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CASE STUDY

Direct Cash Assistance in St. Louis, MO

2021

CASE STUDY

DIRECT CASH ASSISTANCE IN ST. LOUIS, MISSOURI

In July 2021, St. Louis Mayor Tishaura O. Jones signed into law a \$135 million direct relief package from the federal American Rescue Plan Act (ARPA).

The package aimed to invest in families and neighborhoods across St. Louis that were impacted by the COVID-19 pandemic, with a focus on public safety, public health, and economic relief.

Out of this package, \$5 million were specifically dedicated towards direct cash assistance payments to St. Louis residents negatively impacted by the COVID-19 crisis.

This case study highlights the process the City of St Louis conducted to establish cash assistance as a component of the ARPA package and how the program was implemented to disburse the payments to residents.

1. FORMING A STIMULUS ADVISORY BOARD

April 2021

Mayor Jones formed a Stimulus Advisory Board (SAB) made up of 26 members including local and state elected officials, community development organizations, community organizers, racial equity organizations, arts organizations, environmental organizations, academics, disability advocates, legal advocates, small business owners, and more.

Board Tasks

- Assessing the **needs of city residents**
- Identifying opportunities for impactful interventions through **direct and rapid assistance** to residents and businesses
- Making recommendations for the **use of funds**

2. DEFINING PRIORITIES FOR ARPA FUNDING

April to June 2021

To understand the need for relief in St. Louis and determine priorities, the Stimulus Advisory Board:

- Implemented a **Direct Relief Community Needs Assessment Survey**,
- Reviewed requests for services made by residents during the pandemic, through **2-1-1, St. Louis Mutual Aid, and the CARES Act**, and
- Conducted **public feedback meetings**.

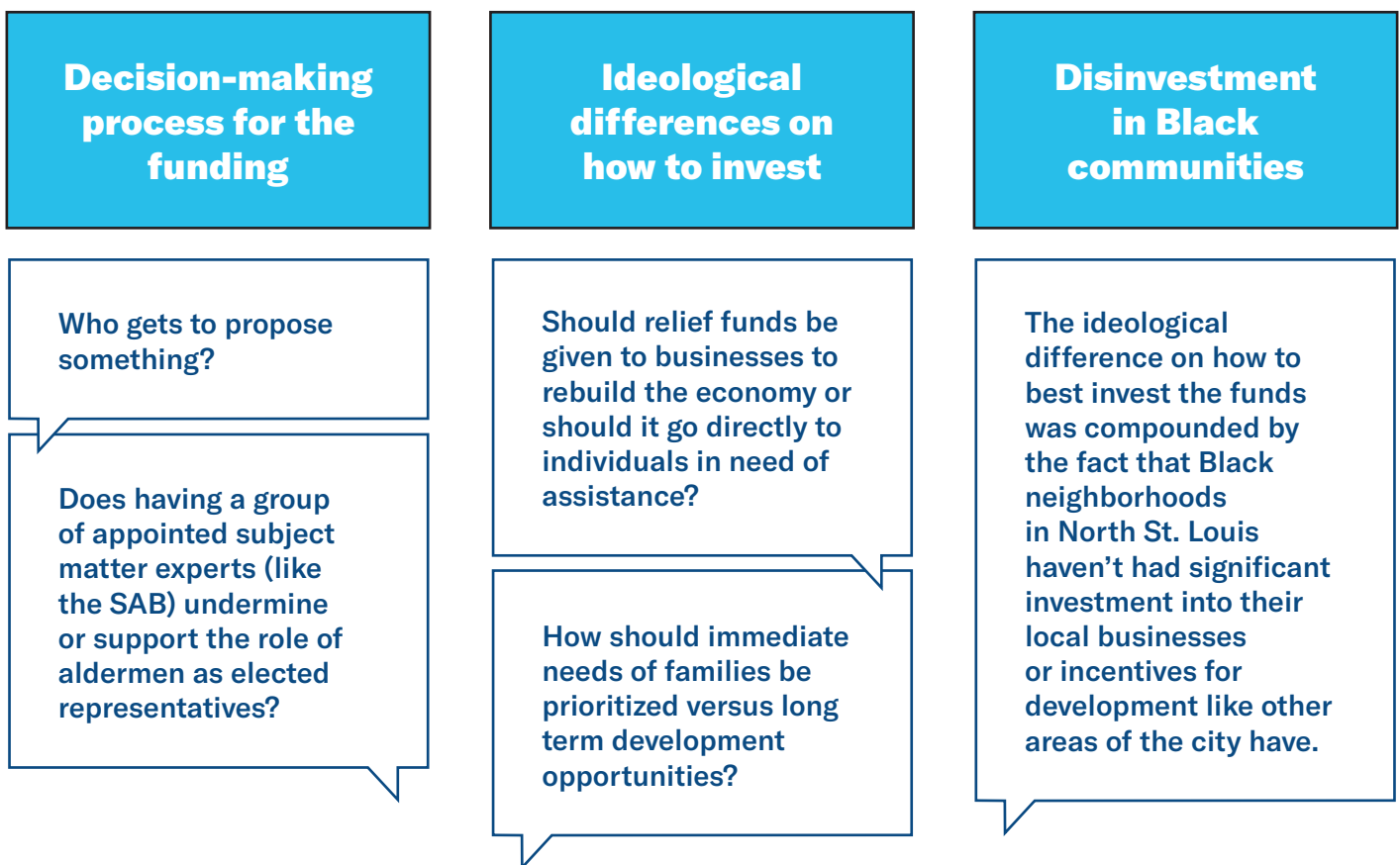
During initial discussion in the SAB, there were different ideas about how best to extend direct cash assistance to families. Members of the SAB were inspired by Universal Basic Income pilots in other cities, but concerns about a benefit cliff combined with the desire to move quickly resulted in a one time direct cash assistance program being initially prioritized over UBI. Originally, approximately 10,000 residents who had just lost their federal unemployment benefits due to state action, as well as undocumented workers who had never been eligible for unemployment assistance, were considered as potential recipients, but eventually criteria based on the area median income was used to determine eligibility for direct cash assistance.

In addition to the \$5 millions proposed for direct cash assistance highlighted here, the Board proposed other direct relief programs like grants to small businesses and non-profits, workforce development and property tax assistance, as well as other programs focused on health, housing and youth.

3. APPROVING LEGISLATION

July 2021

The Board’s suggestions for the first round of ARPA funding supported the Mayor’s Office in drafting legislation to present to the Board of Aldermen. **Tensions and a political struggle arose between the Stimulus Advisory Board and the Board of Aldermen** around the following aspects of the proposal.



Despite the tensions, the final legislation that was passed to appropriate the funds was very similar to the SAB’s initial suggestions which were evidenced-based and included thorough community engagement and consultation.

4. DESIGNING THE DIRECT CASH ASSISTANCE PROGRAM

The program was coordinated by the Department of Human Services, in partnership with the St. Louis Treasurer's Office, the United Way of Greater St. Louis, MoCaFi, and Ignite Cities. **The program was designed as follows.**

Eligibility

- Residents in St. Louis must have an **income of 80% AMI**.
- Households were only eligible for **one payment**, regardless of whether residents of the same address were related or not.
- Applicants had to prove they suffered a **loss of income during COVID-19** due to job loss, cut hours, medical treatment or funeral expenses.

Requirements

Applicants had to provide **proof of residency and income** to qualify.

While residents could use a lot of different documents to prove this, these requirements increased hesitancy especially with undocumented residents, who sometimes weren't able to provide documentation despite being eligible.

Process

The legislation that was passed also mandated several aspects of how the Direct Cash Assistance would be processed, which eventually led to the **disbursement being a longer, cumbersome and more bureaucratic process than initially anticipated**. Funds that had originally been targeted as immediate assistance in the crisis ended up being delayed for several months.

Aspects the legislation included:

- How each city department needed to be involved in the process
- How and when community outreach had to happen
- How much money needed to be allocated for specific population groups (such as those who applied at a community application event)
- Specific timelines for applications
- How funds would be distributed and how recipients had to receive them.

Administration Costs

Of the total budget for the program, **\$350,000 was dedicated to United Way** for administrative costs, which included the payment processing by MoCaFi.

5. GETTING OUT THE WORD

August 2021
to April 2022

Outreach and supporting applicants was key to the success of the program.

Lessons Learned

- The City organized **application fairs** at community colleges focused on seniors, people with disabilities and individuals without internet access. These events were well attended, bilingual and provided opportunities for applications to be done in person rather than online.
- **Nonprofits and service providers in the SAB and Congressmembers outreached** with their constituencies to ensure broader participation, especially for undocumented immigrants.
- **Schools, libraries and nursing homes** were effective messengers and provided applications.
- **Word-of-mouth** between friends and family was an important source of applicants, but had a self-replicating effect of reaching similar networks instead of new groups.
- Funds were disbursed first come, first served, so it was critical to **engage recipients quickly**.

6. REVIEWING AND DISBURSING

December 2021
to April 2022

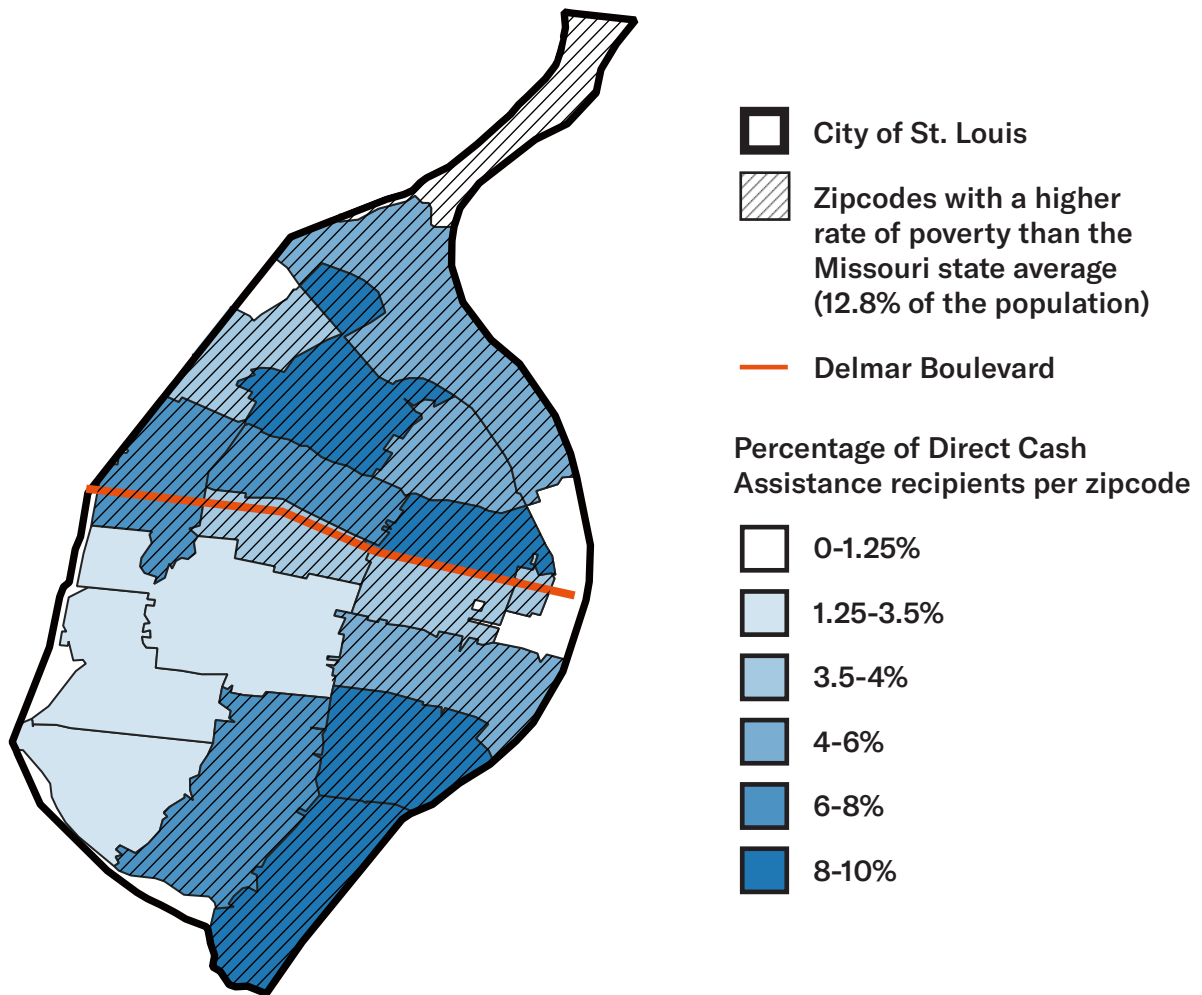
The City opened applications on a first come, first served basis. To manage fund disbursement, United Way processed applications as they came to ensure they were complete and fulfilled requirements. Once an application was deemed complete, United Way staff contacted applicants to decide the disbursement method: direct deposit or mailed debit cards. Payments were handled by MoCaFi, a fintech company focused on closing the wealth gap for people of color.

While this seemed like an easy process, **issues arose when disbursing funds.** About 25% of the applications were incomplete, and applicants couldn't be reached for additional information or to coordinate payment. The city thus had to reopen the call for applications until there were enough applications approved to disburse all the funds. In a post-disbursement survey, recipients appreciated the ability to get a debit card mailed, which allowed them to make both online and in-person purchases. However, some said they got the card weeks before the funds were released, which created confusion and distrust about the program.

7. EVALUATING RESULTS

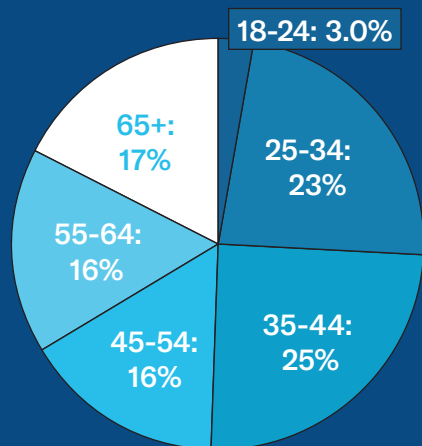
2022

Overall, 9,300 St. Louis residents received \$500 in direct cash assistance, 71% of whom fell in the 0-30% AMI range. While residents all across the city were recipients of the program, disbursement was higher in neighborhoods in the north and eastern parts of St. Louis City. These are precisely the areas of the city that are predominantly Black and have the highest percentage of their population living below the poverty level.

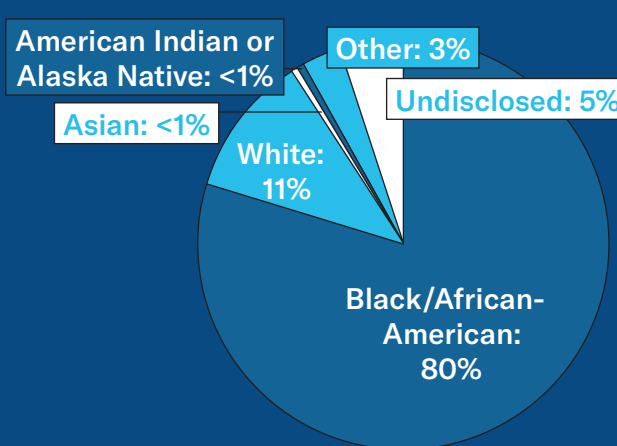


According to information collected from recipients during the application process, we can paint a picture of who received the Direct Cash Assistance:

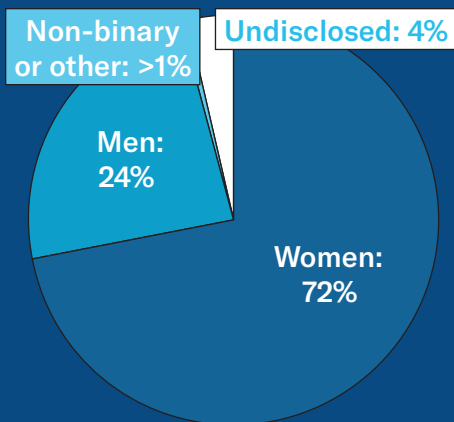
Age



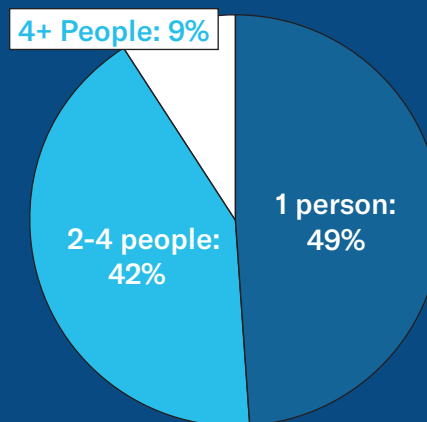
Race



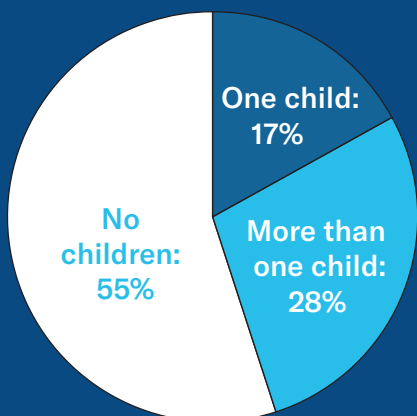
Gender



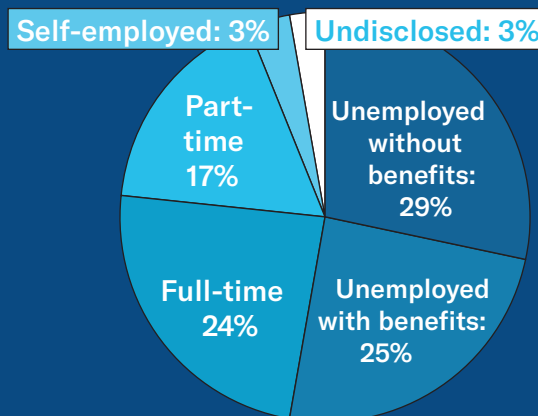
Household Size



Children in the Home

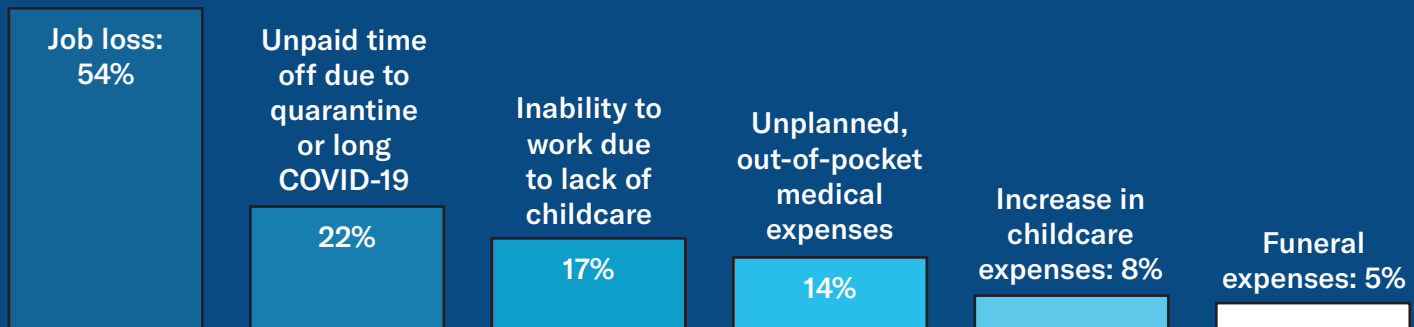


Employment Status



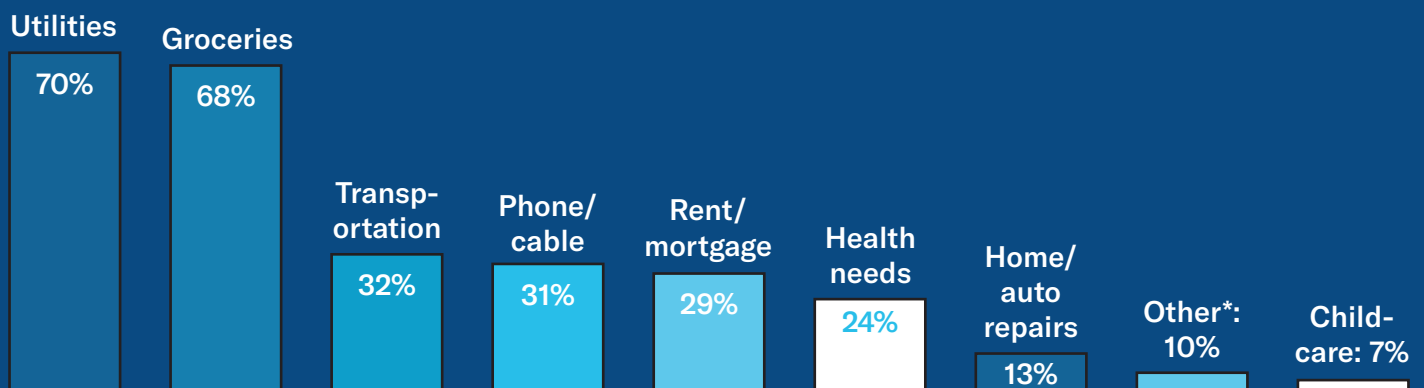
Participants detailed the following financial hardships and expenses:

Reason for Applying



Use of Funds (Percent of recipients who spent their funds on the following)

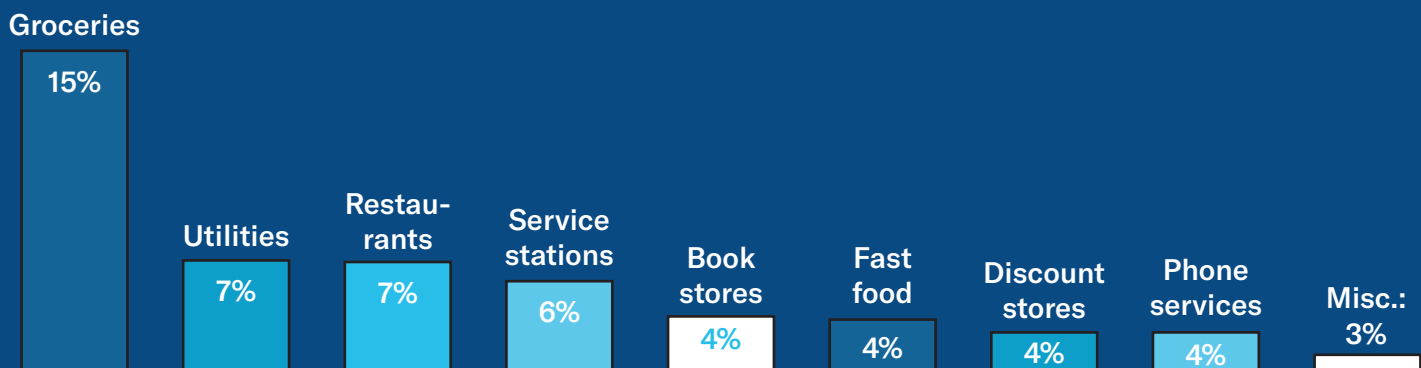
In March 2022, Missouri Jobs with Justice conducted a survey among more than 1,000 St. Louis residents who received the original \$500 relief through ARPA.



*Other includes children expenses, other car and household needs, taxes, loan repayment, insurance, education, clothing, etc.

Top Expenses* (Percent of total money distributed that went to the following)

Card transaction data from MoCaFi shows that the top categories where recipients spent money were:



*More than 33% of money was withdrawn through an ATM or transferred to another account, which is excluded here. This can indicate that some of recipients' necessities are only payable in cash or that flexibility was highly valued by recipients.

Based on recipient survey responses,* we can also say that the direct cash assistance had the following results:

Provided critical immediate support to vulnerable people

Single parents, seniors, those with medical conditions and those who couldn't find a job during COVID-19 were especially vocal about how the cash assistance helped.

"I am a single parent and was missing wages when I got sick with COVID. It helped me get caught up and keep the necessary food supply in the house."

Prevented recipients from having to choose between their urgent basic priorities and dipping into even worse financial situations

Over and over, recipients reiterated how critical the cash assistance was in addressing urgent needs, helping them make ends meet, and dipping into worse financial situations than the ones they were in. On average, recipients rated their need for the assistance as 9.7 out of 10.

"Instead of worrying about paying a bill before I get cut off, I could focus on finding a job, and I did."

Made recipients feel cared for, increased trust and supported the community

Overall recipients expressed how the support they received from cash assistance helped them personally and their communities.

"It helps to know someone sees us. It restores faith in the city."

Reduced stress and anxiety

Recipients expressed relief at receiving the cash assistance and described the effects it had on their mental health.

"I cried. It came just in time. Stress takes a toll as a single mother."

Despite these results, recipients agreed that one-time assistance was not enough.

99.3% of survey respondents believe the City of St. Louis should do a program like this again.

"This program is opening the door to financial stability, and the resources provided certainly give hope."

*Quotes are pulled from recipients survey responses

SOURCES

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