

## **Building Financial Resilience for Covid-19 and its Aftermath** **A Workshop for Municipal Officials, Non-Profits, and Service Providers**

These notes cover the presentations made by:

1. Rocio Sanchez-Moyano, San Francisco Federal Reserve
2. Oviya Govindan, UC Irvine
3. Alexandria Altman, Mission Asset Fund
4. Melissa Young, Heartland Alliance
5. Deidre Lind, Mayor's Fund for Los Angeles

### Day 1

#### **1. Rocio Sanchez-Moyano, San Francisco Federal Reserve**

Rosio's presentation focused on evaluating the Paycheck Protection Program loans in LA and the OC. The program was designed to help small businesses stay afloat during the early months of the pandemic by providing funds for small business to pay their employees month to month even as income dwindled. The program defined small businesses as having 500 employees or smaller (with some exceptions, including one definition as having 500 employees per site). However the loans were also meant to address the income needs of non-employee business as well.

Drawing from various sources of publicly available data, including the SBA data release in late 2020, Rosio showed how the median amount for loans was just \$20,000, indicating that many loans were distributed to very small or non-employee businesses.

The industries benefited from these loans corresponded in amount to their presence in the state, with the exception of retail and restaurant businesses, which were amongst the hardest hit by the pandemic. The percentage mismatch was as follows: while retail and restaurants make up about 11.5% of businesses in the OC and LA, only about 8.5% of the loans made their way to these kinds of establishments. During the Q and A, Rosio clarified that one reason this might have been the case is because PPP loans were structured to protect paychecks and were not equipped to handle the complexities of inventory (say, thousands of rotting vegetables) of the restaurant business. Many retail and restaurant owners would have possibly felt that they would have been unable to show documentation to prove that they were eligible for the money for this reason, and therefore perhaps did not apply for the loans.

Rosio also gave an overview of the main lenders, the three most prolific of which were Bank of America, JP Morgan Chase, and Wells Fargo. However, the top lenders also included many Fintech companies, which, as Rosio indicated during Q&A, reveals both the lack of online infrastructure at traditional banks and therefore an incapacity to address increased online banking needs, as well as a failure to of outreach by traditional banks.

Analyzing lending patterns also showed expected racial and gender disparities in terms of access, with large banks prioritizing existing customers, and therefore excluding smaller businesses, often owned by women or people of color who would have found themselves needing access to funds through bank infrastructure for the first time.

Rosio also broke down where the PPP loans went by zip code, noting that the zip codes closer to the coast tended to have higher loan concentrations. Middle income zip codes had the lowest PPP loan rates. She ended by briefly mentioning the new programs announced by Gov. Newsom in December, these include: [Cal Rebuilding Fund](#) and the [Small Business Covid-19 Relief Grant Program](#).

## 2. Oviya Govindan, UC Irvine

Oviya's presentation is based on a report she wrote in October 2020, in which she provided an overview of state and city level relief in the OC and LA: [COVID-19 Relief Payments in the US and CA: Overview, Barriers to Access, and Ways Forward to Aid Families in Need Report](#).

In terms of the latest relief bill passed by Congress, there are 3 provisions that pertain to individuals and households: a \$600 stimulus check per person, compared to the \$1200 provided by the CARES Act; a \$300 unemployment benefit in addition to regular unemployment from states, this is again lower than the \$600 UI under CARES Act; and funding allocations to state governments which will then be redirected towards housing relief. The stimulus still excludes undocumented persons. And stimulus is also being sent through the same methods of payment as the CARES Act--through EIP debit cards, paper checks and direct deposit. The same issues around delays and reaching those without bank accounts have come up [again](#).

Oviya also touched on the three key areas where CARES funds and State and City funds for pandemic relief are being distributed: Rental relief; unemployment benefits; and undocumented persons relief. Rental relief in California is in the form of direct transfer of rents to landlords through city rental relief programs coordinated either by the city itself or through charities and non-profits that transfer money to landlords. However, as Oviya described, many individuals were rendered homeless *before* the original bill came out, and so were unable to benefit from the rental relief bill. It makes a good case for why relief needs to take the form of direct transfers.

Unemployment benefits in California until July 2020: \$600 Federal Pandemic Unemployment Compensation (FPUC) through CARES Act. California passed a 20-week extension post July. Here the working of unemployment relief has a lot to do with delays in processing of benefits by California's Employment Development Department. In terms of payments themselves, timely unemployment relief is urgent and diverse modes of accessing it. For example, in California, there have been proposals to expand beyond EDD debit cards tied to Bank of America. In a country where 6.5% of households are unbanked or do not have bank accounts, some alternate modes of payment to consider could be: cash transfers and using local infrastructures such as postal offices to provide easy and quick relief payments. There is also a need for more awareness and education on how to apply for funds where the rules of eligibility are constantly shifting. This is where community organizations and non-profits can play an important role.

Undocumented persons relief is another aspect that needs attention, especially since the CARES act excluded undocumented persons from qualifying for pandemic relief. In California, Governor Newsom announced that the state has earmarked funds of \$75 million for the COVID-19 Disaster Relief Assistance for Immigrants (DRAI). These funds one-time payments of \$500 per adult and a maximum limit of \$1000 per household. These relief measures are delivered by non-profits which are selected by the California state government. Selected persons will receive relief in the form of cards given to them in person or through mail. Though this program covered over a million people, the \$500 is simply not enough. By LA living standards, if we consider a family of four that has two school-aged children who receive school meals and lives in an

unsubsidized two-bedroom apartment in Los Angeles should expect to spend \$802 per week or \$3,200 per month to meet their most basic needs of shelter, food, transport (1 pass) and utilities (no childcare). These numbers contrast with the stark reality of receiving only \$500 as Assistance and the steep gap they face to meet their needs during the COVID-19 pandemic.

Oviya also covered the role of non-profits, touching briefly on the public private partnership examples Project Roomkey and Angeleno Cards. Project Roomkey was funded partly by the Federal Emergency Management Agency (FEMA) and the California state government. It involves coordination between state, county officials and homeless shelters and non-profits to place homeless people in vacant hotel rooms. The program aims to provide interim housing relief for homeless persons who may have COVID-19 but not require hospitalization or are at high risk of contracting the virus. These cards provided locally administered, direct cash assistance to families living below the poverty line before the pandemic or those who lost their jobs due to the pandemic. It was run through the LA Mayor's Fund, a non-profit. They were funded through private donations, and involved close coordination between the Mayor's Fund, Accelerator for America (of which Mayor Garcetti is the founder), MasterCard's City Possible program and a fintech partner. Though this was largely successful in delivering relief, one thing to flag from a payments perspective is that though these are no fee debit cards, it raises questions about data privacy since MasterCard will have access to transaction data. Alternative to consider for future relief could be proposals to have a free, publicly accessible payment network, also dubbed as a "Public Venmo" where the government can send out benefits through its own digital payment systems.

Oviya's action plan to reduce future barriers to access pandemic relief:

- Unconditional, recurring relief payments is an urgent need. Future relief payments should be in the form of grants, rather than loans or credit
- There is an urgent need for education, outreach, and assistance on eligibility for relief. Community organizations have an important role to play in helping people file claims, and pointing them to resources they may be eligible for
- Diverse forms relief disbursement will help address inequities in how people access relief. Cash transfers and local infrastructures such as postal offices can provide easy and quick relief payments, especially for those already vulnerable to economic shocks
- Financial literacy and coaching can help individuals make financial decisions with scarce resources. Identifying how to prioritize and spend income and relief payments may be crucial in addressing long term debt
- Leverage Mutual Aid and Microfinance for relief delivery, as existing institutional mechanisms are slow. Rather than wait for funding allocations to come through, local governments could mobilize mutual aid to begin identifying the needs of the community and matching available and future resources.

### **3. Alex Altman, Mission Asset Fund**

While MAF has a long history of helping low income individuals and families access credit, in March 2020 they had to pivot all their programs for immediate large-scale crises relief. They did this by:

1. Helping people access Direct Cash Assistance for people left out of the CARES act
2. Creating a Covid resources finder
3. New bridge loans that operated with 0 interest for the first six months.

In April MAF opened its new program website which crashed within minutes. They chose not to follow a first come first serve principle for grant assistance, because their mission statement prioritizes equity. With this principle in mind it is clear that the “first comers” would be individuals with better access to both information and the internet. Instead, they chose their target households through a combination of factors, including whether or not the family was low income, whether they were facing additional crises of income loss from Covid-19, whether they received CARES Act funding, the number of dependents in the daily and whether or not any members had contracted Covid. They also made the applications an easy two-step process. Pre-applications were open on a rolling basis. Only those families that made their target criteria were invited to fill out the more detailed application.

MAF received an unprecedented 218,015 applications. To deal with the volume, they extended their 30 people team by teaming up with partners at both the national level and on the ground in several states. This was important to reach people, particularly in communities that didn't believe that an organization was giving out money to those excluded by the cares act.

Importantly, MAF also gave their recipients a choice on how to receive the money. This too, was aimed to promote equitable access. While direct deposits are the safest and fastest way to transfer money, many of MAF's recipients didn't have bank accounts. In California, the percentages of underbanked populations reveal a deep racial bias: while 6% of all families are underbanked, 15% of black households and 13% of all Latino households are underbanked. MAF both created resources to help people sign up for bank accounts. But they also offered cashier's checks and provided support for verification needed by institutions that cash such checks. In December MAF introduced Prepaid Digital Cards, including resources on how to use the card online to make payments.

Of the 218,015 applications received, MAF has approved 43,862 applications across the country so far.

They also conducted a post—grant survey to gauge the experiences of immigrant families left out of relief. They received 11,000 responses, making it the largest such data set during Covid times. The results revealed devastating hardships, half of all immigrant families had no current income after Covid hit, and those that still make some income do so to the tune of roughly 15% of their original earnings.

Overall, it was clear that households in states that enacted moratoriums for utilities bills and rents fared better, and were able to retain their homes, thus preventing many spiraling issues that stem from homelessness, including repercussions on both physical and mental health. It is clear that we need to use the kinds of policies first invented to bail corporations and national out of debt and repurpose them for families and households.

Mission Asset Fund October webinar: The Financial Devastation of Immigrant Families in the Age of COVID-19

<https://register.gotowebinar.com/recording/6568842415236491279>

MAF's COVID-19 Rapid Response webpage

<https://missionassetfund.org/coronavirus-rapid-response/>

#### **4. Melissa Young, Heartland Alliance**

Melissa Young discussed the program run by her organization titled How to Get My Payment Illinois which helped low income Illinoisans access stimulus checks. The Get My Payment IL Coalition was a group of nonprofit organizations that came together to help low income families to receive their checks more quickly. It included Ladder Up, the Economic Awareness Council, New America Chicago, Heartland Alliance, Heartland Human Care Services and Woodstock institute.

In September, the IRS sent out letters to more than 300,000 families who were eligible but hadn't claimed the check, giving an idea of how many families didn't have access. In approximately 6 months, the coalition has assisted 37,000 people through the website, 1200 people through the hotlines and 1000 people through the mini grants. They too discovered that people who needed the checks most faced the most barriers in accessing them.

They helped access by:

1. Launching a website: [www. GetMyPaymentIL.org](http://www.GetMyPaymentIL.org), and creating content in 6 different languages.
2. Outreach: with more than 100,000 organizations.
3. Creating material— fact sheets and flyers, in 6 different languages
4. Billboards — launched 34 billboards with the help of the City of Chicago.

Their mini-grant program was conducted with the help of existing on the ground organizations that reached out to existing clients, tabled in their communities, and held events to raise awareness about the stimulus checks and help people registered for funds. They collectively assisted more than 1000 individuals with stimulus checks.

They also held trainings for non-profit and government staff who were helping people access checks. They trained a total of 45 organizations and 90 staff.

They also conducted outreach through Bank on Chicago, an initiative that helps with financial inclusion in the city, and the Economic Awareness Council. These organizations have also launched new website about access, trained 100 community partners, and financial institutions.

Get My Payment IL plans to conduct an evaluation in the future to address whether these efforts have

1. Resulted in more low-income families accessing checks,
2. Examine the barriers faced in accessing checks
3. Identify effective strategies for overcoming those barriers
4. And make recommendations on those findings

This evaluation is expected to be completed by February 2021.

## Day 2

### **5. Deidre Lind, Mayor's Fund for LA**

Diedre's presentation focused on the Mayor's Fund for LA Direct Cash Assistance programs. The Fund handled three programs as of early January 2021 and were about to launch another later in January.

The Angeleno Cards program was the largest Direct Cash Assistance program organized by the LA Mayor's Fund. The key partners included:

Mayor Garcetti (who played an important role in communications, and fundraising);  
the LA Mayor's Fund (collected private funds and develop administrative components)  
MasterCard (the finance partner, provided the card used to distribute and some other implementation questions, they also measured and track where dollars were spent),  
The City of LA (disseminated information, spoke with Angeleno Card recipients through 17 non-profit partners already in communities distributing the cards), and  
Accelerator for America (a national organization that works to develop the universal basic income model, and currently involved in scaling up Angeleno Cards to other parts of the country).

The Angeleno Card program ran from April to July 2020, collected more than \$36 million, and distributed more than 37,800 cards filled with \$700-\$1500 each.

In addition to this program, the Fund launched the Serve program for food service workers, and Given program for low income families in December 2020, also funded by private sector money. Both Given and Serve were made possible because of an incredible response from people who wanted to support the program financially. The office received several envelopes of \$5 in cash. These small donors, coupled with a few major institutional donations, helped the Given reach nearly \$4 million, and Serve reach \$ 8 million in funding.

While applications were required for all three programs, the information was basic, and citizenship information was not collected. The only requirement for eligibility other than need was residency in LA.

As Mastercard was a distribution partner, it collected some high level data about where the funds in the cards were being spent: 40% was spent on food, 15% on retail and discount stores, 11% on utilities, 10% on financial products (like money orders and insurance), and 7% on transportation, proving that most money was going to big daily expenses. The Mayor's Fund also really pushed people to spend the money on their cards, rather than save it, as saving would benefit MasterCard more than it would the end-users. The fund received several responses from people they'd helped, a small amount a money made the difference between being able to pay rent, or to pay utilities for the month, or buy food.

During Q&A, Deidre discussed how the Fund thinks of itself as being in "learning mode" with this work, because they set up the assistance programs so quickly, they did make a bunch of mistakes the first time round, but learned from them (and continue to learn).

She also clarified that even though none of their programs were first come first served, the websites for the Angeleno card program crashed because people were worried about access. They were lucky, however, in having partners willing to step immediately to pledge more money, and also because they were able to access the City's resources, including hiring a phone bank system to respond to the large influx of calls.

Diedre ended by discussing the problems with in-person card distribution, particularly in the midst of a surge. While the Fund still offers in-person options, these are being supplemented by digital cards. However, digital cards are tricky because it requires people to have familiarity with phone wallets, and bank accounts.