

# MUNICIPAL CASH TRANSFER PROGRAMS AND DIRECT CASH ASSISTANCE

## THE PROBLEM

The COVID-19 pandemic shed a new light on the failing of social safety nets. As a result of shutdowns, economic stagnation, and sickness, millions of Americans lost their jobs and struggled to pay rent and utility bills, buy food and afford critical medications.

The pandemic disproportionately impacted low-income communities, particularly undocumented immigrants who have been ineligible for many federal and state aid programs. Many undocumented immigrants are unbanked and lack identification, which increases the difficulty of providing direct assistance. However, people in crisis need emergency resources as quickly as possible, which is not unique to a global pandemic and can be triggered by various events. Relief programs at FEMA<sup>1</sup> or the state level<sup>2</sup> can help individuals and families meet basic needs such as shelter and food assistance after major disasters. A guaranteed income program in Compton helps residents living in poverty, including ex-offenders who are rebuilding their lives.<sup>3</sup>

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<sup>1</sup> "Individual Assistance." FEMA. Accessed September 21, 2021. <https://www.fema.gov/assistance/individual>

<sup>2</sup> "Disaster Cash Assistance Program." Washington State Department of Social and Health Services. Revised February 11, 2021. Accessed September 21, 2021. <https://www.dshs.wa.gov/esa/emergency-assistance-programs/disaster-cash-assistance-program>

<sup>3</sup> Paul Davidson, "Is Universal Basic Income Closer to Reality? Cities are already testing monthly checks for residents." USA Today. March 3, 2021. Accessed September 21, 2021.

<https://www.usatoday.com/story/money/2021/03/03/universal-basic-income-andrew-yang-guaranteed-more-cities-test-monthly-check/6890858002/>

Direct cash assistance programs establish an important foundation to reimagine the social safety net.<sup>4</sup> Public benefits programs put participants in a challenging situation where benefits are not sufficient to ensure financial stability, but they are also only available to those whose income is low enough to qualify.

Historically, systems were also exclusionary. For example, workers in agricultural and domestic service were excluded from unemployment insurance in 1935, sectors that typically employ people of color. While there are fewer specific examples of blatant racism today, welfare and public assistance remain bureaucratic and difficult to access when necessary. Direct unrestricted cash assistance programs are less exclusionary and lack the onerous regulations of many government run programs.

## THE SOLUTION

Localities have used direct cash transfers in a variety of ways, including emergency response programs like those undertaken during the COVID-19 pandemic and programs like guaranteed income (more commonly known as universal basic income) programs which seek to supplement for public benefits over a prolonged period of time with a goal of lifting people out of

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<sup>4</sup> Hope Wollensack and Madeline Neighly. "Benefits Cliff and Guaranteed Income." Guaranteed Income Community of Practice. June 2021. Accessed September 19, 2021.

<https://static1.squarespace.com/static/5ff389cdfc59c20e2cc778a1/t/60ba7b3b8cfd9e29e827d731/1622833980100/Benefits+Fact+Sheet.June+2021.pdf>

poverty and helping build intergenerational wealth. Emergency cash transfer programs have the potential to both meet urgent needs and create the infrastructure and institutional knowledge to establish longer term guaranteed income (GI) or universal basic income (UBI) programs.

Local direct cash transfers solve two critical issues: 1) the urgent need and 2) the importance of addressing widely varying individual needs. Accordingly, program design should focus on these two fundamental factors.

Funding sources may range from a combination of local, state<sup>5</sup> and federal funds to the inclusion of private philanthropic dollars. Federal, state, and local laws and policies also impact fund composition and administration. Localities determine program duration, eligibility criteria and identify local partners to help administer the programs.<sup>6</sup> They also determine the award amounts, which may range from hundreds to thousands of dollars depending on the size of the municipality, the total amount of funding available, and a consideration of how to balance the tensions between wanting to provide a meaningful amount of funding that may make a difference for an individual or family and a desire to reach the most people possible. Municipal ID programs<sup>7</sup> offer lessons for localities that wish to establish these funds, including partnership structures with community-based organizations

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<sup>5</sup> Fund Excluded Workers. June 2021. Accessed September 19, 2021. <https://fundexcludedworkers.org/>

<sup>6</sup>Vivian Graubard, et.al. "Establishing Emergency Cash Assistance Programs." Public Interest Technology New Practice Lab. July 7, 2020. Accessed September 19, 2021. <https://www.newamerica.org/public-interest-technology/reports/establishing-emergency-cash-assistance-funds/>

<sup>7</sup> "Who We Are: Municipal IDs as a Local Strategy to Promote Belonging and Shared Community Identity." Center for Popular Democracy. December 2013. Accessed September 21, 2021.

<https://www.populardemocracy.org/news/who-we-are-municipal-id-cards-local-strategy-promote-belonging-and-shared-community-identity>

to engage with vulnerable populations and financial institutions to support the unbanked.<sup>8</sup>

## **Program Considerations**

**Choosing target beneficiaries:** Localities must determine target beneficiaries and how to determine eligibility. Each locality should define beneficiaries based on local needs, but it is critically important to prioritize those ineligible for benefits and unemployment insurance through state and federal programs.

**Setting residency requirements:** Localities can consider setting residency criteria broadly to cover people who live in the municipality and those who are active participants in the local community as students or employees. If the program uses public funds, localities may need to address state-specific "gift of public funds"<sup>9</sup> (or similar) provisions, including whether the program can serve people who do not live in the locality. However, at least one locality addressed this by making a certain number of non-resident locality students and workers eligible. While this expands the pool of eligibility and helps add more economic resources into the local economy, it can increase the program design's complexities.

**Income requirements:** Localities may adopt an income cap and verify income eligibility by proof of enrollment in other programs such as SNAP and CHIP. It is important to note that this does not guarantee accessibility regardless of immigration status as those programs require government identification. Localities can also use geographic targeting. For example, Stockton, CA utilized a random selection process for

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<sup>8</sup>Tess Johnson and Eric Noggle. "Municipal IDs Offer Cities Lessons for COVID-19 Cash Assistance Funds." Center for Financial Inclusion. July 20, 2020. Accessed September 19, 2021.

<https://www.centerforfinancialinclusion.org/municipal-ids-offer-cities-lessons-for-covid-19-cash-assistance-programs>

<sup>9</sup> "Gift of Public Funds" MRSC. Accessed September 20, 2021.

<https://mrsc.org/Home/Explore-Topics/Legal/Ethics-Fairness-Conflicts-of-Interest/Gift-of-Public-Funds.aspx>

households in disadvantaged census tracts at or below the city's AMI of \$46,033 for their Guaranteed Income pilot.<sup>10</sup>

**Documentation:** Self-attestation of hardship is also an option where a range of documentation, including verbal affirmation, counts as proof of eligibility.<sup>11</sup> Applications should be as simple as possible.

**Outreach:** Beyond program design, localities must consider how best to overcome the challenges in finding the most target populations. Some significant barriers include a lack of permanent address, lack of participation in other programs and services, and a deep distrust of institutions.

Immigrants may be afraid to access benefits due to public charge concerns. In addition, they may worry that local governments will share their information for immigration enforcement. Programs should recognize and address this and other matters related to immigration status, including working with trusted messengers and properly advising individuals about the public charge rule and information privacy as appropriate.<sup>12</sup>

As such, the outreach strategy should include community-based organizations and other trusted messengers to inform community

members about the program and provide application assistance in multiple languages. These organizations may be different from the one(s) reviewing applications and distributing aid. Finally, programs should provide access to additional interpreters for any languages not spoken by organization representatives.

Leaders should seek feedback from communities and community leaders about how to best conduct outreach, including input on the content and dissemination of program materials. In many instances, localities may prefer to conduct targeted outreach, although smaller jurisdictions may lack the local civic infrastructure to do so.

Some programs have disseminated information widely, in the languages spoken in their communities, in the form of text, infographics, and videos, through social media, websites, text messaging, email, ethnic media (including ad buys), community-based organizations, community leaders (formal and informal), religious organizations, schools, food banks, labor organizations with immigrant and refugee members, community health centers, immigration attorneys, legal aid attorneys, and word of mouth. Localities should prioritize strong language access components if they opt to conduct a mass outreach method.

**Onboarding and fund disbursement:**

Trusted community-based organizations can serve an invaluable role in helping administer the program, including reviewing applications, onboarding participants into the program, and distributing funds. Programs may utilize a lottery system to award funds using priority characteristics or a first-come, first-serve. The latter model may be more efficient, but is less equitable as it prioritizes those who apply first versus demonstrated need. Forms of assistance include checks, gift cards, money orders, and bank transfers, but regardless, the program must meet the needs of any unbanked participants.

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<sup>10</sup>Stacia Martin-West, et. all. "Pre-Analysis Plan: Stockton Economic Empowerment Demonstration." Jain Family Institute. July 2019. Accessed September 2021. <https://static1.squarespace.com/static/6039d612b17d055cac14070f/t/605029f652a6b53e3dd39044/1615866358804/SEE+Pre-analysis+Plan.pdf>

<sup>11</sup>"Example Self-Attestation Forms." US Department of Treasury. Accessed September 19, 2021. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/promising-practices/forms>

<sup>12</sup>Sarah Lakhani. "State and Local Covid-19 Emergency Funds and Public Charge." ILRC. July 2020. Accessed September 19, 2021. [https://www.ilrc.org/sites/default/files/resources/state\\_local\\_emergency\\_funds\\_covid-19-final.pdf](https://www.ilrc.org/sites/default/files/resources/state_local_emergency_funds_covid-19-final.pdf)

Finally, applications should require the minimum amount of information from applicants necessary to administer the program and specifically not ask for immigration status. Reducing documentation requirements also increases the likelihood that self-attestations and attestations/verifications can suffice.

**Prioritize data protection:** A best practice for data protection is for localities to require community-based organizations administering the program to retain the information for the minimum necessary time.<sup>13</sup> This helps reduce the risk that participant information gets leaked or shared beyond the program, which is a significant concern for the undocumented population. In addition, the administering organization should securely retain application information and documentation and keep it confidential.

**Language access:** All relevant information across mediums - from outreach and education to eligibility requirements- should be available in languages with a presence in the community, and enrollment centers should have translators available during onboarding. The program's budget and operating timeline should account for building language access capacity, conducting outreach and compensation for interpreters, and community-based organization staff time.

Consider making applications available online in multiple languages, with in-language assistance by phone for people unable to access online applications. While in-language phone applications are the most accessible, capacity and the volume of applications may prevent this from happening in an efficient and timely manner.

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<sup>13</sup>Madeleine Longwell and Alexandra Lizzi. "Protecting Beneficiary Data: Guidance for Municipal Cash Transfer Programs Responding to COVID-19." Center for Financial Inclusion. December 2, 2020. Accessed September 19, 2021. <https://www.centerforfinancialinclusion.org/protecting-beneficiary-data-guidance-for-municipal-cash-transfer-programs-responding-to-covid-19>

## LOCAL EXAMPLES

Several localities established robust cash assistance programs in response to COVID-19. In **Philadelphia**, the \$1.7 million Worker Relief Fund provided \$800 emergency cash assistance payments to 2,162 residents, including many immigrants left out of state and federal relief. The city partnered with a philanthropic partner to start the fund, and community-based organizations took the lead in outreach efforts, application assistance, and fund distribution.<sup>14</sup>

**San Francisco** partnered with Bay Area Community Resources and Community Youth Center to launch several programs. The Family Relief Fund offered monthly financial relief of \$500-\$1,000 for families that did not qualify for local, state, or federal assistance.<sup>15</sup> The Office of Economic and Workforce Development partnered with several community organizations to operate essential service hubs city-wide where they processed applications.<sup>16</sup> The Immigrant Workers Fund provided a one-time \$200 payment for supportive services and a one-time \$200 payment for food for immigrant workers impacted by COVID-19.<sup>17</sup>

**Seattle's** COVID-19 Disaster Relief Fund for Immigrants dedicated \$7,940,000 for direct cash assistance to Seattle's most vulnerable

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<sup>14</sup> Roxanne Patel Shepelavy. "Can Free Cash Really Solve Philadelphia's Poverty Problem?" The Philadelphia Citizen. February 4, 2021. Accessed September 19, 2021.

<https://thephiladelphiacitizen.org/can-free-cash-solve-philly-poverty-problem/>

<sup>15</sup> "Help for Immigrants During Coronavirus." SF.Gov. Accessed September 19, 2021.

<https://sf.gov/information/help-immigrants-during-coronavirus>

<sup>16</sup> "President Walton and Budget Chair Haney Champion Extension of Emergency Family Relief Fund, Receives \$2 Million to Continue Much Needed Support for Families Struggling During the Pandemic." March 18, 2020. Accessed September 19, 2021.

<https://sfbos.org/sites/default/files/Press%20Release%203.18.21%20Family%20Relief%20Fund.pdf>

<sup>17</sup> "Help for Immigrants During Coronavirus."

<https://sf.gov/information/help-immigrants-during-coronavirus>

low-income immigrant residents and their households.<sup>18</sup> The fund opened for a three-week period and accepted applications from Seattle residents, students, and workers, prioritizing residents. Scholarship Junkies, a nonprofit organization, accepted and reviewed applications and awarded the relief, between \$1,000 and \$3,000 per household.<sup>19</sup> The program's privacy policy states Scholarship Junkies has procedures in place to safeguard and protect information and that they do not voluntarily share data with government entities, including the city.<sup>20</sup> The program also provided funding for language access.

**Los Angeles's** Angeleno Card program distributed over \$36,000,000 through 21 Family Source Centers to assist more than 104,000 people.<sup>21</sup> City residents hardest hit by the pandemic, regardless of immigration status, were eligible for funds. Angeleno Cards provide direct assistance in the form of a no-fee debit card, using the City Possible network.<sup>22</sup> Some programs are one-time while others may provide an opportunity to transition into long-term income support for ongoing poverty mitigation efforts in the community.

**St. Paul's** cash assistance program is a Guaranteed Income pilot providing up to 150 families already enrolled in CollegeBound St.

Paul up to \$500 a month with no strings attached funding.<sup>23</sup> The city used CARES funding, philanthropic dollars, and state funds to set up the program.<sup>24</sup>

## **RESOURCES AND LANDSCAPE**

See materials from the Center for Financial Inclusion<sup>25</sup>, New America and the National Domestic Workers Alliance<sup>26</sup>, and the National Immigration Law Center (NILC).<sup>27</sup> For more information on guaranteed income (GI) and universal basic income (UBI) programs, see materials from *Mayors for Guaranteed Income*.

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<sup>18</sup>"Seattle COVID-19 Disaster Relief Fund for Immigrants 2021 Recertification Process." Office of Immigrant and Refugee Affairs. Seattle.gov. Accessed September 19, 2021. <http://www.seattle.gov/iandaffairs/programs-and-services/covid-19-disaster-relief-fund-for-immigrants>

<sup>19</sup>Seattle Disaster Relief Fund. Scholarship Junkies. Accessed September 19, 2021.

<https://www.seattlecovidfund.org/>

<sup>20</sup> Ibid.

<sup>21</sup>"Mayor's Fund For Los Angeles' COVID Response Raises \$56 Million To Serve More Than 105,000 Angelenos." Mayor's Fund for Los Angeles. August 12, 2020. Accessed September 19, 2021.

<https://mayorsfundla.org/press-releases/mayors-fund-for-los-angeles-covid-response-raises-56-million-to-serve-more-than-105000-angelenos/>

<sup>22</sup> "City Possible." Mastercard. Accessed September 19, 2021. <https://citypossible.com/>

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<sup>23</sup>"Financial Empowerment." Saint Paul Office of Financial Empowerment. Accessed September 19, 2021.

<https://www.stpaul.gov/departments/financial-empowerment>

<sup>24</sup>Shannon Prather. "St. Paul guaranteed income helps families of color." Star Tribune. February 2, 2021. Accessed September 19, 2021.

<https://www.startribune.com/st-paul-guaranteed-income-helps-families-of-color/600018236/>

<sup>25</sup>Eric Noggle and Tess Johnson. "Designing Municipal Cash Transfer Program to Mitigate the Economic Impact of COVID-19." Center for Financial Inclusion. December 2, 2020. Accessed September 19, 2021.

<https://www.centerforfinancialinclusion.org/designing-municipal-cash-transfer-programs-to-mitigate-the-economic-impact-of-covid-19>

<sup>26</sup> "Vivian Graubard, et.al. "Establishing Emergency Cash Assistance Programs."

<sup>27</sup>"Economic Support." National Immigration Law Center. Accessed September 19, 2021.

<https://www.nilc.org/issues/economic-support/>