

Los Angeles County Supervisorial District (SD 1) Economic Aid Program

Issue Area: Disaster/Emergency Response & Management

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Executive Summary

The Los Angeles County “Supervisorial District (SD 1) Economic Aid Program” successfully delivered cash aid to extremely low-income residents experiencing barriers that prevented their participation in existing cash aid programs.

Challenge

Of the five supervisorial districts (SDs) in Los Angeles County, SD 1 has been one of the most vulnerable to the COVID-19 economic crisis. SD 1 has the highest share of Hispanic residents (71.1%) and residents without a high school diploma (37.3%), groups experiencing high unemployment rates in California. These economically vulnerable populations in SD 1 earning little to no income as a result of the crisis need government cash aid to pay for food, housing, medical costs, and more. Simultaneously, SD 1 residents are unbanked at higher rates, creating a barrier for extremely low-income residents to participate in existing cash aid programs. While check-cashing services convert government checks into cash, these institutions can claim 3.5% of the checks’ value, equivalent to almost \$50 from the third round of federal stimulus checks. Documentation status has also prevented income-eligible residents from receiving cash aid from the government and can present a barrier to opening a bank account.

Solution

Supervisor and former Secretary of Labor under President Obama, Hilda Solis made \$716,250 available from her discretionary funds for the SD 1 Economic Aid Program (EAP), providing emergency cash aid to income-eligible residents and businesses living or operating within unincorporated SD 1 and MacArthur Park. Income eligible individuals/households had earnings at or below LA County's extremely low-income threshold. Similarly, eligible microbusinesses and small businesses generated revenue less than or equal to \$100,000 and \$350,000, respectively. Residents who had not received cash aid since March 2020 received additional priority. To execute Supervisor Solis’s program, WDACS partnered with a network of community-based organizations (CBOs) responsible for verifying participant eligibility and submitting intake forms to record each EAP cash card distributed. Participating businesses and households with four or more people received two prepaid EAP cash cards for a total value of \$1,500. Eligible individuals/households with three or fewer people

received one prepaid EAP cash card with \$750. Private partner Usio, Inc. shipped EAP cards from a wholesaler, loaded card funds, provided customer service, and supplied card transaction reports.

Innovation

Prepaid cash cards and leveraging trusted community organizations that have the trust of immigrant communities. By eliminating the need for bank accounts and check-cashing services to utilize prepaid EAP cash aid, this innovative program creatively solved the challenge of delivering direct cash aid to unbanked communities. Furthermore, distributing EAP cash cards through locally trusted CBOs improved the county's service delivery to residents experiencing additional barriers due to documentation status. WDACS helped SD 1 show how a workforce agency that requires a right to work documentation, can support workers that not only have no access to other government resources, but were a group of "essential workers" that were most heavily impacted by the health and economic devastation caused by the pandemic.

Results

The EAP successfully filled service delivery gaps to reduce hardship during the COVID-19 economic crisis. CBOs distributed EAP cash cards to 632 participants between February and April 2021. Recorded in CBO intake forms, almost two-thirds of individual/household participants and three-quarters of business participants had not received government aid since March 2020. Additionally, participants most frequently reported plans to use their EAP aid on housing (67%) and food (66%). Evaluating anonymous EAP cash card transactions, participants spent a combined 84.1% of EAP program funds on these same emergency spending categories. Four months into the EAP program, at least 95% of available funds were exhausted on 95% of the cash cards distributed. On average, participants spent these funds within 17 days of their first transaction. The fast pace at which EAP participants spent their cash aid speaks to their acute need for assistance and this program's importance in filling a glaring service delivery gap.

Replicability

Other counties interested in providing cash aid to residents can replicate EAP's success by partnering with trusted CBOs and card companies like Usio, Inc. that provide industry knowledge and technical assistance. EAP has shown that using prepaid cash cards distributed to community members through CBOs ensures more equitable and comprehensive program delivery to eligible recipients.