

## Guidance on Prohibition of Fee-for-Service Activities

As set forth in Section 404(c) of the Domestic Volunteer Service Act of 1973 (DVSA), there is a general prohibition against grantees and volunteer stations requesting or receiving any compensation for the services of SCP, FGP, or RSVP volunteers. This prohibition is sometimes referred to as the “fee-for-service” prohibition. Section 404(c) provides the following:

### *(c) Compensation of supervising agencies or organizations*

No agency or organization to which volunteers are assigned hereunder, or which operates or supervises any volunteer program hereunder, shall request or receive any compensation from such volunteers or from beneficiaries for services of volunteers supervised by such agency or organization.

In some cases, determining whether a payment requested or received by a grantee or volunteer station is permissible in light of the prohibition is relatively straightforward. In other cases, however, making determinations as to whether the arrangement is permissible in light of the prohibition requires a more in-depth review, including an assessment by CNCS. Please see examples below:

### **EXAMPLES:**

**(1) Scenario:** An RSVP grantee has a volunteer station that provides program activities, including a personal safety/first aid course available to the local community. The course is taught by RSVP volunteers assigned to that volunteer station, and each student enrolled in the course is required to pay a \$20.00 fee, which covers the course materials (i.e., workbook on first aid/CPR). The \$20.00 fee is solely a reimbursement to the volunteer station for the expenses it incurs for purchase of the course materials.

This arrangement results in a volunteer station requesting and receiving payments from all members of the local community (i.e., beneficiaries) who enroll in the course. Moreover, under this arrangement, the teacher of the course is an RSVP volunteer.

### ***Is this arrangement permissible?***

Yes, this arrangement is permissible.

Explanation: Although the volunteer station is requesting and receiving payments from everyone who takes the course, and the teacher is an RSVP volunteer, the volunteer station is not receiving payment for the services of the RSVP volunteer. Rather, the \$20.00 fee is solely to reimburse the volunteer station for the costs of the course materials. Therefore, this

arrangement is permissible and does not violate the DVSA statutory prohibition.

**(2) Scenario:** An RSVP grantee has a volunteer station located at a local elementary school. As part of the volunteer station's service activities, it prepares and serves children lunch meals at the school cafeteria twice a week. RSVP volunteers help to prepare and serve the children the meals. The volunteer station requests and receives from each child's parent or guardian a fee of \$7.00 per meal. The volunteer station receives all the food to prepare the meals as in-kind donations from the school. Because all the food is donated, the \$7.00 fee received is not used at all to reimburse the volunteer station for expenses incurred. Rather, the \$7.00 fee is entirely profit for the volunteer station.

*Is this arrangement permissible?*

No. This arrangement is not permissible.

Explanation: Here the volunteer station requests and receives payment for each child who receives a meal (i.e., each beneficiary). The meals are prepared and served by non-salaried RSVP volunteers. In addition, the payment does not reimburse the volunteer station for the expenses it has incurred for the food. Rather, the \$7.00 fee is used by the volunteer station to pay other expenses; the \$7.00 fee is not used to cover the cost of employing people to prepare and serve the meals. Under these facts, the volunteer station appears to be receiving a profit for each meal served – i.e., \$7.00 per meal in profit. Moreover, the \$7.00 per meal fee is not nominal. Therefore this arrangement is not permissible. The arrangement violates the “fee-for-service” prohibition.

**(3) Scenario:** Assume the same facts as the example immediately above, except that the RSVP volunteer station requests and receives from the child's parent or guardian a fee of \$2.00 per meal.

*Is this arrangement permissible?*

The grantee should seek review and a definitive answer from CNCS.

Explanation: Here, the volunteer station requests and receives payment for each child who receives a meal (i.e., each beneficiary). The meals are prepared and served by RSVP volunteers. In addition, the \$2.00 per meal payment does not reimburse the volunteer station for expenses because the food has been donated. The volunteer station is receiving the \$2.00 per meal payment which the volunteer station uses to cover station expenses other than the preparation and serving of the food. However, the \$2.00 per meal charge is a nominal fee. While the \$2.00 per meal charge may be

deemed profit, the amount is nominal, and the beneficiary receives a plain benefit at a reduced rate.

The grantee should seek CNCS's review and assessment of the specific facts to ensure that the grantee is in compliance with the statutory provision. If CNCS determines that the amount received by the volunteer station is nominal, the arrangement would be permissible.

**(4) Scenario:** As a final example, assume that an RSVP grantee has a volunteer station within a county. The RSVP grantee receives state grant funds that permit payments to the grantee to reimburse it for transportation-related expenses to transport eligible disabled adults to medical appointments within the county. RSVP volunteers have assignments that include driving these adults to and from their medical appointments within the county. The volunteer drives a vehicle that is owned and operated by the sponsor or the station. Those eligible disabled adults who participate in this service are required to pay the RSVP grantee directly \$6.00 per ride roundtrip. Of the \$6.00 fee, the adult who is being given the ride (i.e., the beneficiary) pays \$4.00 per roundtrip ride that covers some but usually not all of the actual fuel costs. The other \$2.00 is intended to cover, as appropriate, other costs that may be associated with operating the vehicle (e.g., maintenance, repairs). Finally, the RSVP volunteer who is driving the adult receives no payments for his or her driving services. The RSVP grantee receives all payments related to the driving services.

***Is this arrangement permissible?***

The grantee should seek review and a definitive answer from CNCS.

Explanation: Here, the RSVP grantee receives payment from beneficiaries in the county who receive rides to medical appointments from RSVP volunteers. Of the \$6.00 per roundtrip ride, \$4.00 is meant to reimburse some but usually not all of the fuel-related expenses. The other \$2.00 paid by the beneficiary is intended to cover costs that may, or may not, be associated with repair and maintenance of the vehicle operating the vehicle. However, regardless of how the volunteer station uses this \$2.00 amount, and even though the amount may be deemed profit, the amount is nominal. Also, the roundtrip ride that costs \$6.00 provides the beneficiary a plain benefit at a reduced rate.

The grantee should seek CNCS's review and assessment of the specific facts to ensure that the grantee is in compliance with the statutory provision. If CNCS determines that the amount received by the volunteer station is nominal, the arrangement would be permissible.