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Establishing Emergency Cash Assistance Programs

Lessons from the Field

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Acknowledgments

Our team is incredibly grateful to the many organizations that spent time speaking with us, answering our myriad questions, and walking us through their experiences establishing cash assistance funds. This is a time of great need and we understand that these organizations are working tirelessly to serve vulnerable communities. We are grateful for the work you do every single day and hope that this guide will be a valuable resource for the rest of the field.

We would also like to thank the privacy and legal experts who provided important insights that will help protect vulnerable communities and the organizations that serve them. Their expertise was invaluable, and we thank them for their time.

Finally, we are grateful to our funders and partners that made this research possible and have invested in cash transfer funds and providing direct services.

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About New America

We are dedicated to renewing the promise of America by continuing the quest to realize our nation's highest ideals, honestly confronting the challenges caused by rapid technological and social change, and seizing the opportunities those changes create.

About Public Interest Technology

New America's Public Interest Technology team connects technologists to public interest organizations. We aim to improve services to vulnerable communities and strengthen local organizations that serve them.

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Executive Summary

Across the country, existing benefits systems are falling short. America's patchwork unemployment system leaves out gig workers and tipped workers, and U.S. citizens that have family members of mixed immigration status are **being denied federal relief they should be eligible for**. Families excluded from federal and state benefits have very few options for safety net help and this puts them in a vulnerable position during pandemic-related shut downs. A variety of city, state, and community-based organizations are stepping up to raise and distribute money quickly in an attempt to prevent the current humanitarian crisis from spiraling further.

In March 2020, the National Domestic Workers Alliance (NDWA) established the Coronavirus Care Fund to provide emergency assistance for home care workers, nannies, and house cleaners to support them in staying safe and staying home to slow the spread of the coronavirus and to care for themselves and their families. This national fund has raised more than $25 million, and is helping thousands of domestic workers throughout the United States.

To execute its Coronavirus Care Fund for domestic workers, NDWA developed a technical platform, Alia Cares, that builds upon elements from their domestic worker portable benefits platform to facilitate direct cash assistance disbursements. Given that NDWA's fund was among the first to emerge in the country, philanthropies and local and state governments began contacting NDWA for advice and assistance on setting up their own funds. To ensure that the lessons and rapid learnings were documented and widely shared, NDWA requested New America to partner on a report detailing best practices and the broader landscape.

New America conducted approximately 41 interviews with 36 groups during the course of two weeks to document their work and capture some of the lessons they learned. We wanted to share how these organizations are finding their own ways to distribute cash quickly to those who need it most. We also wanted to share how they are choosing implementation methods with the intention of treating recipients with dignity, building longer term power within economically vulnerable communities, and developing strategies that advance a stronger safety net in the future.

It's important to note that delivering emergency cash assistance describes emerging sets of solutions—each that tackle different parts of the process or serve different constituencies. At this point, there is no end-to-end, time-tested comprehensive solution. Therefore, we stop short of calling these "best practices," as there are no long-term impact studies on the effects of these programs in the United States, and many of the organizations we spoke to were establishing direct cash programs for the first time—all of them with a sense

of urgency in the midst of a global pandemic. While this guide offers an overview, you should still seek legal and financial advice prior to launching your own cash assistance fund, as regulatory requirements may vary from state to state or by organization type.

This guide was written to help cities and states set up cash assistance programs for their own residents. In it we offer information that we hope will help you make key decisions as you start your program. We also offer (1) an agenda for your first team meeting to help you get key elements of your program in place and (2) a "two-weeks-in" checklist to make sure you're not overlooking any important considerations once you're already doing the work. At the very end we've included a list of additional resources that we hope will help you as well. We hope this guide will act as a resource and a living document that highlights lessons learned for organizations and cities looking to establish similar programs.

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Introduction

Cash assistance is a crucial lifeline in an emergency, helping families stay in their homes, put food on the table, and pay their bills. Beyond providing immediate help, when local organizations provide cash assistance to the individuals and families who need it, they show that investment in people is the fundamental building block toward the resilience, recovery, and future of our cities.

In the wake of the COVID-19 pandemic, over **40 million people have filed for unemployment** and, as of this writing, the unemployment rate is almost 15 percent. Prior to the economic fallout from the pandemic, 40 percent of Americans were unable to weather a $400 unexpected expense, according to a study from the **Federal Reserve**. While the federal government authorized a one-time $1,200 cash stimulus for Americans earning less than seventy five thousand dollars a year, many individuals and families in need were excluded.

Across the country, existing benefits systems are failing. America's patchwork unemployment system, which leaves out gig workers and tipped workers, has struggled to respond to the massive need and state unemployment insurance (UI) websites are unable to handle the increase in volume. Food assistance is not reaching all of the families that need it, and **stimulus checks are taking too long to reach even those who qualify for federal relief**. Many immigrants won't qualify for government relief programs and U.S. citizens that have family members of mixed immigration status are **being denied federal relief they should be eligible for**. Families that have been excluded from federal and state benefits have even less options, with groups that we spoke to citing the need for resources to stay in their homes, keep the lights on, and keep food on the table. **Families need cash now,** and a variety of city, state, and community-based organizations are stepping up to raise and distribute money quickly in an attempt to prevent the current humanitarian crisis from spiraling further.

While cash assistance programs are getting millions of dollars to those who need it, the people who are running them face competing interests and are forced to make tradeoffs. When you run a cash assistance program, you'll be faced with hard decisions. For example, **how do you act responsibly while...**

Moving quickly?

In a social distancing world where economic hardship is great, organizations and governments must decide between moving quickly, maximizing the privacy and security of applicants and their data, and putting measures in place to minimize fraud. Even in a pre-COVID-19 world, accomplishing all three at 100 percent was nearly impossible, as thorough vetting would brush up against the ability to move quickly as well as the ability to keep personal information private. In our current state, organizations must prioritize some aspects over others.

Managing funds?

Organizations administering cash assistance programs raised questions about the implications of mixing public and private funds, recordkeeping, whether this cash assistance would have tax or financial requirements for the recipient or the gifting organization, and whether the receipt of cash assistance would make a recipient ineligible for other benefits. Many groups have pointed to **IRS Publication 3833** as a resource for guiding their decision making.

Serving immigrant communities?

Organizations we spoke with expressed confusion around public charge and providing cash assistance to immigrants. In response to these concerns, we point to these **FAQs prepared by the National Immigration Law Center** (NILC) and other resources below.

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Aligning Around a Clear Vision

→ **KEY TAKEAWAYS FROM THIS SECTION:**

- Be clear about your fund's purpose and goals will speed up decision-making

- In order to facilitate cash transfers, you'll need to understand your recipients based on their banking status

- Identify someone in-house to own this program and be accountable for it—this cannot be outsourced

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Set your north star

Be clear as you can about your fund's purpose and goals; know what outcome you plan to reach. Write it down and make sure that everyone working on the project has access to it. It will help you with decision-making, managing your partnerships, and managing the expectations of people applying to the fund. There will be moments when the goals of a program are in tension with each other, and when hard decisions about which groups to serve and how to serve them will need to be made. When you, your partners and your funders all align around a clear vision, you'll be able to make these decisions more easily, gaining you time and energy.

One organization raised an example of managing a difficult decision-making process: they wanted to both distribute cash quickly while also collecting data about recipients' broader needs for advocacy purposes, but collecting data that was not critical to the distribution process could compromise applicants who are vulnerable. By having a clear vision, that organization was able to say no to collecting data because they knew that their highest priority was to distribute cash in a way that protects applicants. This allowed them to focus their energy and resources on cash distribution over other initiatives. Having a north star helps organizations stay the course, even as they have to make difficult choices.

Understand your recipients based on their banking status

This is key—if you want to distribute cash, you need to understand how your cash recipients manage money. Our safety net excludes a variety of different communities that handle and manage money differently. According to a 2017 survey by the Federal Deposit Insurance Corporation, 25 percent of U.S. households are unbanked or underbanked, meaning that they don't have bank accounts nor access to banking services. You'll be best suited to distribute cash quickly if you know this about your recipients and make plans to distribute cash in a way that works best for them. You'll also be able to make quicker implementation and technology decisions once you understand your recipients' banking status. Speak with community-based organizations to understand this early on.

Identify who will own this project

Too frequently, initiatives waste time and resources when they don't have clear leadership. Cash assistance programs inevitably involve collaborative efforts from different teams and different organizations. To avoid confusion that can slow decision making, and slow down cash distribution, identify your program's leadership early on. Have one person in place who is empowered to make decisions and who is willing to be accountable for outcomes. If you are a city or state administering a cash assistance program, this person needs to be from your team so that you retain accountability. Although you'll partner with a variety of organizations along the way, if this is your initiative, you need to own and lead it.

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Determining your Funding Strategy

→ **KEY TAKEAWAYS FROM THIS SECTION:**

- Understand the pros and cons of using public and private funding sources

- Decide how much money you plan to raise and distribute

- Decide where funds will be held and whether other organizations will do this for you

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Here, we'll discuss basic decisions regarding building up your program's coffers.

How much to raise?

To give a sense of how far your funds will go, we spoke with an organization that had raised $9 million for a cash assistance program serving residents in one Bay Area city. They said that it only covered 40 percent of the need and that they were actively raising a second round of funding that would exceed that amount. Needs are extremely high.

Some of the organizations that we spoke with started programs with as little as $1 million. But then if you crowdfund, then your money will be rolling in as you go. Everyone agreed that starting a program will help folks in need, regardless of size. Around $10 million per distribution phase was the norm for programs we spoke with that targeted one city. However, groups set up funds to serve their communities with much smaller budgets, and sometimes found they were able to disburse more than they planned to. Regarding individual payments, the most common ranges we saw in our research were one-time payments of: $200, $400, $1,000, and $2,000.

Using private funds

Here are the key benefits to using private funds:

Speed: The majority of organizations we spoke with relied on private dollars because they wanted to move quickly. Private dollars are nimbler and come with potentially fewer record-keeping obligations than public dollars. One organization said:

> *"States' [funding will] always be slower. They're accountable to Feds and taxpayers. There are so many more areas for oversight than with private funds."*

Organizations that we spoke with that did not use public dollars said that they only relied on private funds because the restrictions imposed by public funds would slow down the process of establishing a fund during a time when speed is critical.

Flexibility: Private funding usually won't come with the same level of scrutiny that comes with using taxpayer dollars. One group said to us,

> *"If we included taxpayer dollars, people might argue about fairness: 'why do these people get benefit from our tax dollars and others don't?'"*

By using private funds, there's more freedom to make choices about how to distribute the money. As another organization put it,

> *"Flexibility is king."*

However, if you choose to take private funds, be aware of these realities:

Fundraising for private dollars takes time and bandwidth. If an organization is soliciting donations from individuals, outreach and fundraising infrastructure is critical.

Being steered by your funder's priorities: If you raise private funds, keep in mind that large private donors may impose limitations on how funds can be used. During the course of our interviews, we heard from groups that had set limits on how much money a family could receive based on funder requirements. There were also cases where eligibility criteria or the geographic location of recipients were imposed by private funders.

Being funded to offer direct cash, but not to cover overhead expenses: Another concern raised was that private funders were eager to see 100 percent of

the funds go to direct cash assistance, with little support for overhead, additional staffing, and technology development—all of which cost money and all of which are critical to delivering cash assistance securely and quickly. One organization had invested $1,000,000 of their own funds to support cash delivery efforts, citing a lack of interest from funders to support general operations and overhead required to establish and operate the fund.

Regarding the last two issues here, we recommend raising conversations with your funders from the start so that you can negotiate how to meet your objectives and get financial support for operational expenses.

Using public funds

We heard folks raise two reasons for using public funds:

To scale: The need for cash right now far exceeds what private philanthropy could cover. Public funds can come in larger amounts than private funds. Also, they can come in with less upfront effort; the fundraising and outreach efforts required when seeking private donors can take a lot of bandwidth.

To involve the government in relief efforts: Some folks felt that it was important to communicate that the government is responsible for playing a role in economic recovery.

If you decide to use public funds, be prepared to move slower. **We recommend setting up reporting structures in advance and working with the state or county to determine what records you'll need to maintain and submit.** Being prepared for the paperwork will make the work easier for your team. It might also increase your chances of securing funding; we heard that public dollars were more likely to be distributed to known and trusted partners who already had a reporting infrastructure in place.

CARES Act funding

Many states have had questions about potentially using CARES Act dollars for cash assistance. Currently, CARES Act dollars may only be used to cover costs that are:

- Necessary expenditures incurred due to the public health emergency,

- Not accounted for in the budget recently approved by the state, and

- Incurred between March 1 and December, 20, 2020.

While the **guidance** leaves some room for ambiguity, the correct response is to assume that these dollars cannot be used for cash assistance programs. Based on the current guidance, "**emergency financial assistance**" is acceptable, which is illustrated by examples such as providing assistance to pay rent to avoid eviction or to cover funeral costs. However, universal cash assistance is not included as an acceptable expense. Hopefully, future iterations of legislation assisting states will allow for more flexible emergency **grants**.

How to choose what type of funding to go after?

Start by focusing on speed. Families that are most vulnerable need cash as soon as possible to avoid being late on bills and covering other basic expenses. To this end, start with the type of funding that will enable you to get cash out quickly —even if you're starting with a lesser amount than you might have if you were to wait longer. Those we spoke with nearly always relied on private funds for the sake of speed.

Focus on scale later. You don't need to start at scale initially. In fact, there are benefits to starting small, learning when your stakes are lower, and then iterating and improving on your work. Most organizations that we spoke with are rolling out multiple phases of cash as funding sources come in. If you choose to use public funds in order to scale, think about using them for a later phase of your program.

If you use both private and public funds, keep them separate. The consensus was to keep public and private dollars from mingling.

Storing your funds

Once you have secured your funding source, you'll need to find someplace to put it.

Where you can store your funds

Resources for this within your city might include a mayor's fund or a community foundation or trust. A mayor's fund is a privately funded 501(c)3 that supports programs aligned with key areas and priority initiatives for the city. A community foundation or trust, is an independent nonprofit organization established within a particular community that invests in programs and activities aimed at improving the area and life of its residents. Not all cities have these but check if your city does because if so, they might be resources for you to use.

In addition to relying on city resources, there are also nonprofit organizations able to hold funds and manage the distribution of cash (we heard from a number of community-based organizations (CBOs) that they relied on independent

nonprofits to manage their funds by playing a fiscal sponsor role). Governments often have relationships with CBOs and external partners whom they trust with the delivery of a service. **Government entities that have chosen to distribute funds via a 501(c)3 have cited their ability to use the funds more flexibly and move quickly among the reasons for doing so.**

If you are setting up a program, reach out to your mayor's fund or community foundation/trust to start learning about your options early. Also discuss this issue with the CBOs that you end up partnering with. And if you rely on a nonprofit to hold your program's funding, as we've mentioned in other places, be careful about not placing too much of a burden on them. You should plan to remain responsible for the strategic decisions that will come up as you manage your program.

Storing public funds

We heard cities and states tell us that they chose to keep public dollars within government agencies and then distribute funds via their social services agencies. They said that involving a third party like a nonprofit would create too much complexity in signing agreements. In some instances, local government agencies are using public dollars for social services such as rent and food assistance, where the infrastructure for direct cash payments might not exist.

Other CBOs or nonprofits have chosen to manage their funds centrally while opening the outreach and application process to other coalitions and organizations that help identify potential recipients.

Regardless of where you decide to hold funds, be sure to seek advice from a tax expert or financial advisor. While the common understanding at the moment is that emergency cash assistance is not taxable income and will not have bearing on a recipient's tax requirements, the organizations involved in administering the cash transfer may have different responsibilities for reporting or auditing reasons.

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Choosing Your Partnerships with Community-Based Organizations

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→ **KEY TAKEAWAYS FROM THIS SECTION:**

- Decide who you'll partner with to distribute funds

- Decide whether you will release cash payments or whether you will regrant to partner organizations to do this

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As a city or state administering a cash assistance program, you'll want to rely on community-based organizations (CBOs) to help you connect with those individuals and families who will qualify for help. They can help set eligibility requirements and identify qualified applicants. They can distribute the funds to individuals and families. **Beyond playing a role in community outreach, the CBOs that you work with will also be assets in helping you choose the best implementation methods for the program.**

How do you choose the best CBOs to work with? Here are two main criteria:

They should be aligned with your program's values and goals: You are bringing CBOs onboard to connect your program with the people who most need it. Choose partnerships with CBOs that are rooted in the communities most relevant to your program. The organizations that we spoke with all had different approaches to finding the right, value-aligned partners. Some national organizations reached out to local affiliates while others solicited applications from CBOs with whom they had no existing relationship. Others found CBOs that were loosely within their network and worked in the same ecosystem (organizations focused on housing in a specific region, for example). **The main point is that you should only bring in CBOs that have trusting relationships with the people that you intend to serve.**

They should have bandwidth for the work: If you are partnering with a CBO to help with outreach, **they should have at least one individual available to work full-time on the project for at least eight weeks while the program is**

active. It's important that someone be available to respond to applicants and recipients as your program is underway—it's safest to assume that the work will require full-time attention.

Also, be careful not to burden your partner CBOs with administrative work that is outside of scope for them. Know that the organizations that you'll work with are probably stretched thin as-is. Tap in to their expertise, but be prepared to take on the burdens of administration yourself.

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Implementing Your Program

- Understand the pros and cons of both open and closed applications

- There's no one-size-fits all eligibility checklist – it will be unique for your program

- You can't fund everyone, so plan to manage expectations

- Instances of wide-spread fraud have been rare

- For managing data, CRMs are better than spreadsheets

- When choosing technology:

    ◦ Choose a tool that can handle scale

    ◦ Identify opportunities to lower costs or get discounts

    ◦ Make sure it integrates with other tools you are using or plan to use

- Consider working with a payment manager to support end-to-end operations

- Use privacy best practices to protect applicant data

- Determine a method for choosing recipients as quickly and fairly as possible

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The groups we spoke to all agreed that planning up-front saved time and money down the line, and while many wished they had ironed out some of these details

earlier, they all understood that the need for these programs is so urgent that "building the plane midair" will happen.

This part of the guide is dedicated to planning how the fund will be implemented with the caveat that you may have to launch before you've had the chance to plan every single detail. Here we discuss setting eligibility criteria, determining whether there will be a public-facing application, choosing the platform for cash delivery, and more.

Setting up your own team

Creating a cash assistance program will likely be a new line of work for you and you'll need to have capacity to run it. Here are two roles that you should have filled as a baseline minimum:

A program owner. We mention this in phase 0 as well because it's important for you to have *someone within your team* who will be responsible for the program end-to-end. This does not need to be someone who works on the program full time—a program owner is someone who will make decisions and be accountable for the program overall.

At least one dedicated full-time staff member during the duration of the program. Even if you partner with CBOs to help with outreach and implementation, you need to be prepared to play an active role in the administration of your program. CBOs should not be left to pick up work beyond the outreach that they are uniquely fit to handle. This means that there should be someone within your team to coordinate the program. This will entail everything from being a point of contact for partners, to working with technology vendors, and anything else that is needed to make the program run smoothly.

In addition to these two roles, **you'd also benefit from having someone on your team who is experienced in managing data.** As we'll discuss more soon, there are many tech products available that you'll want to be able to use. Having someone who is able to communicate with your technology vendors will be a huge asset; when we spoke with one vendor, they specifically said that they are able to provide better services when there's someone technical in-house with whom they can communicate.

Privacy and record-keeping practices

We want to encourage you to think about privacy best practices in every step of implementing your program. It's inevitable that you will be providing cash to vulnerable individuals who need you to be a vigilant steward of their personal information.

Whenever you collect personal information, you become responsible for protecting it. This means safeguarding the information and communicating transparently about how it will be used and managed. There are a number of privacy best practices that you should use to protect the personal information that you'll collect and manage as part of your program. We consulted with privacy experts to gather best practices for this document, which we've included as Q&A below.

Q: How do I protect personal information? Is there a checklist of what to collect and what not to collect that I can follow?

A: The best way to protect personal information is to not collect it in the first place; **you should only collect information that you need to process the cash transfer**. The types of information that you need will be unique to the eligibility and reporting requirements of your program—there is no one-size-fits-all checklist. But when setting up your application, ask whether the information you're requesting is necessary to process the payment. If not, then the best privacy practice would be to leave it out.

Another privacy best practice is to **get rid of data as soon as you no longer need it**. Learn more about how your state performs auditing to understand what information you might want to hold on to for tax reporting reasons (to show that you distributed the funds as you said that you would). If you are distributing one-time payment cards, can the card ID number be enough of a record after the money allocation? Do you need to retain personally identifiable information about the recipients?

Q: Should I trust software applications by large tech companies with our sensitive data?

A: Well-resourced companies like Google, Stripe, PayPal, Salesforce, etc. incorporate cybersecurity practices into their software and services. They also have to comply with a variety of federal privacy and security regulations. You may not have many options depending on your goals. If you do use their products, reduce the number of people who have access to personal information. Ask yourself: do all of your team members need access to records? Probably not. If you are partnering with other organizations, do they need access to personal information? If you are using GSuite, check your default access setting and make sure that you're only granting access to those who need it.

If you want to know more about data sharing policies by major tech companies whose products you may use, you can read more at **Google's Transparency Report page**, which includes transparency reports for many of the products that you might use.

Q: Are there other privacy concerns for cash assistance programs to think about?

A: Outside of protecting digital data, it's also important to keep fund distribution discreet. You don't want to create new risks for anyone. Think about how you maintain privacy when interacting with applicants and cash recipients. Those who participate in your program will likely have preferences around how they receive their funds—listen to them and shape your outreach and distribution strategies accordingly.

Determining eligibility criteria

All the groups we spoke with targeted families that lost income due to the COVID-19 pandemic. Many, but not all, also focused on those who are excluded from governmental benefits included those provided by the CARES Act. These two criteria will help you identify individuals who need financial help and have limited access to other types of financial assistance.

If you or if one of the CBOs that you're working with have a deep relationship and understanding of a particular segment of the community, think about using that to narrow your candidate pool.

As one person told us during an interview,

> "If your advantage is working with a specific constituency, stay with it."

For example, one group we spoke with focuses on supporting restaurant workers, so they used criteria that would identify workers from that industry. Another group focused on serving low income families in Northern California who were facing homelessness. For that group, residence in their community mattered. Narrowing eligibility to a specific community that you know seemed to be the right strategy for the folks that we spoke with. And even with narrow criteria, everyone emphasized that even still they were unable to reach everyone who met their eligibility requirements.

Here are a few examples of eligibility criteria that we saw from folks who tapped into their domain expertise to narrow the scope of their program:

- Eligibility by employment industry: domestic workers, restaurant workers, gig workers, etc.

- Eligibility by membership: Some groups or coalitions of groups kept applications open only to their members

- Eligibility by geographic location: participants must live in a certain area

- Eligibility by platform: some groups limited eligibility to individuals already using a particular platform, such as **FreshEBT** or **Steady**

Determining what to ask in the application

The questions you ask during the application process should align with the eligibility criteria and the privacy best practices mentioned above. We recommend keeping data collection to a minimum, and only asking what you absolutely need to ask to **determine eligibility, verify eligibility, and distribute cash.** Sample applications we've seen include:

- Name

- Home Address (if mailing checks or cash cards, verifying based on geographic location, or for reporting or auditing purposes in line with your organizational requirements)

- Phone number (for phone interviews, to verify information, or for distributing digital payments such as Venmo or Zelle)

- Email address (for sending digital payments)

- When applicable, username (for services such as Paypal, Venmo, and Square Cash)

- Eligibility questions

    ○ These include questions about ability to pay rent, changes in income, and prior employment

- Some organizations had unique codes that were required for submitting an application because it was proof of membership

- Some organizations asked for demographic characteristics, which did not impact the probability of receiving payments but did provide information on the program

Some organizations may choose not to have an application and serve only individuals who are already part of their membership. Other coalitions with "closed" memberships still chose to have private applications, either requiring the help of a navigator to complete, a private invitation, or a unique code.

Organizations that do not have an open application but still need a way of tracking the recipients of funds often do so by setting up an internal intake form that their staff fills out.

Conducting outreach: Open or closed applications?

The outreach approaches from the groups we interviewed varied widely. Some CBOs and cities sent mass text messages, had politicians and public figures discuss the fund, and had an open application process. Others did not engage in broad outreach and instead worked only with people they had prior contact with. Regardless of whether they had an open or closed application, all of the interviewees we spoke with felt they did not have the capacity to help all those who met their program's eligibility criteria. Finding eligible recipients never was an issue.

There are pros and cons to both open and closed applications. Most of the CBOs that we spoke with chose not to have an open application process because they already work in communities that have enormous need; they didn't need to go outside of their own network to identify potential applicants. We also heard that open applications required more administrative work: more applications to process and respond to, and more resources needed to manage expectations within the applicant pool. One group that we spoke with emphasized the importance of managing expectations,

> *"Low income people are used to being dragged through processes only to be disappointed. [So] how can you deliver money with the least amount of friction and fast?"*

Open applications can lead to disappointment because they can set expectations of assistance that cannot be met. Groups that had chosen to publicize the fund and have a public intake form cited transparency and accessibility concerns, as they felt that everyone should have knowledge of the program. They worried about passing over vulnerable individuals who might not already be within a CBO's network. It's much easier to manage expectations with a closed application process.

Groups with closed applications felt that an open public form would have its own biases and accessibility issues. For example, online intake forms present technology and language barriers that are overcome by CBOs reaching community members directly.

All of this said, if you are a city or state, we understand that you might feel the responsibility to open your program to all of your residents.

How do you choose what application process is best for your program?

Instead of thinking about reaching everyone (which is impossible), think about your team's bandwidth as well as your ability to manage the public's expectations. If you are relying on a partner CBO to manage relationships with the public, what are they comfortable with? Ask them what they'll be able to do best. In the end, you'll need to provide support and communication to recipients of the fund so you want to reserve resources for relationship management beyond the initial outreach.

Deciding whether to announce the program

There are many reasons why an organization might choose to publicize a fund including: transparency and fairness or because their rules require it, to broaden the reach of the program, and to ensure that vulnerable communities have many ways of finding out about a fund. You might announce your program for the purpose of raising funds from individual donors (there are many cash assistance programs asking for donations on social media and those announcements are likely effective in raising funds).

However, announcing a fund will draw a lot of attention during a time of great need and there are risks that come with that as we mention in the section above regarding open versus closed applications. There are many people who need cash and you want to manage expectations and minimize the risk of disappointing your applicants.

If you decide to announce your program, be clear about why you are doing so and be clear about how you'll manage expectations. When deciding whether to announce your cash transfer program, you should consider how you will manage inquiries and inbound requests for support, how you will set expectations about the demand vs. supply, and how you will choose recipients (first come, first serve; greatest need; etc.). Some organizations have created FAQs, while others have simply stated this information as part of the application process. Every organization we spoke to that had publicized their fund received more applications than they had money for, often drawing 10 times the demand compared to their supply of funds. We heard that those that were more visible and used open applications faced more backlash because many people in need developed expectations of getting support but in the end were disappointed.

Verifying applications and mitigating fraud

> *"We give [large corporations] billions of dollars but want to overanalyze giving $10 to someone who is poor"*

Earlier in the guide, we referenced the need to choose between speed, maintaining data privacy and security, and minimizing fraud. Under normal circumstances, when moving quickly is not as urgent, and without social distancing measures in place, organizations might ask applicants to show proof of eligibility via documentation, in-person checks, interviews, etc.

These verification methods are not easy to implement due to the current constraints of the pandemic, such as social distancing. Therefore, most organizations have opted to allow self-attestation or references from community members such as religious leaders, educators, and local advocates. In many cases, organizations chose to maintain a closed application (only open to their members or members of their affiliate groups) arguing that these organizations knew the families personally and could attest to their level of need.

Organizations establishing cash transfer funds must weigh the benefits and costs of waiving traditional verification methods versus limiting applications to a pre-selected group of individuals.

Some groups have chosen to conduct phone interviews. A few have established social distancing protocols for in-person interviews, using networks of trusted community organizations and set time appointments to minimize person-to-person contact.

Is self-attestation sufficient to curb fraud? We overwhelmingly heard that fraud has been extremely rare. Groups told us that recipients of cash payments have expressed the desire to pay back the money that they received, often opting to take smaller amounts so that others could also receive assistance. For example, one group told us that they asked their community members how much they wanted to receive in payments.

> *"We surveyed our impacted community and most said that they prefer $500-$1,000 [over higher amounts] in assistance so that the fund reaches more people."*

From a cost-benefit perspective, putting large amounts of resources into vetting did not seem to offer much value. One group said, *"if the worst-case fraud scenario is one person gets $500 dollars twice, maybe that's not useful to focus on."* Relying on private funds gives CBOs more flexibility regarding verification requirements, and that flexibility has enabled groups to focus on distributing money over nonessential oversight.

Choosing technology

Many of the groups that we spoke to used digital applications throughout all phases of running their programs—from raising funds to distributing cash. While many started off with makeshift solutions to manage their work, in the end they all agreed these were not sustainable in handling scale and high volume.

For managing data, CRMs are better than spreadsheets. Think about using a long-term data management solution like a customer relationship management (CRM) system from the beginning—even if that requires paying for one. Organizations cited that the volume of incoming applications was much larger than they ever expected. One group said, *"we thought we'd serve 1,000 families [total] but we received 4,500 applications in days"*. When they relied on tools that worked well for their usual business, they ran into problems related to data volume. Here are a few quotes from our interviews:

> *"We started with a Squarespace site that dumped applications into a google spreadsheet. Once we got [media] coverage, we had 30,000 applications and this was too much for the google spreadsheet. Once the spreadsheet was full, Squarespace bounced back applications so some applications were rejected just because our spreadsheet was full."*

Groups that we spoke with were mostly using CRMs and, while the most common one was Salesforce, we also heard of groups using Oracle and Microsoft. It should be noted that the groups we spoke with didn't have time or resources to do market research. "*We never shopped. There could be better solutions than [what we're using]*" we heard from one group.

It is likely that there may be better and/or cheaper tools out there that we never discussed in our interviews. If you have one that you are comfortable using, it's probably best to stay within that system.

> *"We're using [the commercial CRM we were already using for other work]. We made some fixes overnight and it's nimble."*

If you don't have one, be forewarned that pricing can be high. See if you can negotiate a discount given the work that you will use it for — some of the organizations that we spoke with were able to get additional discounts on top of nonprofit pricing.

Choose tech that integrates with your existing tools. Other things to consider when deciding which technology platform to use include how it will integrate with your existing tools, whether it provides options for customer service and back-and-forth communication, and if it will allow for partners from

external organizations to have access to information being stored in the system. This was especially critical in models where one central organization had built the intake form and was dispensing funds, but partner organizations were submitting applications or adjudicating applications on their behalf.

Distributing Payments

There are a variety of ways to deliver cash to your program's recipients. The least technology-dependent way is if you and your CBO decide to distribute payments in person. We spoke with a few organizations that opted for making their cash assistance program an entirely in-person operation. They personally conducted outreach and they personally delivered payments (in the form of checks, gift cards, or prepaid cards) to program recipients. These organizations felt that they knew their communities well enough to go to them directly and didn't want to build additional infrastructure to operate the fund.

However, as a city, you'll likely create a program that is too large for this type of in-person model. You'll most likely rely on different software for both intake and cash distribution. And if so, you'll want to consider using a payment facilitator to streamline the work of connecting all of these tools so that you can deliver cash to the right individuals in the way that's most useful to them.

Streamlining the process

End-to-end payment facilitators help you streamline administrative responsibilities that arise as you stitch together the application intake process to your cash delivery service. For example, if you have a CBO help you with intake, a payment facilitator will connect their intake data to your payment infrastructure. Working with a payment facilitator means using one of their software platforms to connect all the tech products involved in your end-to-end cash delivery.

While working with a payment facilitator can be a great help, payment facilitators are execution-focused and you'll need to have your program strategy in place. In particular, you'll need to know how you want to deliver payments, whether by one-time debit card, by Venmo or PayPal, etc.

There are three nonprofit payment facilitators that we learned about through our interviews. These organizations had begun facilitating cash transfers before the COVID-19 pandemic, and are expanding access to the platforms that they developed. They are:

- UpTogether, a platform offered by the Family Independence Initiative (FII)

- GiveDirectly, a platform that's being used for **fund distribution in many cities already**

- Alia Cares, a platform focused on delivering cash to unbanked communities offered by the National Domestic Workers Alliance innovation arm, NDWA Labs.

These three nonprofits are mission-driven rather than commercially-driven. They manage intake and payment disbursement. If you are interested in working with any of them, contact them to see whether you'd be a match. However, if you aren't, there are also commercial payment facilitators to work with.

Here are commercial payment facilitators that manage the payment disbursement process that organizations we spoke with were using:

- Usio

- GreenDot

Some groups we spoke with relied on **Usio** products to help them send prepaid cards either directly to the recipient or to a CBO, which then distributed the card. **Green Dot** is an online banking company that several groups use. Both companies have the ability to issue anonymous cards, which can be activated without the company gathering personal information from the recipient.

Finally, here are more commercial products that groups we spoke with relied on to streamline the payment distribution process:

- **Stripe** offers products to support end-to-end payment delivery.

- **Hyperwallet** (by PayPal) to enable programs to transfer money to a recipient's bank account

- **Paypal** to enable programs to send payments to a PayPal or Venmo account

Some organizations have worked directly with major financial institutions such as MasterCard and Visa to set up payment options that work for their needs, such as one-time debit or prepaid cards.

Determining how much money to distribute per recipient

Organizations we spoke to had different ways of determining how much money they would distribute to recipients. Sometimes, funders set the payment limits,

while other organizations simply chose a number that would allow them to maximize the number of households they could serve while still contributing a meaningful amount.

One organization we spoke to calculated the monthly rent or mortgage payment in their area, while others based the payment amount on average unemployment insurance payments, the stimulus check amounts, or comparable benefits payments.

Some groups attempted to customize payment levels based on individual need but later determined that this was too complicated and slowed the process down.

Similarly, groups that have opted to regrant funds to partner organizations should decide whether each group will abide by a payment amount they set, or whether the partner organization can set their own limit.

While the payment amounts varied, the most common ranges we saw in our research were one-time payments of: $200, $400, $1,000, and $2,000. As we stated earlier, the common tradeoff was choosing to serve more families at a lower payment point, or supply fewer families with more money. Organizations set these limits with IRS regulations in mind, ensuring that the amount would be considered a non-taxable gift and would not trigger public charge rules later on (though it does appear that the **federal emergency declaration** negates public charge concerns.)

Some organizations chose to allow applicants to say how much they needed, up to a cap. This ensured that recipients received enough for their own needs, while also allowing the fund to stretch as far as possible. The average payment was significantly lower than the cap, indicating that allowing recipients to determine their own needs might make funds stretch further while also ensuring recipients had agency in the process.

One-time payment or recurring?

From the implementation side, one-time cards are more quickly and easily distributed than reloadable ones. One of the card distribution teams that we spoke with told us that,

> *"If we added 100,000 customers overnight that needed reloadable cards, customer service would be an issue. But I think we could add 1 million cards without much change if they were one-time cards."*

Also, a few of the organizations we spoke to only issued one-time payments because they worried that recurring payments could count against public benefit eligibility or have tax implications for the recipient. Regarding determining the

tax implications, we recommend seeking advice from counsel or a financial advisor to understand whether using reloadable cards will create new risks.

Note that if you are involved in running a cash assistance program and you have lessons of your own to share, believe that we left something out, or believe that we got something wrong, please let us know. We'll be collecting feedback through the end of July. Thank you!

Managing the Program

- Look for ways to standardize data collection and automate administrative tasks

- Communication is key—set up a cadence for all team members to stay in sync

We've already discussed the need for you to have in-house capacity to manage your program. We've also mentioned that it can be difficult to secure funding for operational costs, particularly when receiving private funds from donors who want their money to go directly to those in need. Here, we'll talk about setting your team up for streamlined program management; if your bandwidth is low, here are some recommendations for setting your team infrastructure so that you can work efficiently.

Standardizing and automating data management

Intake. Managing the intake process can be challenging if it isn't automated or standardized. For CBOs working as part of a collective, having a standardized intake form that uploads data to a centralized database allows money to be distributed quickly. It's also important to consider customer service at this point in the process. If individuals are submitting forms, who should they contact for help? If CBOs are processing intakes, how can the process be clear for them?

"Keep intake questions consistent throughout to make data collection easier"

We understand that this type of forethought and planning can be difficult if you are establishing a new program during an emergency. Do the best that you can but keep in mind that if you are able to maintain the same intake form, you'll save time on record cleanup later in the process. We spoke with groups that had to

make changes to their intake form along the way and they said that it created significant work when trying to clean up or align records later in the process.

Record retention. Record retention may be required by the IRS or your reporting agency. We recommend that you seek legal and financial counsel to determine what information you must keep, for how long, and when it is appropriate to purge data.

Keeping clean records. You'll have many more opportunities to streamline and automate your work if you keep clean and accurate data. Also, you'll likely have more work down the line if you collect data that needs to be fixed or reformatted. We heard about headaches caused by using multiple intake forms that collected different information or changing databases mid-process.

Communicating as a team

Most team dysfunctions arise out of issues related to failures in communication. We suggest that once you have your partner CBOs in place, that you set up a cadence for communicating and staying in sync.

A quick daily check in between all full-time staff assigned to the program is something to consider to make sure everyone is aware of each other's work and to identify if there are any problems of blockers that need to get addressed.

Making time to reflect on the program's successes and challenges is a worthwhile activity to commit to. Biweekly is a nice cadence for this. If you automatically reflect on your work every other week, you'll be able to see how to improve the program and the ways that everyone works together. In the tech industry, this type of biweekly discussion is called a retrospective and **here's more to read about that.**

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Delivering Cash

→ **KEY TAKEAWAYS FROM THIS SECTION:**

- Know whether your recipients are unbanked or have traditional banking options

- Understand the pros and cons of one-time payments versus recurring ones

- Decide how you will communicate with applicants throughout the process

- Decide how you'll issue notifications to applicants and recipients

- Understand how you'll deliver cash based on what's best for your recipients

- Decide whether you'll rely on a payment manager

- Decide how you'll offer customer service

"We all know these very, very disturbing stories of people going hungry... so we try to do this in a way that is dignified and restoring humanity"

The final step in the process is determining **how** to distribute funds based on the needs of your community. There are a variety of options including prepaid single use cards, reloadable multi-use cards, checks, and direct deposit. Earlier in the guide, we discussed technology platforms for cash delivery. In this section, we cover other considerations for cash distribution.

How do your recipients manage their money? Are they unbanked? If so, you'll want to consider options that do not require having a bank account. The best way to select your payment method is to first understand how your recipients can most easily accept and cash a payment.

How will you notify recipients that they've been approved? Applicants that are experiencing increased need will have a lot of anxiety and concerns about their application, including confirming that it was successfully submitted and received and awaiting notification of their adjudication status (approved or denied). It is important that you set up a system for notifying the applicant of their status, whether they've been approved or denied, and when they should expect to receive funds (if they were approved), so that they can monitor the delivery. This might include regular email or SMS updates to the recipient.

Do your recipients need an in-person drop-off or pickup option? Concerns about privacy and data security can conflict with social distancing measures. Still, you should consider the concerns that your community members and stakeholders will have, either as it relates to the data you are collecting about them and the risk of misuse or asking them to show up somewhere in person. A few organizations conducting in-person pickup or delivery of checks or gift cards have also used this as an opportunity to deliver paper goods or food items.

What form do you want the payment to take? Despite calling this cash assistance, we have yet to encounter any group offering paper money to their recipients. The options we've seen include debit cards, prepaid cards or cash cards; gift cards; direct deposit such as Venmo, Paypal, or ACH; and checks.

Do you want to use a third-party program manager? By this, we don't mean one of the payment platforms we mentioned in the technology section above (such as Usio or Hyperwallet). Here, we are referring to strategic partnerships with organizations such as the National Domestic Workers Alliance who, through their platform Alia, are partnering with cities, states, and other organizations, allowing them to use their entire system for their cash fund. GiveDirectly has also partnered with other organizations, such as Propel, but handles the application and payment distribution process.

How are you going to manage customer service? Cash recipients need to have some way of getting in touch to resolve issues and ask questions. Some organizations are providing support by conducting outreach calls to verify approved applicants' information or to confirm that they received their payment, while other organizations are monitoring email inboxes for incoming inquiries. Other organizations are conducting a follow-up survey with the recipient about their experience, their use of funds, etc. In either scenario, you should expect that your organization will see a significant increase in inbound requests and be prepared to respond.

There also needs to be a way for cash recipients to seek technical assistance when they need it—and CBOs aren't always the best to fill this function, as they often don't have technical resources or expertise. One of the benefits to using a third-party card distributor is that they can also provide technical assistance and customer support.

"This is not just a software solution where we give users a login and disappear. We have relationship managers. We offer customer service in English and Spanish. We offer card owners real help from human beings."

*Note that if you are involved in running a cash assistance program and you have lessons of your own to share, believe that we left something out, or believe that we got something wrong, please let us know. We'll be collecting feedback through the end of July. Thank you!

Building Toward the Future

"While emergency cash is helpful, it is not a silver bullet. It's just one tool in the toolkit and, ultimately, people need a lot more—we need a strong safety net, we need more benefits for more people."

The need for these cash programs speaks to gaps in the current safety net and the need for broad structural change. Many organizations raised that their work to aid families in crisis was part of longer term "power-building" and advocacy efforts. Organizations are building partnerships and infrastructure to provide aid now, which will hopefully outlast the current crisis. This will allow for a more robust response in a future emergency, as well as increased capacity to inform policy debates and educate elected officials on the lived experience of people in their communities.

Some organizations are using this process to connect individuals to other benefits they might be eligible for. For example, some CBOs are referring recipients to rent relief programs administered by the city or helping individuals gain access to health care and food assistance. This ensures that cash assistance is not the end of the relationship with the recipient, but hopefully the beginning of connecting individuals to services they need.

Finally, many organizations are incorporating research and learnings into their cash assistance programs in order to better inform their understanding of their recipients. For example, one organization included a survey to better understand the banking needs of their applicants, which led to a transition from gift cards to direct deposit. Including brief surveys and data collection responsibly can help build a more responsive program in the future.

Building capacity and power within organizations will allow them to better serve their community going forward. Done well, these cash efforts could provide the basis for identifying and improving holes in our safety net.

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Additional Resources

Financial

- **The Aspen Institute: Guaranteed Income and Cash Infusions: A Three-Part Series**

- One city determined that because this money is considered disaster relief (there is currently a federal declaration and that is our intent of the funding), the amounts would not be taxable. Here are two references:

    - **IRS Publication 3833**

    - **Legal Information Institute at Cornell University, 26 U.S. Code § 139.Disaster relief payments**

- **Lawyers Alliance for New York Frequently Asked Questions: Providing Disaster Relief During the**

- **CapinCrouse**

Legal

- **National Immigration Law Center Frequently Asked Questions: Eligibility for Assistance Based on Immigration Status**

- **National Immigration Law Center SHARED CRISIS, SHARED SOLUTIONS: State and Local Advocacy for an Immigrant-Inclusive Response to the Covid-19 Crisis**

- **National Immigration Law Center Covid-19 Messaging Guide**

- **Lawyer's Alliance legal guidance on providing Covid-19 Relief**

Program Resources from the Groups we Spoke With

- **NDWA's City advisory**

- **NDWA;s Narrative strategy resource**

- **LIFT Empowering Families through Investment, LIFT's Family Goal Fund**

- **One Fair Wage Emergency Fund**

- **Oregon Worker Relief Fund**

- **Emergency Cash Assistance Fund for NYC, at the New York Community Trust**

- **USIO Cash assistance product**

- **Workers Strength Fund: Findings on The Impact of Emergency Cash on Gig Workers**

- **Mayors Fund for Los Angeles Covid-19 Emergency Financial Assistance Guide**

- **Stockton Economic Empowerment Demonstration (SEED) Discussion Paper**

- **Stockton Economic Empowerment Demonstration (SEED) Data Dashboard**

Worksheet 1: Putting your Cash Assistance Program Strategy in Place

Download the worksheet here:

Worksheet 1: Putting Your Cash Assistance Program Strategy into Place

Worksheet 2: Program Checklist: Use two weeks into your program

Download the worksheet here:

Worksheet 2: Program Checklist: Use two weeks into your program