

# STAND **SMART** FOR HEROES

## Emergency Financial Assistance: Best Practices

### ISSUE/CHALLENGE

The COVID-19 pandemic and resultant economic downturn have had a profound financial impact on millions of Americans, including our nation's veterans and military families. In April 2020, the Bob Woodruff Foundation released our pivotal research paper "Veterans and COVID-19: Projecting the Economic, Social, and Mental Health Needs of America's Veterans," in which we leveraged national research and key insights from our network of Local Partners to project the pandemic's impact on the military/veteran population, and highlighted impending financial hardship.

Emergency financial assistance (EFA) is a stop-gap intervention that can prevent financial hardship from becoming financial crisis. Targeted funding towards essential expenses such as rent and mortgage payments, utility bills, car payments, and food and household supplies can help families remain housed, avoid accruing debt, and meet their basic needs. However, because EFA also presents risks for the funder and provider, organizations should establish and implement practices that ensure responsible administration of funds and enable them to track and report their impact to funders and stakeholders.

### KEY FINDINGS

**The following five best practices form the basis for impactful EFA implementation.** Of the organizations that otherwise satisfied Bob Woodruff Foundation rigorous due diligence requirements, roughly one-fourth did not adhere to all of these best practices.

**Paid program staff administer EFA.** Volunteers can add capacity to specific lines of effort such as distribution of material goods and outreach efforts.

- Three-fourths of organizations engage in a staff only process for financial assistance; the remainder use a combination of staff and volunteers.

**Organizations adhere to a clear set of eligibility requirements for individuals seeking assistance.** These requirements can depend on an organization's mission and target population, as well as on an individual funder's priorities, but should include a target population, required documentation of status and need, and guidelines for prioritizing assistance. Funders and organizations should work collaboratively to set eligibility requirements that address community needs and gaps in existing services and resources.

- The majority of organizations indicate clear eligibility requirements, but some provide only limited or nonspecific eligibility requirements and a small number do not indicate any eligibility requirements.

**Organizations establish a maximum payment amount per individual/household.** This helps prevent misuse of funding and sets shared impact expectations between organizations and funders.

- Nearly three-fourths of organizations indicated a maximum payment amount. The remaining one-fourth of organizations indicated only an average payment range or did not indicate any payment restrictions.

**Cash payments are always made to the appropriate provider or vendor, not to the individual seeking assistance.** Organizations can also provide trackable assistance towards targeted needs, such as grocery store and gas gift cards for individuals who need food or transportation assistance.

This helps protect organizations and their funders from the risk of misappropriated funds, ensures that the assistance addresses the intended challenge, and also enables organizations to track and report outcomes for the individuals they serve.

- The majority of organizations provide payment directly to vendor/provider for housing and utility expenses, and/or provide trackable assistance for specific needs, such as grocery store and gas gift cards. A small number of organizations provide payment directly to the individual.

**Organizations collect participant information and monitor outcomes.** While EFA is a short-term intervention, it can provide critical insight into the emerging needs of a population or community. Organizations ensure that they are able to report adequately to funders and stakeholders about the characteristics and needs of the participants they serve, and the impact of the EFA.

- Three-fourths of organizations indicated in their applications that they track participant outcomes. One-fourth did not indicate a process for tracking outcomes, or only indicated that they track outputs, such as number served.

### IMPLICATIONS

Emergency financial assistance can provide urgent assistance, but it also presents risks to both providers and funders. Adhering to EFA best practices is crucial for providers and funders, especially in a time of unprecedented need. BWF has developed this Stand SMART to provide providers and funders with the tools and guidance necessary to collaborate for responsible and impactful EFA implementation.

- Providers should implement the best practices outlined in this Stand SMART to maximize their impact, while minimizing risk for their organization and their funders.
- Funders interested in supporting emergency financial assistance programs should assess organizations' adherence to the best practices outlined in this Stand SMART.

## STRENGTH OF FINDINGS

These best practices reflect BWF expertise. The findings regarding the prevalence of these practices are based on a convenience sample of 47 organizations from the BWF applicant pool for our Expedited 2020 grant cycle. This sample excluded organizations that did not satisfy BWF due diligence requirements to demonstrate financial responsibility and sustainability in their overall organizational financial management.

Thus, this small sample likely overestimates the proportion of programs following best practices. The survey and subsequent findings are intended to provide insights and guidance for organizations and funders engaging in emergency financial assistance programming.

## RESEARCH CONDUCTED

In “Veterans and COVID-19: Projecting the Economic, Social, and Mental Health Needs of America’s Veterans,” BWF reported that half of veterans between the ages of 25 and 44 had less than \$3,000 to \$4,000 in savings before the COVID-19 pandemic began, and that 15% of veterans were employed in those industries most likely to be impacted by the pandemic. As communities across the country entered lockdown and unemployment rose, direct financial assistance emerged as a critical need for a growing number of veterans facing financial hardship.

Given these urgent and unprecedented needs, the Bob Woodruff Foundation expedited 2020 grants to provide direct support to the military/veteran population during the pandemic and broadened our usual granting criteria to include applications from programs providing emergency financial assistance.

BWF created a short survey to evaluate organizations requesting funding for EFA. The questions addressed the organizations’ EFA administration: experience (new vs. established program), professionalism (staff vs. volunteer-led process), eligibility requirements, prioritization of funds, maximum payment amount, and payment procedure (how and to whom funds are disbursed).

BWF surveyed 57 organizations that passed initial due diligence and indicated emergency relief services in their applications. Fifty-six organizations responded, including nine that exclusively provide material goods such as food boxes and hygiene supplies. This summary focuses on the practices of the 47 organizations providing emergency financial assistance.