A few donors have for years employed small personal gifts as a charitable tool. Now many others are experimenting with the same technique among a new population—those laid off in our virus lockdown.

The soothsayer warned us: Beware the Ides of March.

As February reached its end, U.S. unemployment sat at 3.5 percent—you’d have to go back to 1953 to find a lower rate—and Americans were feeling comfortable. Then the coronavirus hit our shores in earnest. Within just a few short weeks, 30 million people lost their jobs.

A third of U.S. residents lack sufficient savings to weather weeks or months without income. So the government stay-at-home orders created widespread economic distress among millions of displaced workers. Many households were buffeted by an immediate cash crunch as they waited for unemployment benefits and stimulus checks.

Almost as fast as the economic shutdown washed away their pay, however, donors across the country sprang into action. Many givers who had never before considered small emergency cash grants began to offer them. Thousands of families were bridged across unanticipated holes in their housing or food budgets.

Lots of benefactors dispensed instant micro-grants in their immediate locales—for example, the Kent County Rapid Relief Fund in Michigan, backed by DeVos Family Foundations. Joint efforts like Give Together Now (spearheaded by the Charles Koch Foundation) and Project 100 pooled funding from a range of donors and operated nationally. Other speed-gift initiatives were aimed at particular industries, such as the Plate Fund set up by the Schultz Family Foundation to help restaurant workers.

While one-time micro-grants to Americans have never before been offered on today’s scale, they are not something new to the charitable world. In fact, small gifts to otherwise self-sufficient individuals or families battered by a cruel twist of fate are one of the oldest forms of

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Pioneers of one-time direct gifts

Thirty years ago, the William E. Simon Foundation established Project Independence at the Morristown Medical Center in New Jersey. Its mission is to provide one-time grants ranging from a few hundred to a few thousand dollars to individuals and families squeezed by unexpected medical bills. “It’s one of the nicest experiences as a benefactor you can witness,” says Peter Simon. “You never know who you’re going to run into, but they tell you that you saved their financial life.”

Project Independence’s ten-member board includes a member of the Simon family plus nurses and social workers from the hospital. Every month they review detailed applications from patients. “Before they even reach us,” says Leigh Simon Porges, who has sat on the review committee for the last three years, the hospital makes sure families have considered all other possibilities for covering their bills.

By the time the P.I. board reviews a request, “the need is evident.”

“Sometimes we do say no,” notes Porges. There may be underlying patterns that a cash gift won’t solve: Abuse. Non-work. A lack of family care or assistance. The need might be so great that a micro-grant wouldn’t be enough to free up the recipient.

Since its inception, though, Project Independence has made more than 2,000 separate gifts, some for as little as $500. In 2019, the initiative provided 70 grants totaling $275,230—an average of $3,932 per patient. While the gifts don’t always wipe out a medical bill completely, they make enough of a dent for households to set up a reasonable payment program with the hospital and move on with their lives.

Another philanthropy with long experience in small emergency grants is the Daniels Fund. It primarily funds scholarships and nonprofits in Colorado, New Mexico, Utah, and Wyoming, but has maintained an under-the-radar direct-cash-assistance program since its inception in 1996. This grew out of a passionate tradition of small personal gifts made by founder Bill Daniels, a cable-TV pioneer who passed away in 2000. Daniels would quietly deliver cash to people whose needs he’d learned of through friends or local media. “Most never knew who left it in their mailbox,” says Daniels’ Bo Peretto. “We don’t even know how much he gave. We called it ‘Bill’s Drive-By Giving.’ He was just generous that way and loved the fellow citizens in his community.”

The more formalized cash-assistance program that this inspired, the Daniels Rapid Response Fund, is budgeted at $1 million per year. At charities it partners with, the Fund trains staffers on the criteria under which this money is to be used: They’re looking for households experiencing crises that could jeopardize their stability, such as “a death in the family, an illness, a fire.” The nonprofits are then allowed to disburse the allotted funds at their discretion. This “really reflects Bill Daniels’ style,” says Peretto.

Louis Gerstner’s emergency aid

One of the savviest long-running direct-cash-assistance programs in the nation is the Helping Hands program run by former IBM chief Lou Gerstner. He says the inspiration for the program goes back 50 years. “I was a freshly minted graduate student living in a fourth-floor walk-up in New York City. I picked up a newspaper and saw a photograph of a young woman standing on the street with her little children and a very meager assortment of belongings. She’d been a victim of a fire in her apartment building and had nowhere to go and was facing a spiral into a life of poverty.” The image never left him.

Today, Gerstner’s family foundation distributes one-time micro-grants to households facing sudden needs in Boston, New York City, and Palm Beach County, Florida. The payments, which top out at $2,000, are distributed with care but little bureaucracy or delay, thanks to the foundation’s close relationship with 39 nonprofit partners—like Catholic Charities, The Door, Good Shepherd Services, The Jewish Board, Massachusetts General Hospital, Safe Horizon, and the YWCA. The program has existed in some form since the foundation’s inception in 1989, but has ramped up significantly over

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Small cash gifts to otherwise self-sufficient parties battered by a cruel twist of fate are one of the oldest forms of philanthropy.
In 2011, Helping Hands distributed around $200,000; in 2020, it will disburse $5 million.

“I think people often shy away from doing direct-cash assistance because in the foundation world it’s seen as non-strategic, not getting at a root cause,” says Kara Klein of the Gerstner Family Foundation. “But in my mind, it’s one of the most strategic things you can do—to help a family stay in their home and out of a tumble into economic instability.” Program statistics bear that out.

The average Helping Hands grant is less than $1,000, and all of that goes to some third party—a landlord, a utility company, a medical provider, etc. Of the $12 million distributed over the last 10 years to some 12,000 households, approximately 80 percent has been used to prevent eviction. And to good effect: 90 percent of the people who receive Helping Hands grants are still in their homes a year later.

In its early days, Helping Hands relied on priests for grant recommendations, but they “had a hard time saying no,” says Klein. Then Gerstner tried an Internet platform where potential recipients could apply. The foundation was not satisfied with those results either. “There just wasn’t a rigorous assessment of when to give cash, and how,” she explains.

The crucial shift that made the program effective—leading to heartening results and rapid expansion—was pairing the cash with supplemental charitable services delivered by knowledgeable nonprofits on the ground. The key, Lou Gerstner discovered, “is to deliver the funds in conjunction with services you provide to help your clients navigate very difficult, stressful situations. The emergencies your clients face are part of a web of difficult circumstances that require a high-touch service model. So, lesson one: We need to work alongside great charities that hire and retain exceptional people to administer our funds.”

A second lesson Gerstner learned: the need to be clear about guidelines. “Saying no to some clients is a necessary part of making this grant program work,” he says. “There’s an unlimited need for cash among the populations we’re trying to serve. Our program requires that the grants be made in circumstances where there’s a defined one-time emergency, and an expectation that the recipient will be able to maintain stability following the grant. We truly believe that small emergency cash payments can make an enormous impact in the arc of people’s lives. But they must be used judiciously.”

These hard discoveries made over two decades led the Gerstner Family Foundation to step away both from unsystematic personal referrals, and from impersonal, technological mechanisms for distributing aid. As part of its shift to close alliances with charities who know local problems, neighborhoods, and individuals, Helping Hands now invests a full year in training each new collaborator on the criteria under which the emergency gifts are to be deployed. “Knowing when to use cash judiciously is the hardest part of the job,” Klein says. Among individuals at long-term risk of poverty, the gift is unlikely to yield lasting positive results if the cash isn’t a discrete, one-time boost, given with the expectation of stabilizing the recipient’s life.

For the right cases, a tech alternative

Many of today’s victims of the virus lockdown, however, are not long-term poor at risk of being drawn into behaviors that could deepen their peril. The population many donors have in their sights amidst the covid-19 emergency are working-class households that have been self-supporting. They have no cushion, however, to buffer them through today’s sudden turmoil. For that group, vetting applicants and following up in wholesome ways after a cash grant may be less important.

Certainly that is the premise behind the Give Together Now campaign. “Our families are to be trusted and believed in,”
people and communities, in return for their willingness to learn financial management with other participants in small groups of 5-7 families, while keeping household records and sharing economic and behavioral data so FII can track progress and identify promising strategies.

FII’s electronic portal, produced in collaboration with the Internet payment-processing firm Stripe, is now being used to find grantees for Give Together Now. It locates potential recipients, vets them, and lets them apply for philanthropic support in a matter of hours. The same platform delivers micro-grants to the households that are selected, via simple electronic transfers.

That kind of responsiveness is what inspired Blue Meridian Partners to invest $5 million in FII in April, as part of its $100 million commitment to covid-19 relief. “In this moment, the most critical puzzle piece was moving resources quickly,” explains director Meg Evans. For most communities, an economic rebound is “weeks or months away, and individuals need access now to financial resources. Cash lets people make their own decisions.”

**There’s an app for that**

How does it work?

Give Together Now grant seekers download an app to their phones. There they find a form to fill out with their name, e-mail address, phone number, and birth date. They upload photos of their driver’s license or other identification, plus recent pay stubs or similar evidence that they’ve been hurt financially by the virus crisis. The application process takes between five and ten minutes, and the app weeds out duplicates, errors, and false statements. Humans verify bank account numbers and other details, and those approved “get the funds within 24 hours,” says FII CEO Jesus Gerena.

Some state and local philanthropies are using the information gathered by the same app to administer additional relief in their own regions. One of those was the Kent County Rapid Relief Fund. Jason Zylstra of the DeVos Family Foundations, which launched the fund with a seed grant of $500,000 at the end of March, says the app allowed applications to be collected and assessed almost immediately. Over $4.6 million was paid out in Kent County from March to May.

“We knew if we were going to act quickly in our community a manual operation wouldn’t get us there,” explains Zylstra. After a week of researching different options, he went with the proven mechanism—Family Independence Initiative had been using for years. The data it yields on recipients is a bonus for the givers. The platform showed, for instance, that the median pay for people accessing the fund was $12.50 per hour; 74 percent were minorities; twice as many females applied as men. The tool also tracked ZIP codes.

A text box allowed people to say what they’re using the money for. “The most often-used word was ‘bills.’ The next two by far were ‘rent’ and ‘food’—about six times more than ‘utilities,’ ‘household,’ or ‘gas,’” says Zylstra.

Starbucks founder Howard Schultz and his wife Sheri have likewise used a technology app to administer their Plate Fund—an initiative they launched in early April, with a $3 million gift.
to help workers in their home county in Washington state who have been displaced by the shutdown of the restaurant industry (one of the sectors hit hardest by the virus emergency). To date, the Plate Fund has raised $7.7 million from more than 3,000 donors—enough to provide $500 rapid grants to 12,700 waiters, dishwashers, cooks, and baristas. Two-thirds of the money has gone to people living in the area's most economically distressed neighborhoods.

“We wanted to make sure we were hitting the most needy,” says Howard Schultz. “That meant we also needed as much participation as possible from undocumented workers—who we knew, left to their own devices, would not come forward.” (That’s about 20 percent of King County’s restaurant workers.)

Omi Fayemi, 51, was laid off from her job at a local catering service very early in the pandemic. Four days after she filed for unemployment she applied to the Plate Fund. “It went straight through,” reports Fayemi. “I got the money three days later. This helped me pay my cell phone bill and get some groceries for the bunker time. With the stimulus and the unemployment, there’s all this red tape. But the Plate Fund application was really simple and straightforward.”

Aims and outcomes
What sorts of results should philanthropists expect from immediate cash infusions? Some donors, of course, aren’t even looking at long-term outcomes. Project Independence, the Simon Foundation’s program for relief from medical bills, is a one-time charitable act of mercy, never repeated. “Our mission is simply to help them at that moment,” explains Leigh Simon Porges.

Howard Schultz isn’t planning to pursue instant grants in the future, since they don’t particularly fit with the ultimate mission of his foundation. He and his wife just wanted to help with today’s emergency—“the likes of which we haven’t seen in our lifetime.” That led them to “something dramatic that was fast and nimble.” They are confident this flexible, entrepreneurial approach to instantaneous mini-grants is helping, but it is likely to be a temporary effort for them.

Other donors aim to keep making emergency cash grants, and want to track outcomes. Lou Gerstner’s Helping Hands program asks the charities it partners with to collect information on gift results. For years now it has been using the information to fine-tune its micro-grants. According to Helping Hands, when victims of unexpected calamities are intelligently assessed for receptivity and then quickly offered a one-time boost, the results are often heartening. Lou Gerstner hopes that fallout will “attract other philanthropists to this work, improve the social fabric of communities, and expand what we’re doing and bring it to other places.”

In hopes of uncovering important touchstones, Notre Dame’s Wilson Sheehan Lab for Economic Opportunities (LEO) has been methodically tracking current efforts in personal cash assistance. We know relatively little about the details of emergency aid, says LEO director Heather Reynolds. “Is $500 enough? Is it $1,000, or $2,000?” Which populations are the best candidates? Are there circumstances where aid can be counterproductive?

In one 2016 study, LEO found that when people contacted Chicago’s Homelessness Prevention Call Center on a day when emergency-assistance funds were available, they were 76 percent more likely to stay in their homes than those who didn’t receive an emergency grant—and that effect persisted for a year. Evidence in this area, however, is thin. If donors who provide the money or charities who distribute it have an interest in investigating outcomes and are willing to work with LEO to design research parameters, Notre Dame is willing to foot the bill for more investigation.

In those cases where micro-grants are being aimed at populations with tangled problems and a serious risk of long-term poverty, Reynolds says that mentoring and follow-up do seem to be helpful. Just as the Gerstner Foundation has concluded, she says that “having someone walk alongside the recipient to help them figure out life—not just for a few months, but for a longer period of time—produces the greatest gains in many studies. In Fort Worth, Texas, for instance, we’ve seen that those receiving this kind of intensive case management are increasing their earnings by 32 percent over the control group.”

Could small-scale cash assistance become a sustained, long-term giving strategy in the future? Or is it likely to return to niche status once the covid-19 surge passes? Only time will tell.

“Soon, we’ll have some decisions to make,” notes Jason Zylstra of DeVos Family Foundations. “We’re trying to keep up with demand now, but we know we can’t do this in perpetuity. We’ll evaluate it, but I don’t know that it will be our norm.” Direct cash, though, “feels like the correct response to the scale of this crisis.”

Recently, Zylstra got a text from a man in Kent County that he thinks of often. It was the familiar, comforting image of a well-stocked refrigerator. The words “I was able to fill our refrigerator with these dollars” were written below the photo. “That,” admits Zylstra, “sticks with me.”