

## Defining and Valuing Pro Bono Service

Employee Engagement			
Traditional Volunteering	Skills-Based Volunteering		
Volunteerism			Non-Cash Equivalent
<b>Traditional Hands-On Volunteer Activity</b> , such as: <ul style="list-style-type: none"> <li>▪ Park Clean Up</li> <li>▪ Soup Kitchen</li> <li>▪ Food Pantry</li> </ul>	<b>General and Non-Core Skills Activity</b> , such as: <ul style="list-style-type: none"> <li>▪ Tutoring/Mentoring</li> <li>▪ Literacy Programs</li> <li>▪ Science Fair Judge</li> </ul>	<b>Board Service</b> , such as: <ul style="list-style-type: none"> <li>▪ Board Placement</li> <li>▪ Board Member Training</li> </ul>	<b>Pro Bono Service</b> , such as: <ul style="list-style-type: none"> <li>▪ Collateral Designing</li> <li>▪ HR Consulting</li> <li>▪ IT Assistance</li> </ul>

### Summary:

- Pro Bono Service must meet three criteria: 1) Formal Commitment 2) Employee is performing their professional function 3) The Commitment is made to an end-recipient that is formally organized, has a charitable purpose, and never distributes profits.
- If companies know the actual hourly rates for employees performing Pro Bono Service, they should use these monetary values. Alternatively, companies can use the suggested rate on page 2.

As the above diagram illustrates, there are inherent differences between Pro Bono Service and other forms of employee engagement. Therefore, Pro Bono Service is reported in the *Giving in Numbers* Survey as non-cash. The criteria below, all of which must be met, distinguish Pro Bono Service from other paid-release employee time:

- **COMMITMENT.** Your company must make a formal commitment to the recipient nonprofit organization for the final work product. Your company is responsible for granting the service, staffing the project, and ensuring its timely completion and overall quality. In other words, the company must apply the highest professional standards to the pro bono engagement. Projects that occur informally as the result of an employee’s personal interests and individual availability should not be included in your reporting.
- **PROFESSIONAL SERVICES.** Pro bono donations are professional services for which the recipient nonprofit would otherwise have to pay. It is critical that employees staffed on the project use the same skills that constitute the core of their official job descriptions. Projects that draw upon only some of an employee’s basic job knowledge are not considered pro bono.
- **INDIRECT SERVICES.** Pro Bono Services must be indirect, meaning that the corporation must provide the service an end-recipient that is a) formally organized; b) has a charitable purpose; and c) never distributes profits. All 501(c)(3) organizations or international equivalent are included as qualified end-recipients. (This criterion, which is based on the Global Guide standard, holds for all types of giving recorded in the CECP survey; we note it here merely as a reminder.) In the majority of cases, Pro Bono Service directly benefits the nonprofit organization—e.g., by boosting internal operations and capacity-building—rather than the nonprofit’s end-recipients or “clients.” This is consistent with the requirement that Pro Bono Service must be a direct application of an employee’s core job description. In some cases (e.g., the last example below), Pro Bono Service benefits individuals served by the nonprofit, but this is rare.

### Examples of Pro Bono Service:

- A corporate HR team audits a nonprofit’s HR systems.
- A corporate finance team develops managerial accounting systems for a nonprofit.
- A corporate property development team helps a nonprofit secure and design office space.
- A corporate creative team develops a nonprofit’s annual report.
- Participating in his or her company’s pro bono commitment to a community nonprofit, a professional tax accountant provides tax consulting to needy individuals served by the nonprofit.

### Examples of Other Skills-Based Service (Not to be reported as pro bono by corporations):

- A corporate executive serves on a nonprofit board and gives informal advice.
- A corporate manager coaches a local high school student on a business plan competition.
- A corporate accountant independently provides free tax services to an entity who can’t afford tax advice.
- A corporate engineer designs a technology curriculum for a local after-school program.

- o Participating in his or her company's pro bono commitment to a community nonprofit, a software designer sets up staff computers, which is not in the core job description of a software designer.

**Value Pro Bono Hours at Fair Market Value**

Pro bono work should be valued at Fair Market Value (FMV) and recorded as non-cash giving. FMV is the hourly or project cost that a paying client would incur for the same service. Companies are encouraged to consult the three scenarios below in determining the FMV of services rendered, which is a national average accounting for geographic differences. CECP is currently unable to provide dollar-value assistance for non-U.S. Pro Bono Service.

**SCENARIO 1... For companies with *minimal* pro bono tracking...**

In the absence of employee skill-area data and internal billing rates, you use an estimate of **\$150 per hour** for Pro Bono Service projects. This number, highlighted in **blue** in the chart below, is based on an average billing rate across the eight most commonly offered skills areas for Pro Bono Service.

**SCENARIO 2... For companies with *moderate* pro bono tracking...**

Companies that track the seniority level or skills deployed in pro bono projects should use the following chart to value pro bono hours if internal rates are not available:

PRO BONO MONETARY VALUATION			
Professional Service:	Average hourly rate by career level:		
	Early Level	Mid-Level	Executive
Accounting	\$ 90	\$ 130	\$ 245
Advertising and Marketing	\$ 85	\$ 115	\$ 195
Design	\$ 80	\$ 115	\$ 175
Financial Services	\$ 90	\$ 135	\$ 255
Human Resources	\$ 70	\$ 90	\$ 185
IT Services	\$ 115	\$ 155	\$ 235
Legal	\$ 100	\$ 125	\$ 210
Public Relations	\$ 75	\$ 120	\$ 205
<b>AVERAGE for the above services</b>	<b>\$ 90</b>	<b>\$ 125</b>	<b>\$ 215</b>
<b>WEIGHTED AVERAGE*</b>			<b>\$ 150</b>

Note: Released October 2015. \*WEIGHTED AVERAGE: Weights were applied to account for the composition of early, mid, and executive career level professionals who typically do pro bono.

**SCENARIO 3... For companies with *robust* pro bono tracking...**

Companies should use their best internal billing information to determine the FMV of services rendered. These valuations should be adjusted to reflect billing differences by: geography, seniority level, rate discounting, employee skill area, etc. To do this, companies must track project metrics that affect billing rates so that an accurate, defensible valuation for pro bono contributions can be recorded. *CECP strongly encourages companies to track pro bono to this level of specificity whenever possible.*

**The Need for Conservatism**

Companies must ensure that their pro bono projects meet the criteria established in this guide and that any hourly rate is defensible. When in doubt, err on the side of conservatism in determining a valuation rate, which must withstand public and peer-company scrutiny.

**Source Data and Acknowledgements**

CECP gratefully acknowledges the Taproot Foundation for its leadership and collaboration for developing the 2015 standard for the average per hour value of Pro Bono Service. The data used for the current valuation model were supplied by the 2015 Salary Guides on average starting salaries (excluding benefits, bonuses, or other incentives) for accounting and finance, administrative, technology, legal, and creative professionals produced annually by Robert Half. The dollar values reflect average, national hourly rates of pay, adjusted for consulting, for multiple professions across three levels of experience.