

THE SAFE STEP

Your connection to protecting those who improve your community



UNDERSTANDING THE VOLUNTEER PROTECTION ACT (VPA) AND COMPENSATION RISKS

WHY IT MATTERS

The Volunteer Protection Act of 1997 (VPA) provides legal immunity to volunteers serving nonprofit organizations or government entities, but this protection is conditional. Volunteers must meet specific criteria to qualify:

- **Compensation Threshold:** Volunteers must not receive compensation or anything of value exceeding \$500 per year. For example, a stipend of \$50/month (\$600/year) would disqualify a volunteer from VPA protection.
- **Nominal Compensation Defined:** According to the U.S. Department of Labor, a fee is presumed nominal if it does not exceed 20% of what a full-time employee would earn for similar services. Payments tied to productivity or resembling wages (e.g., per-hour or per-task payments) are not considered nominal.
- **Tax Implications:** Payments such as stipends, living allowances or in-kind benefits (e.g., cell phones, event tickets) may be taxable. Nonprofits must assess fair market value and withhold taxes accordingly. Even gift cards are considered taxable cash equivalents.

KEY POINTS FOR ALL VOLUNTEERS AND ORGANIZATIONS

- **Compensation Limits:** Volunteers must not receive more than \$500 per year in compensation or anything of value. Even small stipends, gift cards or frequent non-cash gifts can disqualify a volunteer from VPA protection.
- **Nominal Compensation:** The Department of Labor considers compensation “nominal” if it does not exceed 20% of what a full-time employee would earn for similar services. Payments based on hours or tasks are not considered nominal.
- **Tax Implications:** Stipends, living allowances, and in-kind benefits (like cell phones or event tickets) may be taxable. Nonprofits must assess fair market value and follow tax rules. Even gift cards are considered taxable cash equivalents.
- **Safety and Training:** All volunteers should receive role-specific safety training and clear instructions for reporting incidents. This ensures everyone feels safe and supported, regardless of background or ability.
- **Inclusive Practices:** Make training and documentation accessible to people of all abilities and backgrounds. Offer materials in multiple formats (written, video, large print, translated) and provide accommodations as needed.

QUICK REFERENCE CHART: COMPENSATION LIMITS FOR VPA PROTECTION

Type of Benefit	Federal VPA Limit	Notes
Cash/Stipend	< \$500/year	Exceeding this limit removes VPA protection
Gift Cards/ Cash Equivalents	Disallowed	Considered taxable and may trigger employment status
Non-Cash Gift (> \$100)	Allowed	Occasional token gifts are usually safe
Reimbursements	Allowed (if documented)	Must be for legitimate, documented expenses
In-Kind Benefits	Allowed (if nominal)	Assess

STATE-SPECIFIC VPA VARIATIONS

- Federal law sets the baseline, but states may offer additional protections or have different rules.
- Some states allow higher compensation thresholds or broader coverage for volunteers (e.g., Illinois protects directors up to \$5,000/year).
- Always check your state's laws or consult legal counsel to ensure compliance and protection for all volunteers.

ACTION STEPS FOR INCLUSIVE VOLUNTEER PROGRAMS

1. Review compensation and benefits: Ensure all payments, gifts and reimbursements comply with VPA and state laws.
2. Make training accessible: Provide safety and incident reporting instructions in formats suitable for all volunteers.
3. Document everything: Keep clear records of volunteer agreements, compensation, training and incidents.
4. Consult state-specific resources: Use guides from the Nonprofit Risk Management Center or local agencies to stay up to date.
5. Update policies regularly: Reflect changes in law, best practices and the needs of your diverse volunteer community.

Volunteers should be treated as partners in safety. Clear training and supervision not only reduce liability but also enhance organizational resilience.

ADDITIONAL RESOURCES AND REFERENCES

- [U.S. Code \(House Office of the Law Revision Counsel\) – 42 U.S.C. Chapter 139 \(Volunteer Protection Act\)](#)
- [Congress.gov – Public Law 105–19 \(Volunteer Protection Act of 1997\) PDF](#)
- [IRS – De minimis fringe benefits \(gift certificates/gift cards are cash equivalents and generally taxables\)](#)
- [IRS \(PDF\) – “Volunteer Workers pay Taxes Too” \(stipends/allowances may be taxable\)](#)