much easier to track, and “winning” \$10 may be just enough to keep our volunteers satisfied.”

4c. Comments About Other Options

“We provide gas vouchers or special ‘fill up car day’ once a year.”

“We are blessed to have the RSVP program that DOES reimburse our volunteers for \$0.20/mile. I’m sure it feels like next-to-nothing when you consider the price of gasoline, but at least it’s something.”

“Most of our volunteers prefer to use RSVP (reimbursement) and/or record mileage for tax purposes. However some of our student drivers request mileage reimbursement.”

“We do not do mileage reimbursement. According to our CPA, we are allowed to give a one time \$25.00 gift card to each volunteer, each year. Most of our volunteers refuse to take a gas card.”

“Our volunteer drivers can also earn mileage credits that can be stored for their own use later on when they no longer drive.”

5. The Appreciation Option

Volunteer recognition is believed to be a critical aspect of volunteer retention. Interestingly, 85% of those who said they provided reimbursement said they also gave volunteer drivers something other than money to show their appreciation. While some mentioned “continuous warm fuzzies” and “praise”, many respondents mentioned recognition events, and others mentioned special gifts, gift cards, gas cards, coupons, and other items identified on the chart below.

Gift cards, and annual thank you gift	Recognition events with awards
Gas cards	Picnic for volunteers and family members
Car washes & car wash certificates	Volunteer gathering (since our volunteers do not attend appreciation events)
Contests for gas cards	Appreciation party where we give awards
Lunch coupons (from local merchants)	Luncheons (monthly, annual)
Training opportunities	Annual volunteer recognition dinner
Birthday cards	Annual appreciation banquet
Free tickets to local event	Annual volunteer brunch (to update volunteer driver records and give feedback)
Restaurant gift certificates	
Articles in newspapers about them	

6. Priority Concerns

Respondents were asked to indicate the level of importance they gave to each of the concerns identified in the left column of the chart below. The right column of the chart lists their responses in the order in which they rated their importance.

Order Used In Question	Rank Order of Response
1. Reimbursement methods	5. Impact on your annual budget
2. Reimbursement rates	3. Impact on volunteer driver recruitment
3. Impact on volunteer driver recruitment	2. Reimbursement rates
4. Impact on Volunteer retention	8. Deductible rate for volunteer drivers
5. Impact on annual budget	4. Impact on volunteer driver retention
6. Administrative logistics on staff	7. Current legislative initiatives
7. Current legislative initiatives	1. Reimbursement methods
8. Deductible rate for volunteer drivers	6. Administrative Logistics on Staff

Comments made by several respondents validated these concerns.

“Where we can, we include the cost of volunteer reimbursement in our grant applications. If we are applying for transportation operating funds from the state, that is a huge portion of our operating costs.”

“We would like to pay more for mileage, but haven’t convinced our board. It is extremely difficult to retain and recruit new volunteer drivers.”

“I believe that mileage reimbursement may help. The drawback for us is tracking mileage and the development of resources for funding such an initiative.”

“I am not as concerned about our current drivers. It does not seem to have negatively impacted on us. I am concerned about recruitment.”

“I think it’s a good idea. The problem becomes managing how and how much people are reimbursed.”

“The accounting related to reimbursement for mileage has been an administrative nightmare!”

7. The Rate: A Source of Confusion and Concern

In recent months, a major controversy has erupted over the rate at which volunteer drivers can be reimbursed. While many organizations accept the charitable rate of reimbursement and plan to send 1099s to volunteer drivers for mileage reimbursement they receive over and above the charitable rate, many organizations reimburse at whatever rate the budget can afford with the assumption that they can reimburse up to the business reimbursement rate. Their comments illustrated the confusion.

7a. One Point of View. Volunteer drivers can be reimbursed for mileage up to \$.585 which is the rate of business mileage reimbursement.

“Our reimbursement rate is tied directly to the federal rate (currently \$.585) and is one of the highest in the state.”

“Our mileage reimbursement is based on the federal rate. This year we had an unexpected increase in the middle of the year.”

“In July, our board voted to increase mileage reimbursement from \$.25 to \$.35 per mile. We reimburse on a quarterly basis, meaning that mileage incurred early in the quarter is not reimbursed for three months.”

“I think a reasonable mileage reimbursement rate is very important in our recruitment of volunteer drivers.”

“In Maine, we are advocating for a rate tied to the federal reimbursement rate so that we don’t have to fight for increases each time fuel costs go up.”

7b. Another Point of View. Volunteer drivers can be reimbursed for the use of their vehicle in the performance of charitable activities at \$.14 per mile standard deduction rate as established by the Internal Revenue Code of 1986.

“The \$.14 deductible under charitable contributions is almost insulting.”

“Our CFO has just discovered that volunteers must declare as income any mileage reimbursement above \$.14.”

“I did not know volunteer drivers would have to claim reimbursement as income.”

“I think the IRS should increase the rate to reflect new gas prices.”

“This is a growing concern and we are actively trying to pass the legislation that is before Congress now.”

These two points of view suggest very different ways of interpreting Congressional and Internal Revenue Service guidelines for mileage reimbursement; and create an enormous amount of confusion and concern about whether and how much reimbursement to provide, and how to administer it.

The Real Concern. In the past, the reimbursement rates have been based on available resources. The new emphasis on the charitable rate for reimbursement has created concerns about the impact on program administration and volunteer retention.

“If volunteer drivers are going to have to use their mileage reimbursement as taxable income on their yearly tax returns, we aren’t going to have any volunteer drivers left. They will all leave.”

“Unless the GIVE Act of 2008 is passed, we will have to start issuing 1099’s to all of our volunteer drivers. We feel this will severely impact our program and our ability to retain and recruit volunteers.”

8. Conclusions

Reimbursement Often Is Necessary

A majority (61%) of the respondents to the survey said they reimburse volunteer drivers for mileage. And, while many say that reimbursement is not necessary (and even when they offer it drivers do not accept it) many respondents said it is necessary because: (1) it sends a message to drivers that they are important; (2) some donors require it; (3) it often is needed by drivers who have limited income; and (4) long distance driving can present an undue financial burden on drivers.

Reimbursement May Not Be Desirable

Many respondents (39%) who said they do not reimburse gave several reasons: (1) the feeling of helping is important; (2) the cost of gas is part of the driver’s contribution; (3) funds are not available; (4) keeping records can be difficult; (5) some drivers don’t need it...or want it.

Reimbursement Methods Vary

All (100%) respondents who reimbursed for mileage did so with checks because: (1) it leaves a paper trail; (2) it is administratively efficient; and (3) it shows on the books.

Some (21%) of the respondents said they reimbursed with gas cards and did so because: (1) volunteers didn’t seem interested in mileage reimbursement; (2) they look at it as a gift or perk; (3) they link with RSVP to reimburse their volunteers for mileage; and (4) one offered mileage credits that could be stored for later use.

Volunteer Recognition Is Alive And Well

While volunteer drivers in other Beverly Foundation surveys said that recognition was not important to them, 85% of the respondents who reimbursed said they also used other methods of showing appreciation including: gift cards and gas cards, coupons and free tickets, recognition events and awards. Some simply said they tried to provide “continuous warm fuzzies” and “praise”.

Reimbursement Has Many Consequences

While many volunteer driver programs say that the cost of fuel will undoubtedly impact on volunteer driver retention, respondents rated it (driver retention) fifth out of a possible eight concerns listed in the survey. More important concerns included: (1) impact on budget; (2) impact on driver recruitment; (3) reimbursement rates; and (4) deductible rate for volunteers.

Confusion Over Reimbursement Rates Damage The Volunteer Driver Agenda

Volunteer drivers provide transportation to older adults in communities throughout America and transportation programs that involve them often work hard to secure resources to reimburse them for mileage: (1) to show appreciation, (2) to help cover fuel expenses, (3) to promote driver retention, and (4) to make use of “volunteer vehicles” to provide transportation services. Confusion over whether to use the standard deduction rate for charitable activities or the rate of business mileage reimbursement has created an entirely new debate about whether to reimburse, how much to reimburse, and whether and how to inform volunteer drivers about potential tax liabilities related to reimbursement. The confusion not only distracts programs from their primary purpose of providing transportation, but in today’s environment of rising fuel costs could result in the loss of volunteer drivers and a related reduction in transportation services.

9. Recommendations

Responses to the targeted survey on mileage reimbursement produced several recommendations for action.

#1 Enhance Driver Communication and Exchange

Volunteer driver research suggests that communication and exchange with passengers, program staff, and other drivers are much more important to volunteer drivers than recognition events and awards.

Volunteer driver programs should explore ways to enhance volunteer driver opportunities for communication and exchange.

#2 Link With Alternatives to Reimbursement Options

Many volunteer drivers are volunteers with RSVP* and reimbursed by their RSVPs, and a number of RSVP’s have organized volunteer driver programs.

The national RSVP and local RSVP sites should be encouraged to sponsor volunteer driver programs and should encourage volunteer driver programs to become RSVP sites.

#3 Explore Tax Consequences of “Appreciation”

There is evidence of an emerging trend to use gift cards, gas cards, and gas vouchers in addition to (or in lieu of) reimbursing volunteer drivers for mileage.

Efforts should be undertaken to determine potential tax liability related to the use of these and other “appreciation items.”

#4 Resolve Confusion About Volunteer Driver Reimbursement

New legislation introduced in Congress will help resolve the confusion, however, it does not link volunteer driver reimbursement to the business reimbursement rate nor does it address the potential bookkeeping burden on volunteer driver programs that reimburse for mileage.

Efforts are need to encourage Congress to amend the legislation to tie mileage reimbursement to the business reimbursement rate.

#5 Resolve Tax Liability Questions Related to Reimbursement

An alternative to Congressional action is an Internal Revenue Service determination of the mileage reimbursement rate for volunteer drivers and tax related liability.

Action is needed which directs the IRS to make a ruling on the rate at which volunteer drivers can be reimbursed and any related tax liability

**RSVP is the Retired and Senior Volunteer Program. It is located within the Senior Corps of the Corporation for National Service and is the nation's largest volunteer network for people age 55 and over.*

10. Commentary

Interpretations and misinterpretations of allowable mileage reimbursement rates for volunteer driver programs have risen dramatically this year. These programs historically have set reimbursement rates at whatever the traffic will bear. However, that all changed in 2008, with the worldwide increase in gas prices and new statutory proposals advancing through Congress which seek to clarify the charitable rate of reimbursement. What we have today are many unanswered questions for voluntary groups that want to reimburse their drivers but are hamstrung by the confusion. What is needed is for Congress to set an appropriate charitable mileage reimbursement rate (preferably one that is similar to the rate for business mileage reimbursement) so that volunteer drivers receive adequate reimbursement without having to worry about part of it being taxable income. It is a win-win-win for drivers, programs, and older adult passengers.

Postscript

Although respondents to the survey were concerned about mileage reimbursement, two said their major concern was related to liability.

“I don't think this is the biggest issue for recruiting drivers. Although people don't say so, I think liability is their greatest concern. We do not cover our drivers. They use their own cars and their own insurance.”

“This one (mileage reimbursement) still has not replaced potential volunteer concerns over liability as an impediment to participation.”

Look for liability as the subject of a future targeted survey!

September 18, 2008

This inquiry was undertaken in September, 2008 by the Beverly Foundation with members of the *STP Exchange*. The Beverly Foundation is a non-profit foundation, located in Pasadena, California, that undertakes research, demonstration and assistance to encourage and facilitate senior mobility and transportation for older adults. The Foundation is a co-sponsor of the *STP Exchange*, a web-based resource for peer-to-peer communication and networking about senior transportation. Membership is free and open to professionals, providers, and the community groups.

For more information, please go to:
www.beverlyfoundation.org
or
www.stpexchange.org