



GUIDELINES FOR UNIVERSITY OF ALASKA DEPARTMENTS ON EXPENSES, BENEFITS OR NOMINAL FEES PAID TO VOLUNTEERS

The Department of Labor regulations allow volunteers to be paid expenses, reasonable benefits, a nominal fee, or any combination thereof, for their service without losing their status as volunteers. **Although a volunteer does not have an employment relationship with the university, the IRS may consider these payments or benefits to be compensation for services and the university will report such payments in accordance with IRS regulations.**¹ No payment may be made to a volunteer unless the university has been provided with the individual's social security or federal employer identification number.

The university is not obligated to provide any payment to volunteers, however, should a dean/director wish to do so, Human Resources must pre-approve all payment arrangements and receive the necessary tax withholding forms. A written Volunteer Agreement provided by HR and signed by the volunteer and the department dean/director is required.

Reimbursement. Individuals do not lose their volunteer status for purposes of the FLSA if they are reimbursed for the approximate out-of-pocket expenses incurred incidental to providing volunteer services, for example, payment for the cost of meals and transportation expenses. A volunteer may receive a uniform allowance, or reimbursement for reasonable cleaning expenses or for wear and tear on personal clothing worn while performing hours of volunteer service. (A uniform allowance must be reasonably limited to relieving the volunteer of the cost of providing or maintaining a required uniform from personal resources.) Individuals do not lose their status as volunteers if they are reimbursed for tuition, transportation and meal costs involved in their attending classes intended to teach them to perform efficiently the services they provide or will provide as volunteers. Likewise, the volunteer status of such individuals is not lost if they are provided books, supplies, or other materials essential to their volunteer training or reimbursement for the cost thereof.

Benefits. Individuals do not lose their volunteer status for FLSA purposes if they are provided reasonable benefits by the public agency for which they perform volunteer services.

Nominal fee. Individuals do not lose their volunteer status for FLSA purposes if they receive a nominal fee from a public agency. A nominal fee is not a substitute for compensation and must not be tied to productivity. DOL presumes that a fee is nominal if it does not exceed **20%** of what the university would otherwise pay to hire someone to provide the same services.

Under DOL regulations, whether the furnishing of expenses, benefits, or fees would result in individuals' losing their status as volunteers under the FLSA can only be determined by examining the total amount of payments made (expenses, benefits, fees) in the context of the economic realities of the particular situation.

HR will provide additional information on the steps necessary to process payments to volunteers. The PCN to use for all university volunteers receiving nominal fees is 909999.

¹ Meals are exempt from taxation if they are provided for the convenience of the program and served on the premises or worksite.

Lodging is exempt from taxation if it is provided to further the purpose of the program and if volunteers are required to accept the lodging as a condition of their service to enable them to better perform their duties.