

Overhead Matters

A fact sheet included in the TurnKey Kit introduces a method for measuring the cost per ride of a volunteer driver program. The illustration below describes the transportation expenses (direct cost) and administrative expenses (indirect costs) of a hypothetical volunteer driver program.

Transportation Expenses	Administrative Expenses
Vehicle rental/payments, vehicle repair/maintenance, fuel, vehicle insurance, driver salaries, mileage reimbursement, program and volunteer insurance, and volunteer recognition	Staff, accounting, dues & subscriptions, equipment rental & maintenance, rent, organization insurance, meetings, software, licenses/taxes/fees, promotion, fundraising, telephone, internet
Total Transportation Expense = \$50,000	Total Administrative Expense = \$100,000

This illustration points out the difference in the actual expenses that might be incurred in providing rides and the administrative expenses associated with organizing or implementing those rides. The volunteer driver program that has a 50% overhead (indirect) cost, may be providing excellent transportation services and meeting the objectives set forth in its service plan. However, a funding agency may have the expectation of supporting organizations that operate in the neighborhood of 30% overhead. These guidelines from financial supporters may cause it to deny funding for the application...even if the program provides excellent services, in part because of its effective management.

What is an organization to do? Some applicants are successful in shifting the focus from costs to outcomes. In other words, rather than emphasizing direct and indirect costs associated with its operations, it shifts the discussion to the goals or objectives it is trying to achieve. For example, it may identify qualitative indicators such as satisfaction of passengers and drivers, community awareness and satisfaction that the service is filling transportation gaps, or health care providers' appreciation and financial support for rides to their services. In sum, knowing the direct and indirect costs of providing transportation is critical to efficiency and effectiveness in managing a volunteer transportation service. However, it is just as important to be able to make the case to foundations and other potential financial supporters that your program is meeting service goals and meeting the needs of passengers and volunteer drivers.