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ILLUMINATING A HIDDEN SAFETY NET:

Lessons from Research into Employee Hardship Funds

THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

commonwealth

Acknowledgements

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ABOUT ASPEN FSP

The Aspen Institute Financial Security Program's mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans.

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Executive Summary

Financial insecurity is increasingly common among households in the United States (US). Over a quarter of families in the US report that it is difficult to get by, or they feel they are just getting by, and over four in 10 report that they could not pay a $400 emergency expense without borrowing or selling something.[1] In 2014, almost 60% of US households experienced at least one financial shock, with over half of those households suffering lasting consequences due to subsequent struggles to make ends meet.[2] At the same time, the frequency of another driver of financial insecurity – natural disasters – has increased, creating large and highly visible shocks for workers and their families.[3] These statistics underscore the need for both new ideas and deeper investigation of existing practices in order to design a 21st century social safety net that delivers financial security for working families.

In this context, employee hardship funds – a little-known mechanism to help workers who experience a disaster-related or personal financial hardship – warrant more attention. The way that most of these funds work is that workers and the company contribute into a fund, and workers can then apply for cash grants from the fund. Specific grant eligibility criteria vary, but hardship funds generally try to help employees when disasters strike, or other unexpected events occur. One way to think about these funds is that they formalize the common, but generally personal and informal, practice of relying on friends and family in moments of need. In fact, when explaining why they sponsor these funds, many employers say that this is a way to expand on what employees are already doing for one another.

Employee hardship funds are not a replacement for sufficient wages and benefits, nor are they a comprehensive workplace financial health strategy. However, they are part of a hidden social safety net; and they provide something unusual and important within the panoply of financial supports being recommended to help workers who lack financial security: a flexible, quick, cash grant in a moment of need.

Seeing that this under-the-radar practice was growing, the Aspen Institute Financial Security Program and Commonwealth partnered to learn more about how hardship funds work and benefit employees and employers. The research team reviewed the limited available literature, interviewed employers and others involved in offering hardship funds, and conducted both quantitative and qualitative research with workers who have used them.

FUND BENEFITS AND DESIGN

The research identified numerous benefits of employee hardship funds, including:

- **Workers feel grateful and relieved.** Research participants shared resounding feelings of gratitude and relief regardless of how much they received from the funds. Among survey respondents, 60% stated that the funds made them less stressed. One fund recipient shared, "It's indescribable because you wouldn't think that your job or company would have that for you."

- **Workers feel more connected to their employers and their coworkers.** The research found that workers felt valued by their employers because of their funds' existence. As a result, 72% stated that they were more likely to stay with their current employer than leave for a company without hardship funds. In addition, the contributions of their coworkers generated a strong sense of community. One participant stated, "It made me feel like my coworkers had my back."

1 "Report on the Economic Well-Being of U.S. Households in 2017," Board of Governors of the Federal Reserve, 2018.

2 "The Role of Emergency Savings in Family Financial Security: How Do Families Cope with Financial Shocks," The Pew Charitable Trusts, 2015.

3 "Disasters in the United States: Frequency, Costs, and Compensation," Vera Brusentsev and Wayne Vroman, W.E. Upjohn Institute for Employment Research, 2017.

- **Workers are better able to build and maintain financial health.** Funds served as key resources for workers during a time of need. During an interview, a fund recipient described its impact as, "[Without the fund, I] would have been getting loans and falling back, taking from one bucket to fill another."

- **Workers report positive impacts on job performance.** Among survey respondents, 64% felt that the funds enabled them to be less distracted at work. One interviewee described, "As hard as you try to snap out of it, it's very difficult when it's a hardship like that…it would have eventually caught up to me and affected my job performance."

To achieve these benefits, however, fund managers need to design and deliver funds carefully.

There are seven key design decisions:

1. **Fund Structure**: Some sponsoring employers set up a separate charity, while others outsource operations to a third party, and a small number operate the funds entirely internally. Those who maintain closer control argue in favor of folding the fund closely into the company's culture, while those who outsource see greater privacy for grant recipients as a benefit.

2. **Eligibility Guidelines:** All funds require there to be both a precipitating "event," and a resulting financial hardship. Some funds limit the covered events to natural disasters, while others include personal hardships such as major illness or death of a family member, unexpected loss of income, housing disruption or other similar events.

3. **Application Process:** Most often, employees can apply directly through an online process, but some employers require workers to apply through their manager or a human resources professional. The level of documentation required varies widely, with some employers emphasizing speed and ease, and others requiring detailed financial statements or proof of the hardship and the use of funds.

4. **Decision-making:** Some employers emphasize the value of a rules-based, arms-length process (often outsourced) as a way of maintaining consistency and anonymity, while others argue for the value of a personal or committee-based decision in which each application is evaluated individually (though still anonymously).

5. **Grant Disbursement:** Funds are disbursed electronically or by check, directly to the individual or to the ultimate recipient of the funds, such as a landlord or healthcare provider.

6. **Fundraising:** The most common source of funds is a combination of employee contributions, corporate matching funds, and direct company contributions. Many funds run annual campaigns to solicit donations or provide an opportunity to automatically donate to the fund via payroll.

7. **Complementary Offerings:** Provided in addition to cash grants, complementary offerings may include financial counseling, connections to other local resources, case management services, legal services, loans, and debt consolidation.

Often, as fund sponsors make these decisions, they are primarily concerned with two central issues: ensuring that grants awarded do not exceed funds raised and adhering to hardship fund regulations. These issues are the right place to start, as they are critical to a fund's sustainability. However, the research demonstrates that exclusively prioritizing these issues in fund design can negatively affect recipients' experience in terms of their awareness of the funds, their satisfaction with the overall experience, and the impact that it has on their financial health.

DRIVERS OF EMPLOYEE AWARENESS, SATISFACTION, AND FINANCIAL IMPACT

To achieve a balance of ensuring that funds have long-term viability and also deliver on intended outcomes for recipients, it is important to understand what drives awareness, as well as the two core outcomes of satisfaction and financial impact.

Awareness

Awareness affects both usage of the funds, as well as contributions to funds. The research indicates that integrating funds into company practices and communicating regularly about them is a driver of their success. This can be through senior leadership support, fundraising drives, new hire orientations, or any communications consistent with company norms.

Satisfaction

User research indicates that application, decision-making, and payment processes with the following characteristics are more likely to lead to high satisfaction rates:

- **Anonymity:** Maintain applicants' privacy with their coworkers and managers, as well as potential payees, such as landlords or medical providers.
- **Ease:** Limit the detail and complexity of the information required.
- **Timeliness:** Provide quick turnaround. Any approval and payment process lasting longer than two weeks saw a significant drop in users' satisfaction.
- **Clear Communication:** Provide consistent and clear communication on what is needed and what applicants can expect before, during, and following the application.

Financial Impact

For the purposes of this research, financial impact was defined as enabling the grant recipient to return to his or her pre-hardship financial position. The research team also investigated if fund recipients experienced less financial worry and were more effective at work as a result of the grant. This definition sets a high bar, as many funds self-define their objective as helping in a moment of need, rather than solving financial challenges. Fund managers point out that an employee who has lost everything in a natural disaster or other emergency will need to access resources outside of the hardship fund. Nonetheless, the research team determined that this definition of financial impact is useful in highlighting the criteria that drive financial impact, regardless of the bar set, especially for funds that have broader eligibility criteria in terms of the types of events covered.

The research findings highlighted the following as key drivers of financial impact:

- **Rate and Timing of Approval:** Low approval rates lead to both dissatisfaction and low impact, as do narrowly applied eligibility criteria with no room for an "override" to prevent deserving applicants from being denied funds based on technicalities. Receiving funds quickly – before the initial financial hardship is further aggravated by late fees and penalties, expensive borrowing, or harm to the recipient's credit score – improves the financial impact of grant funds.
- **Amount of Funds Granted:** Among those who received a grant that fully covered their specific expense, almost 40% reported that they were able to return to their pre-emergency financial position, compared to only 5% of those who did not receive enough to fully cover their specific expense.

- **Additional Resources Provided:** Grantees who had access to complementary, voluntary resources, such as fair and low-cost loans, legal counsel, mental health services, and financial advice or coaching reported the greatest financial impact.

- **Compensation and Benefits:** Overall, survey respondents had relatively low and fluctuating incomes, low levels of assets, and high levels of debt. Almost 70% reported that they do not save regularly, and 50% reported drawing from their retirement savings for non-retirement expenses. In this context, employee hardship funds cannot be expected to ensure workplace financial health on their own, and the research confirmed that hardship funds delivered the greatest financial impact for those with compensation and benefits packages that made it more likely that the hardship funds operated as an additional supplementary payment, rather than as a substitute for low wages and benefits. Grantees with incomes between $40,000-$60,000 annually (towards the higher end earned by employee research participants) reported the highest impact of the funds in terms of feeling less distracted at work, spending less time worrying about their finances, and being less likely to miss work due to personal finance issues.

CONCLUSIONS AND RECOMMENDATIONS

Taken together, the research findings point to five best practices that can help funds maximize their impact:

1. **Maximize Dignity:** clear communication and respect for employee privacy are crucial aspects of a good application and decision-making process;

2. **Be Efficient:** onerous paperwork requirements and burdensome interactions lead to applicants dropping out of the process and generate frustration rather than goodwill;

3. **Balance Rules with Flexibility:** standardization facilitates consistency, but maintaining some decision-making flexibility helps programs to respond to workers' problems;

4. **Integrate in Culture:** funds are most successful when fundraising and awareness campaigns are integrated thoughtfully into company culture; and

5. **Proceed Expansively:** hardship funds that complement a robust workplace financial health infrastructure can most effectively address workers' inevitable financial ups and downs. Regularly revisiting funds' usage and measuring outcomes offer insights that can be used not only to optimize the hardship fund directly, but also to inform the development of that broader infrastructure.

For those exploring further opportunities to promote the financial health of their workforce, employee hardship funds can provide tremendous benefit to both workers and employers. They can boost loyalty and cohesion within the company and provide a formal mechanism to support workers in moments of need. They can also deliver financial health gains by helping recipients to smooth over a rough patch and enabling them to come to work, and to come to work with less worry.

These benefits are far more achievable if fund sponsors are clear about their goals and desired outcomes, and design and deliver their fund with those goals in mind. In doing so, they will need to delve more deeply into measuring their performance against specific objectives. This is necessary to continuously improve program functioning, and to begin to investigate how deeper data analytics could enable fund sponsors to not only measure impact, but also to target their funds more effectively.

At the same time, when fund managers were asked why they operated these funds, the most common answer was "because it is the right thing to do," and this is likely central to why they work. Workers' gratitude and appreciation emerge from the sense that their employer and coworkers are helping for reasons of principle, rather than self-interest. In thinking about how these learnings can inform additional work to establish a 21st century social safety net that delivers greater financial security for more workers while helping firms to invest in a more engaged, productive workforce, it is important to keep this in mind. Even when it may be hard to fully prove how flexible, cash grants to workers deliver positive returns to the bottom line, they are still "the right thing to do."

Introduction

Financial fragility – caused by incomes that have not kept pace with the rising cost of living, increased volatility, and a resulting lack of financial cushions to maintain stability – is increasingly common among working households in the United States (US).[4] Over a quarter of families are finding it difficult to get by or feel they are just getting by, and four in 10 report they could not pay a $400 emergency expense without borrowing or selling something.[5] In 2014, almost 60% of US households experienced at least one financial shock and over half of them felt lasting consequences due to subsequent struggles to make ends meet.[6] At the same time, the frequency of another driver of financial insecurity – natural disasters – has increased, creating large and highly visible financial shocks for workers and their families.[7] These statistics underscore the need for both new ideas and deeper investigation of existing practices in order to design a 21st century social safety net that delivers financial security for working families.

The workplace has always been a resource for people facing a tough time financially. The employer is a natural route for seeking help, and companies often want to be able to help. Employees often approach supervisors for an advance on their next paycheck or some other informal relief.[8] In companies large and small, workers come together in moments of crisis, hosting fundraisers for colleagues or taking up a collection by "passing the hat." Historically, these have been individual informal interactions.

An employee hardship fund offers a mechanism through which workplaces can manage and support this activity in more formal and consistent ways. Typically, a company and its workers contribute into a fund, and workers can then apply for cash grants from it. Specific grant eligibility criteria vary, but hardship funds generally try to help employees when disasters strike, or other highly unexpected events occur. Grant amounts commonly range from $500 to $5,000.[9]

As economic insecurity has risen, employee hardship funds have become more prevalent,[10] but they remain relatively unknown and unexplored. They are part of a hidden social safety net. Recognizing this knowledge gap and seeing the potential of these funds to provide a unique resource – cash assistance available quickly in a time of crisis – the Aspen Institute Financial Security Program and Commonwealth partnered to learn more.

4 "Income Volatility: A Primer," The Aspen Institute Financial Security Program, 2016.

5 "Report on the Economic Well-Being of U.S. Households in 2017," Board of Governors of the Federal Reserve, 2018.

6 "The Role of Emergency Savings in Family Financial Security: How Do Families Cope with Financial Shocks," The Pew Charitable Trusts, 2015.

7 "Disasters in the United States: Frequency, Costs, and Compensation," Vera Brusentsev and Wayne Vroman, W.E. Upjohn Institute for Employment Research, 2017.

8 "Feeling Stressed, Employees Seek Pay Advances," Society for Human Resource Management, 2014.

9 "An Environmental Scan of Disaster Relief and Employee Hardship Funds," Association of Disaster Relief and Employee Hardship Fund, 2013.

10 "Making Ends Meet: The Plight of American Working Families," Carol Morris, E4E Relief, 2015.

The research team studied hardship funds from the viewpoints of both the employers who offer them and the employees who use them. To understand employers' perspectives, the team investigated the history and legal framework in which hardship funds operate, reviewed public documents (including public tax filings for 16 of the largest and most well-known funds), and conducted 17 interviews with senior executives, fund managers, and other industry participants. To understand employees' experiences, the team fielded a survey with 163 respondents who had sought help from hardship funds at 20 different firms, conducted 14 in-depth interviews with fund applicants, carried out a "mystery shopper" investigation of the application processes at seven funds, and led two focus groups to understand the fund features most important to workers.

The research identified extensive benefits of employee hardship funds. Workers feel relieved and grateful that hardship funds exist. Funds can build loyalty and cohesion within the workplace and can contribute to employees' ability to build and maintain financial health and to continue positive job performance. The research also found, however, that to achieve these benefits fund managers need to design and deliver funds carefully.

Section 2 of this research brief looks at why companies establish funds and the operational choices they make, highlighting innovative practices. Section 3 shares the perspectives of hardship fund users, looking at awareness, satisfaction, and impact. Section 4 concludes with recommendations for five best practice principles for fund design and delivery and positions hardship funds in the larger context of worker financial security.

Hardship Funds: Purposes, Perceived Benefits, and Operations

This section of the brief first examines the purposes of employee hardship funds and what managers see as the range of potential benefits to offering such funds, and then discusses operational decisions such as structure, eligibility, request processing, and fundraising.

FUND PURPOSES AND PERCEIVED BENEFITS

The mission statements of hardship funds typically center on providing short-term financial assistance to employees who have fallen into unexpected hardship. Hardship funds are often – though by no means only – established in response to a particular natural disaster, and eligible hardships can range from only those stemming from natural disasters to providing support more broadly "in times of crisis" or as a result of "unexpected emergencies."

Mission statements may also emphasize an expectation of being a last resort, with language such as "when other resources are not available," and often reflect concern with personal responsibility, describing covered events with phrases such as "beyond their control" and "could not be expected to be adequately prepared through responsible financial planning and budgeting."

> **"I've been here [over twenty] years, and I would say this is [one of my] proudest...things we have launched. I'm really proud of the program."**
>
> *– Interviewed Hardship Fund Manager*

Less commonly, a fund may take a more expansive approach to their offerings, encompassing the broader well-being of employees. For example, the Levi's Red Tab Foundation "provides financial assistance, education and preventative programs to help these individuals in their own efforts to maintain their financial, physical and emotional health."[11]

However, interviews with fund managers revealed complexity behind the formal mission statements. When asked why their organizations have hardship funds, many managers say it is simply because it is "the right thing to do." They often point to the fact that employees would be helping each other anyway and the fund facilitates that practice, bringing tax advantages (described in *Structure* section below), consistency, and scale. Often, they express interest in using fund resources to provide a broader range of supports to employees under stress.

Managers described a belief that **the existence of a hardship fund communicates a company philosophy of being there for workers in moments of crisis.** For example, the research team spoke with several companies who set up funds following Hurricane Harvey. These funds did not attempt to resolve the full scope of financial disruption that affected employees experienced, but fund managers were confident that by providing even a small grant to a colleague who had been affected by the storm, they were conveying an important and meaningful message of support to both recipients and the community.

[11] "2018 Annual Report," Red Tab Foundation, 2018. https://www.rtfannualreport.org/.

The Red Tab Foundation – established in 1981 by a former Levi Strauss & Co. executive – partnered with EARN (a national non-profit helping families achieve prosperity through savings) to create Red Tab Savers, a platform to help employees build a habit of savings and equip themselves with an emergency fund. Over a six-month period, the Foundation matches up to $40 in monthly savings contributions.

www.redtabfoundation.org/red-tab-savers

Interview respondents also suggested that **employee hardship funds yield brand and workforce benefits** through talent recruitment, stronger employee engagement, and greater loyalty and retention. They argue that this is the case not only for those employees who benefit from hardship fund grants – and may therefore be able to be more productive at work as a result of receiving needed help – but also for all who know the fund exists.

Fund managers' perspectives differ on how adequately they can address employee financial challenges and how narrow or broad a suite of offerings to provide. Some fund managers emphasize that the grant they provide is only one piece of what may be needed and is unlikely to be sufficient on its own. This is consistent with a typical, more limited fund purpose. Less common are the funds that take a more expansive approach by building on their core function of meeting immediate needs to add a stronger focus on building workplace financial health either through additional fund offerings such as a matched savings product (see box on Red Tab Foundation partnership with EARN) or by strengthening benefits available to all employees.

Hardship funds can provide employers with a window into what is most needed to help workers be financially stable, because fund managers have access to detailed information regarding employee needs based on the applications they see. Information available from fund administration can be useful in understanding workforce needs and optimal benefit structures. For example, one employer saw an increase in the number of applications in a particular geography related to housing and created a connection to social services directed at finding affordable housing. Another noticed an increasing number of hardship applications related to a particular type of medical expense, which provided evidence that enabled human resources to fill this coverage gap in employee health insurance benefits.

OPERATIONAL DECISIONS

The desktop review and interviews identified the range of operational choices companies make. The key decision categories – each detailed below – are: 1) fund structure; 2) eligibility guidelines; 3) application process; 4) decision-making; 5) grant disbursement; 6) fundraising and 7) complementary offerings.

Fund Structure

Most companies choose to establish a hardship fund either as a separate charity or as a donor-advised charitable fund using a third-party administrator. Less common is for companies to set up the fund as part of business operations, foregoing the tax advantages available through a charity.[12] The specific legal status and charitable organization classification of a fund affects the tax-deductibility of contributions, the assistance that can be provided, and the taxability to beneficiaries of assistance they receive.[13] According to a 2013 study of approximately 100 hardship funds, over 80% of funds receive donations that are deductible to the contributors, and 73% provide assistance that is tax-free to the recipients.[14]

A principal factor in structuring a hardship fund is managerial. Smaller employers are more likely to outsource to a third-party administrator; this reflects concerns with both capacity and

12 Non-profit employers can realize some of these tax benefits without setting up a separate charity.

13 "Disaster Relief: Providing Assistance Through Charitable Organizations," Internal Revenue Service, Publication 3833 (Rev. 12-2014).

14 "An Environmental Scan of Disaster Relief and Employee Hardship Funds," 2013.

legal compliance.[15] Those who choose to use one of the third-party administrators emphasize the value of standardized management and documentation in minimizing fraud and maximizing legal compliance. They also argue that engaging a third-party maintains arms-length and consistent decision-making for applicants, which in turn increases both employee confidentiality and applicant dignity. Having this option available is significant, because the perceived complexity of offering hardship assistance may otherwise discourage some employers from offering a fund.

Those who administer funds in-house argue that they can better integrate the fund into company culture, which enables them to communicate more effectively with both donors and recipients of grant funds. They can monitor applications more closely, mining that data for insights into the operations of company benefits and identifying moments when an exception to eligibility or application rules is justified.

Regardless of the choice to administer a fund externally or internally, all sponsoring companies make a choice about whether the fund is managed by a separate charity, corporate social responsibility, or human resources. Some input from each of these functions (as well as from operations) is needed for effective management.

The Homer Fund – created in 1999 by the founders of Home Depot – is an employee hardship fund supported today by donations from over 93% of company employees.

The Fund reflects the employee role by using two standards of eligibility: Direct Grants have very specific criteria for assistance with basic living expenses; Matching Grants, available when coworkers have taken up a collection to assist a colleague, have more liberal criteria for covered expenses.

https://www.thdhomerfund.org/index/

Eligibility Guidelines

The IRS guidance enabling employee hardship funds offers the framework from which eligibility decisions are made. Assistance can be provided in the aftermath of a natural disaster, or when a recipient encounters a personal hardship.[16] This assistance can offset reasonable and necessary personal expenses incurred (and not covered by insurance) by someone who is in need of financial assistance as a result of the hardship.

Almost all employee hardship funds offer grants in the case of a qualified disaster (such as one declared by the President), but the breadth of eligibility varies. Some funds want employees to first use any other resources available, such as help from friends and family, other public charities like the Red Cross, or private insurance. One tool for encouraging reliance on other sources as much as possible for smaller needs is setting a minimum grant size.[17] Funds broaden or narrow eligibility based on the types of expenses covered, the share of costs that will be paid, and the nature of documentation required.

Most of the funds reviewed in this research also offer personal hardship grants. Qualifying events for this assistance encompass a range of unexpected occurrences such as a house fire, domestic violence, illness, or death of a family member. Most funds do not provide grants specific to the qualifying event but for financial hardships arising from it. For instance, if there is an unexpected death and someone must pay for funeral costs and then cannot afford a month's rent, the fund will cover that housing expense. Some funds flexibly adapt eligibility based on the hardships they see in applications. One saw an uptick in requests related to the opioid epidemic, and adjusted eligibility to include costs related to adoption of affected relatives' children.

[15] For example, using a donor-advised fund through a third-party administrator enables a smaller employer's fund to serve a large enough group to qualify as a "charitable class."

[16] "Disaster Relief: Providing Assistance Through Charitable Organizations," 2014.

[17] "An Environmental Scan of Disaster Relief and Employee Hardship Funds," 2013.

Application Process

Employees can most often apply for assistance directly, but some funds require involvement of a manager or human resources professional. In those instances, the manager or human resources professional applies on behalf of the employee. Employers following this practice have two goals: engaging local management directly in the decision-making and addressing employees who lack access to a computer during the work day (delivery truck drivers, for instance), making applying and responding to requests for additional information a challenge. This dynamic is likely to shift as more people use smartphones and application processes become mobile-enabled. Most funds permit direct application through an online portal or e-mail.

Documentation requirements differ greatly. One company interviewed limited their online application for disaster relief to 10 questions and did not ask for verifying materials. This allowed employees to quickly answer questions and prioritized ease of use and speed over complete accuracy in disaster circumstances. Another fund said it does not require much proof in order to avoid having applicants feel as though they are applying for a loan. At the other end of the spectrum – and particularly for funds that allow applications related to personal hardships – many funds require a detailed application and supporting documents to prove the amounts and types of expenses to be paid. A smaller number of companies ask for detailed financial information about the applicant.

As described further below in the Employee Perspectives section, the application process and how funds are marketed have a significant impact on both the number of applications received, and the number of applications that result in grants being approved.

Decision-making

The process for applying eligibility criteria to approve or reject applications varies significantly. In smaller companies, this tends to be done by a committee that reads each application and makes a decision. Committees typically have four or five members that meet weekly or as needed.[18] With larger funds, dedicated staff whose primary job is case management often take on this responsibility. The primary legal constraint is that an employee hardship fund organized as a charitable organization cannot impermissibly serve to benefit the employer. To ensure that any benefit to the employer is "incidental and tenuous," there must be an independent decision-making process based on an objective determination of need.[19] Third-party administrators specialize in application processing and evaluation, using criteria set by donor employers.

Once an application is considered complete, the process typically moves swiftly. Nearly 60% of assistance decisions are made within one week.[20] In the context of disaster relief, this timeline compares very favorably to publicly-available assistance. For fund users, the length of time taken to make a decision greatly affected their satisfaction with the process (see *Satisfaction Drivers*, below under *Employee Perspectives*).

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[18] An Environmental Scan of Disaster Relief and Employee Hardship Funds," 2013.

[19] "Disaster Relief: Providing Assistance Through Charitable Organizations," 2014.

[20] "An Environmental Scan of Disaster Relief and Employee Hardship Funds," 2013.

MATCHING USAGE AND FUNDING

The greatest challenge employee hardship funds face is balancing revenues with expenses; that is, matching fund usage with available dollars. Funds have three levers: eligibility guidelines, awareness, and fundraising. Funds use both qualification criteria and limits on grant size to balance the resource flow between contributions and distributions; they must regularly revisit what is inside and outside the rules.

Most hardship fund administrators worry that awareness is too low but also fear that marketing too much will drive too much demand. If reliant on worker or outside contributions, the revenue/expenditure challenge involves setting and meeting fundraising goals. Successful pushes for donations can also drive awareness and an increase in applications.

Funds generally set eligibility requirements and market to employees with the goal of not spending more than the amount of funding secured, though smaller (and more flexible) funds are more likely to assess demand and adjust fundraising accordingly.

Approval rates vary and can be difficult to compare. One interviewed manager said the fund approved fewer than half of its applications and that this was due to misunderstandings among applicants about the fund criteria. Lack of clarity about eligibility criteria as well as complicated processes can lower approval rates. On the other hand, some managers said over 80% of requests were granted.

Grant Disbursement

Grant disbursement – whether by direct deposit or paper check – can be to the employee or to those the employee owes (such as health care providers and landlords). Respondents to a 2013 survey reported that more than 80% of grants were direct vendor payments,[21] but this payment method was not as disproportionately prevalent among the funds in this research. Although payment method may be seen as a minor administrative detail, it can significantly color the user experience (see *Satisfaction Drivers,* below under *Employee Perspectives*).

Fundraising

The most common source of funds for hardship grants is a combination of employee contributions together with corporate matches or independent company donations. For a majority of hardship funds, employees provide at least a quarter of revenues. However, the share of employees who donate to these funds varies. One interviewed company indicated that 95% of its employees donate to its fund, while a 2013 survey observed that the most successful hardship funds have 20% to 40% of employees contributing.[22]

A hardship fund may also be endowed by a company's founders and executives; one was able to rely on an initial endowment for about 10 years before beginning to solicit worker contributions. The research found that companies sponsoring funds also exhibited strong senior-level executive support. These leaders and managers feel good about addressing hardship. The difficult decision for them is not whether to have a fund but how much money to allocate. This is not a static appraisal; in the event of a major disaster – such as having a hurricane hit a town where a company has a major presence – that company will often allocate revenues from other sources to address needs.

Many funds run annual or semi-annual campaigns to solicit donations from employees. This can be particularly important for funds structured as public charities, which are legally required to have the diversified funding afforded by numerous small donations. Many companies facilitate contributions through payroll deduction, and some offer an online

[21] Ibid.

[22] Ibid.

option. Even companies that outsource fund management are responsible for marketing and fundraising. Fundraising may be tied to the occurrence of a natural disaster, either once or as they occur over time.

"We had complete buy in from the steering committee that we formed and [it] was super easy to get people on board...We were getting emails from them saying 'thank you for involving us' so it wasn't like we were trying to pull people away from their day jobs to do this, this is something they took on very proudly."

– Interviewed Hardship Fund Manager

Employee fundraising campaigns are an opportunity for employers to integrate the hardship fund into company culture as a community builder. Consistent use of flyers, posters, and other promotional tools – as well as fundraising events – generate not only awareness and contributions but also build employee connectedness and engagement. The goal is not simply soliciting donations but also communicating when and how the hardship fund can be used.

Leadership donations to fundraising campaigns from board members and management can be powerful. On the other hand, fundraising may be done quietly among just senior staff to minimize risks to brand image both internally and externally (principally, a perception that a workforce's financial vulnerability is a product of the company's wage and benefits structure). One company expressed concern that lower-paid staff solicited for donations may view the hardship fund negatively if they feel they have insufficient income to contribute or if they see the fund functioning as a substitute for paying higher wages. Another challenge with relying on workforce contributions is that employee donors may incorrectly expect automatic qualification for a grant if they apply.

Complementary Offerings

The research uncovered a nascent, but growing interest in exploring complementary offerings that could improve the impact that hardship funds achieve. The Levi's Red Tab Foundation's partnership with EARN to deliver a matched savings account is one example. Other complementary offerings referenced by research participants include financial counseling and connections to other local resources such as case management services, legal services, and loans and debt consolidation. Fund managers exploring these options are motivated by the potential to 1) deliver higher impact by combining grant funds with additional supports; 2) help a broader group of employees; and 3) reach employees earlier, whether to prevent financial hardship or to minimize its effects.

Employee Perspectives

Research with employees yielded an understanding of how workers who have encountered hardship funds view and experience them. After providing a demographic overview of the workers represented in the research, this section of the brief looks at employee awareness of hardship funds and explores user satisfaction and impact, examining the key drivers of each.

RESEARCH PARTICIPANT PROFILE

Survey respondents were predominantly (78%) female. The largest share of respondents (44%) identified as White, with 31% indicating African-American/Black and 11% Hispanic/Latinx. Few respondents said they had a college degree. Otherwise, respondents were divided evenly across demographic groups such as age, marital status, and parenthood.

Because this research sought recipients of hardship fund assistance, most (88%) of those responding to the survey were successful applicants (but this should not be viewed as indicative of the overall application approval rate for hardship funds). Two-thirds of the requests were for $500 to $2,500; only 1% asked for between $5,500 and $10,000, and another 1% requested over $10,000. Half of requests included help with housing expenses (arising from varied causes, including natural disasters, death of a family member, and income loss from uncompensated leave); other common requests were for medical bills (29%), utilities (25%), and food (22%).

Respondents reported financial vulnerability. Nearly three-quarters reported annual salaries below $40,000; most (88%) were paid hourly, and the most common wage bracket was $11.00 to $15.99 an hour. Two-thirds said their income fluctuated, with 18% saying it changes a lot month to month. Almost all reported trouble covering monthly expenses: 45% said it was somewhat difficult, and 44% said it was very difficult. Respondents' precarious financial position is exacerbated by low assets (a third said they had no assets, and 69% were not saving regularly) and high debt (a quarter indicated having over $40,000 in debt). To manage unexpected expenses, half of respondents had taken money out of retirement accounts for non-retirement expenses. A majority (60%) of respondents had recently applied for emergency assistance for the first time, but a third had applied once before.

FINDINGS: AWARENESS

Users overall reported extremely low awareness of the funds among their peers, and most users had not been fully aware themselves prior to their hardship experience. Conversations with users highlighted that formalized messaging and outreach from employers about the funds is extremely limited. One interviewee even voiced the perception that her company was intentionally hiding the hardship fund from employees to prevent too many people from applying.

At most companies, word of mouth was the primary driver of awareness; 33% of survey respondents said they first heard about the fund from a coworker and 25% from a manager. At a handful of companies, messaging about funds was integrated into workplace culture and employees' day-to-day experience, resulting in increased awareness; however, this did not necessarily mean that employees understood its purpose. In many cases, employees found out about the fund because they were asked to donate to it rather than it being promoted as an available resource. Two funds described by workers had highly proactive messaging: both were dedicated to a natural disaster relief and were extensively messaged to all employees in an affected area.

Most – even those more familiar with the purpose of their hardship funds prior to their emergency – did not recall the funds' existence during their moment of need. Several interviewees commented that they remembered after the fact or were reminded by a coworker or manager. One interviewee who had donated to his employer's fund prior to his emergency did not recall the fund until fifteen days to a month later. He commented, "It didn't occur to me immediately...once I was back to my normal routine is when I thought about what could help. [The fund] popped up in my mind."

There was a widespread lack of clarity on eligibility requirements, rules, process, and documentation requirements (whether employees were aware pre-emergency or not). Nearly all interviewees said they were unfamiliar with the rules before applying, and some remained unfamiliar even after applying and receiving assistance. One interviewee reported receiving incorrect information about the fund and its application process. The lack of clarity affected both employees and employers; employees found it more difficult to navigate the process with little or incorrect information, and employers appeared to spend more time following up, answering questions, and re-requesting information from applicants.

Users consistently recommended two strategies to boost awareness: marketing to all staff (and doing it regularly); and clarifying fund purposes and eligibility rules. Two interviewees offered specific examples of what impressed them at their workplaces. For one, it was senior management flying in after a hurricane for an all-staff meeting to inform them of the hardship fund and to encourage them to apply. For the other, it was sending e-mails to staff company-wide and having local leadership reinforce the message by personally informing employees about the fund's availability and offering guidance in the process.

FINDINGS: SATISFACTION AND FINANCIAL IMPACT

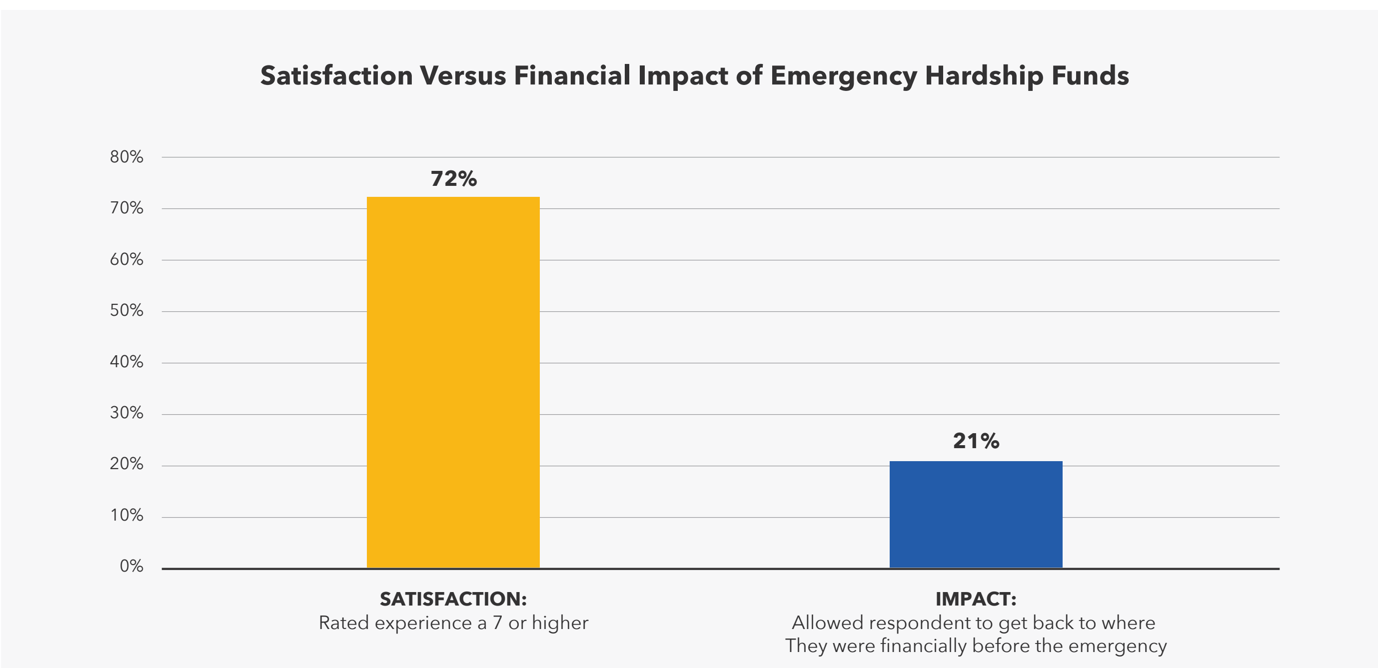
The research team collected data on what users experienced during and after the hardship fund application process, including:

- Overall rating of the fund experience
- Financial impact, defined as ability to recover financially from the presenting emergency
- Emotional and attitudinal outcomes, including attitudes towards employer and workplace community, levels of stress, and ability to show up for work and stay focused

The research found a clear disparity between satisfaction (how a person rates their experience with a fund) and financial impact. For the purposes of this analysis, financial impact was defined as enabling the grant recipient to return to his or her pre-hardship financial position. The research also investigated if fund recipients experienced less financial worry and were more effective at work as a result of the grant. This set a high bar, as many funds self-define their objective as helping in a moment of need, rather than solving financial challenges. Fund managers point out that an employee who has lost everything in a natural disaster or other emergency will need to access resources outside of the hardship fund. Nonetheless, the research team determined that this definition of financial impact is useful in highlighting the criteria that drive financial impact, regardless of the bar set, especially for funds that have broader eligibility criteria in terms of the types of events covered.

As shown in the chart below, satisfaction was relatively high (72% of all survey respondents rating their experience a 7 or higher out of 10), but financial impact was relatively low (21% of respondents reporting that they were able to get back to where they were financially before the emergency).

This disparity indicated that satisfaction among fund recipients is not highly correlated with level of financial impact, and further analysis suggested that these two outcomes are impacted by different sets of drivers. [23]



[23] While this is true for the bulk of research participants (those who received funds), it is important to note that the few fund applicants in our research who were denied were both unsatisfied and reported negative impacts as a result of not receiving funds.

SATISFACTION DRIVERS

When hardship fund users talked about their positive experiences with the funds, they frequently referenced: 1) the process of applying; 2) the perception that funds were fairly serving all; 3) the connection they felt to their employer and coworkers; and 4) how having access to the funds made them feel. This section details the research findings from each of these drivers.

Application and Approval Process

Ease of the application and approval process was critical to applicants' satisfaction. Nine out of the 10 survey respondents who found the application process difficult to extremely difficult, also reported having a terrible experience. Conversely, 88% of those who found the application process easy to extremely easy considered their experience great. The share of applicants rating the process as easy was generally high (66% to 87%), but it was below half (40%) at one of the companies surveyed.

Applicants shared **five key (often interrelated) challenges to the application and approval process:**

- **Anonymity was an overarching concern throughout the process,** from how the application is submitted, to the types of documentation requested, to how the money is disbursed.

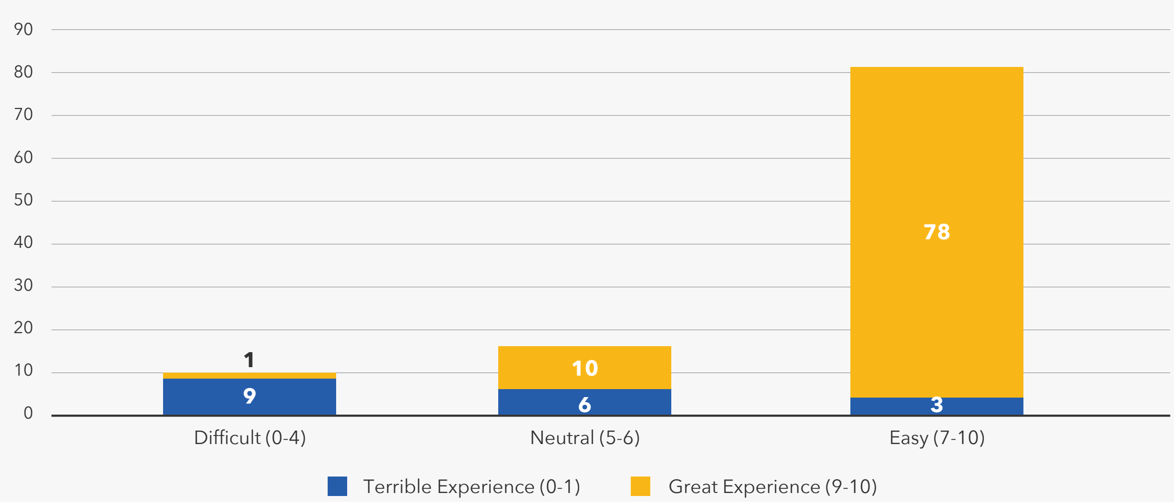
Conversations with applicants highlighted that application and approval process design can also exacerbate feelings of shame or embarrassment.

Interviewees voiced a preference for online processes, both due to their ease and accessibility but also because of the preservation of anonymity in an online application. Applicants typically felt uncomfortable with application processes that went through a manager or a human resources department. In addition, a number of interviewees tried to preserve anonymity with external parties and felt exposed when asking for documentation to support their hardship or having checks sent on their behalf.

- **Employees were greatly affected by the length of time it took to learn whether their application was approved.** Survey respondents were satisfied with wait times of less than one week (80%) or one to two weeks (83% satisfaction). Satisfaction declined to 56% with a wait time of three to four weeks and to 5% if it took more than four weeks.

- **Communication problems related to the application and approval process drove down satisfaction.** These also exacerbated other issues, such as dissatisfaction with length of wait time and information requested. Several interviewees received little information for weeks after application and found it particularly frustrating having to contact the fund to ascertain the application status. One shared that she was not informed when she was approved or when the fund paid her dentist; she learned of the payment

Relationship Between Ease of Application Process and Overall Satisfaction



"Because you get to do it on your own, it's so basic. You're not on the phone with anyone. You fill it out on your own pace; it's online, so it feels safe, secure, and private. That also helps people who are somewhat embarrassed or feel ashamed of their situation."

– Interviewed Fund User

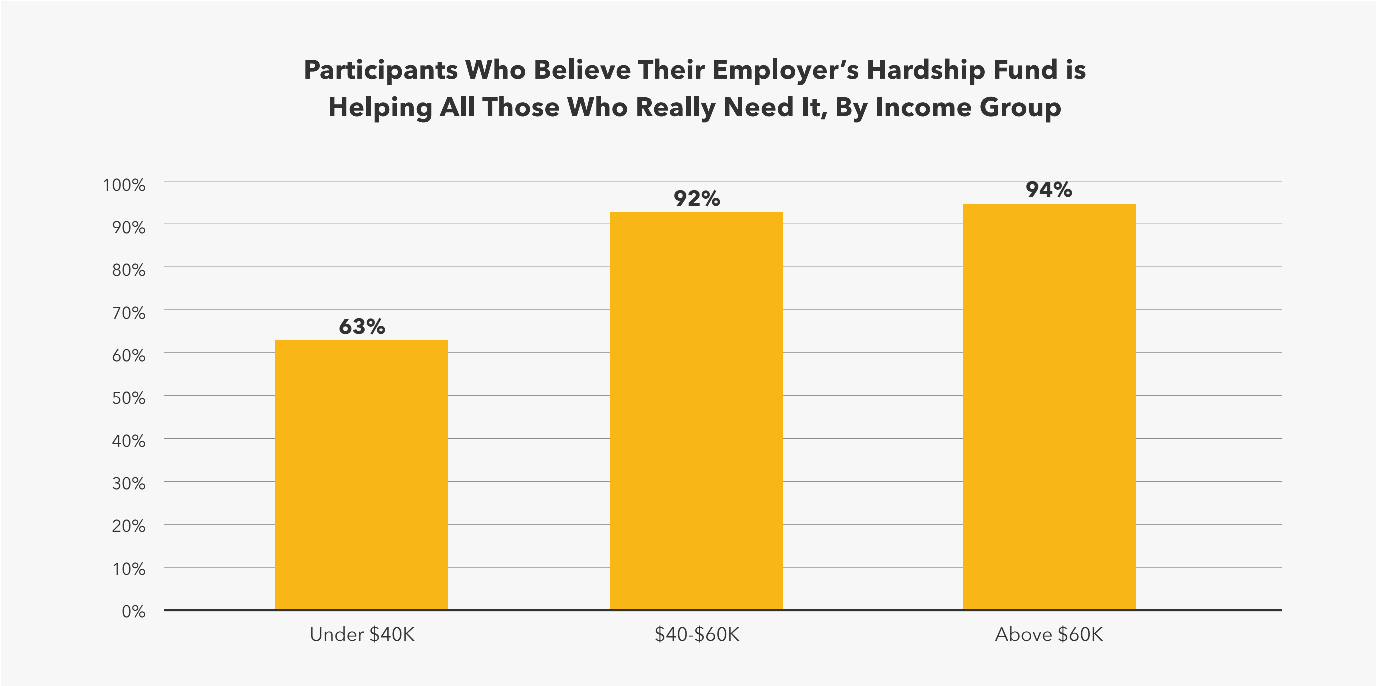
only when she called the dentist to check on her bill. Under these circumstances, even those who waited a short time experienced stress. Another user, who did not receive a call or update on her application until two weeks after she applied said, "During those two weeks, I thought I wasn't approved. There was no other contact within that time." Other recipients who received updates within two days said the process was "stress-free" or "designed to help you, not to frustrate you".

Communication seemed to be less of a challenge for employees with funds that assigned a case manager upon receipt of application or that used touchpoints such as acknowledgement of application receipt and updates on progress. Even longer wait times had less of a negative impact on recipients' experiences if the expectations around timing were made clear initially and if communication was maintained throughout the process.

Most interviewees did not receive any follow-up from fund management after receiving the grant, and they generally did not view this as a problem, largely due to their perception of the number of people who were being assisted. Survey respondents who received follow-up contact were grateful for it; those who did not were split between "it didn't really matter to me" (48%) and "I would have appreciated if they would have followed up" (44%).

- **Although interviewees universally supported requiring proof of need, some felt documentation requirements were overly strict and difficult to meet.** For example, one recipient wished she could have provided medical records instead of getting a letter from a busy NICU doctor to prove her child's hospitalization. Another participant, though she was being evicted and was able to produce legal documentation certifying this, was unable to produce a document that met the specific 'eviction notice' requirements of the fund's rules, so she was not approved. To make documentation less burdensome, interviewees suggested a higher level of flexibility on types of proof requested and upfront clarity on documentation needs (some had not learned what specific types of documentation were required until after they applied).

- **Users were usually satisfied with how funds made payments.** In general, fund recipients were flexible on how they were paid, though there was a clear preference for direct deposit. When there was dissatisfaction, it related to a breach of anonymity or difficulty processing the payment. For example, one interviewee shared that the direct-to-vendor payment to her landlord made her feel exposed and vulnerable. Another had challenges with a utility company accepting a two-party check, and another received an e-check with a time limit on printing but did not have a printer immediately available.



Perceived Fairness

Fairness proved an important driver of satisfaction, and there was a general perception that funds are fair. Among survey respondents familiar with hardship fund rules, 80% felt the help went to those who really needed it. This was not universal, however; at one company, only 39% of those surveyed agreed. There was also income-related variation in the perception of fairness. Fewer than two-thirds of those with lower incomes (under $40,000) felt the fund is helping all those who really need it, compared to over 90% of those with higher incomes feeling that way.

Connectedness

Funds contribute to building community within organizations, and the feeling of connectedness that came from the funds had a direct impact on user satisfaction. Interviewees often found out about the hardship fund because a coworker or manager knew they were struggling and reached out to help. Others expressed appreciation for the guidance they received from a manager or human resources staff. Employees receiving assistance appreciated the opportunity to contribute to the fund themselves and found coworkers helping coworkers to be powerful.

Survey respondents who had received assistance felt strongly that hardship funds are important to employees' relationships with their employers. Two-thirds registered the highest-possible agreement with the statement, "It's important to me that the organization I work for offers a hardship fund" (with only 14% being neutral or disagreeing). Over 60% felt equally strongly that "Access to the hardship fund makes me feel better about working for my employer." Over half (54%) said that it made them feel supported by their company. One fund recipient commented, "It's indescribable, because you wouldn't think that your job or company would have that for you," and another said, "It made me feel like my coworkers had my back."

Conversely, research participants who were denied assistance expressed a more negative view of their employers. One said she first sensed the company cared but then felt like it turned its back on her during her moment of need. Another equated denial with the employer not caring when the reason for being turned down was an error made by the manager completing the application.

Employees felt grateful to be working at a company that offers emergency assistance. Some who had received help said it had a marked impact on their commitment to staying with the company. Those who already had job satisfaction and then had a positive experience with the hardship fund were highly enthusiastic about their employer; an employee with negative job experiences stayed on the job because of the company's fund. Nearly 72% of survey respondents said they were more likely to stay with their current employer rather than move to a place not offering a hardship fund. One fund recipient, who was particularly impressed by his experience with the hardship fund at his organization said, "I tell my team, unless I get fired, I'm not going anywhere. Where better to work than at a company I feel passionate about?"

Emotional Effects

The research points to important emotional aspects driving satisfaction. The interviews with hardship fund users included asking what three words described how the experience with the fund made them feel. Interviewees – most of whom were satisfied with their experience – most commonly answered "relieved," "overjoyed," "grateful," "supported," "blessed," "valued," and "happy." Conversely, the most common negative word – expressed by those who were denied – was "disappointed."

"[I am] happy that there's a chance to contribute to the fund. I really believe in it because it worked for me; that is why I contribute."

– Interviewed Fund User

"Even if you don't use it, just to know it is there in case you need it is really awesome."

– Interviewed Fund User

The survey also explored specific psychological effects. **A majority of survey respondents (60%) said their hardship fund experience had made them feel less stressed.** Overall, a majority of respondents strongly agreed that fund assistance had helped them feel less distracted at work, spend less time worrying about finances, spend less time during the workday dealing with financial issues, and less likely to miss work due to personal financial issues. One recipient, answering whether his performance would have been affected without the fund, said, "Definitely. My mind was on 'How do I take care of my family right now?' As hard as you try to snap out of it, it's very difficult during a hardship. My job is to take care of my team…but that's not where my mind would have been."

These emotional effects were felt more strongly among the middle-income group ($40,000 to $60,000) than among those with lower or higher incomes; for example, 88% of middle-income respondents strongly agreed that they felt less distracted at work, compared to 58% of lower-income respondents.

FINANCIAL IMPACT DRIVERS

When fund users discussed the extent to which the funds helped them address their emergency, the most important factors were: 1) whether they were approved; 2) whether they received their full request; 3) their access to additional supports; and 4) their level of compensation and benefits.

Application Approval

Hardship fund applicants who did not receive funds reported severe negative consequences. Two interviewees lost their homes because they did not have access to needed financial resources after denial. One had to live in a hotel for a month with her three children. Even among those receiving assistance, it sometimes came after they had already turned to harmful financial alternatives, such as withdrawing from a 401(k)-retirement account, accumulating credit card debt, or obtaining a payday or title loan.

"They followed up on where I stood – wanted to make sure you didn't fall back into the same moment. Never felt like it was 'if he's not, we aren't going to help him.' It was more that if there's a situation where you still need help, what other resources can we give you.

– Interviewed Fund User

Award Amount

Only about half of survey respondents received enough money to fully cover their emergency expense. Two-thirds of those receiving sufficient funds said they would have left the expense unpaid without assistance. Among those who received only partial help, 40% did not pay the bills in full; those who did cover bills in full did so by borrowing from friends and family (24%), selling something (17%), and/or using a payday loan, deposit advance, or overdraft (14%). Those receiving only partial help may have received only part of their request or may have been unable to request the full amount they needed due to fund rules capping the maximum amount that can be requested.

Among the interviewees, some received partial help for the immediate need, others had that need met but were still in a precarious financial position, and a few said they were better off financially after using the hardship fund. In the survey, only 21% said the fund helped them get back to where they were financially before the emergency. An interviewee who was unable to request the full amount needed to cover her hardship said what money she was able to request made handling a house fire and medical bills somewhat easier, but she was nonetheless left scrambling to cover two-thirds of the unexpected expenses she faced.

"Am I going to be able to put my house back together? Yes. Did it end my financial hardship? No."

– Interviewed Fund User

"Without the fund, I would have been getting loans and falling back; taking from one bucket to fill another...playing a game of catch up."

– Interviewed Fund User

Receiving the full amount requested was critical to, but did not guarantee, financial impact. Of those who only received part of their request, 95% were unable to return to their pre-emergency financial position. Applicants who received their full request reported a smaller, but still significant, percentage of 65% unable to return to their previous financial position. This finding suggests: 1) the dollar limit on funds may not be sufficient to cover employees' full emergency; and 2) there are factors beyond the grant amount that influence fund impact.

Additional Resource Provision

Interviewees who received support in addition to a cash grant reported the most significant financial impact. These supports included financial advice and coaching, access to fair and low-cost loans, legal counsel, and mental health services. Although the hardship fund users and the focus group participants found additional resources to be important, they also felt it was important that these be available broadly, voluntarily, and at all times, not just when employees are going through the fund process. Particularly with respect to financial coaching (which some saw as potentially patronizing), participants did not want to feel targeted or be obligated because of negative perceptions of their financial behavior.

Compensation and Benefits Context

Hardship fund impact appears to be driven in part by income level and access to specific employee benefits. Multiple interviewees discussed how they would not have been able to do their job well were it not for the peace of mind the fund provided. The finding that it was those in the middle-income group of survey respondents who disproportionately reported positive job-affecting impacts such as being less likely to miss work due to personal finance issues (see *Emotional Effects*, under *Satisfaction Drivers* above) perhaps reflects the role of greater baseline financial stability.

For some, strong employee benefits augmented the hardship fund and helped them get back on their feet. Interviewed hardship fund users with access to paid leave were able to use the financial assistance they received to cover their direct emergency expenses, rather than needing to use hardship funds to compensate for lost wages. Hardship funds had diminished impact among those without paid leave, because those workers had to use what they received to replace lost wages and were unable to address costs arising from the unexpected event itself.

MEASURING OUTCOMES

It is challenging to measure the impact of hardship funds. Today, companies that provide hardship funds primarily rely on storytelling and verbatim accounts from employees who have received assistance to demonstrate the value of the fund. They also track outputs, such as the total amount of dollars raised, and the number and amounts of grants given. These measures are important, alongside measures of the efficiency of the grantmaking process, such as number of days to approve and fund a grant.

However, the research indicates that many fund sponsors are beginning to think about additional measurement that would aim at understanding the impact of grant funds. This is motivated by a desire to maximize the good that limited grant funds can do. It is also informed by the belief that growing this activity requires expanding from the motivation to "do the right thing" to proving that there is a return on investment for donors who provide the funds.

Those interested in measuring impact can think about two categories of results: 1) employee satisfaction and engagement; and 2) grantee financial and emotional well-being. On the former, fund managers can gather data to understand if the existence of a hardship fund builds trust and loyalty within the employee community, and if workers who receive grants or who are aware of the existence of hardship fund programs have longer tenure, greater engagement, or improved job performance. These impacts have benefits not only for donors, but also for workers themselves who benefit from increased stability.

To understand well-being gains, sponsors can ascertain how well the employee's specific financial need is addressed, and whether employees feel less financial worry, greater optimism, and greater capacity for longer-term planning. For this research, the team asked recipients if they were able to get back to their pre-crisis financial state. But, a lower level of direct financial impact may still result in a demonstrable improvement to well-being; as workers who receive a small grant may still experience extra cushion in both their financial and emotional lives, enabling them to better address the larger crisis. It is also important to know if the recipient was able to avoid financial harms related to the hardship, such as high-cost borrowing, late fees, or diminishment of their credit score.

There are broader measures of financial well-being used in the marketplace that would also be useful, such as the Consumer Financial Protection Bureau's Financial Well-Being Scale[a] or the Center for Financial Services Innovation's Financial Health Score.[b] While it is unlikely that a hardship grant on its own will deliver measurable financial health gains across a broad population, companies who implement financial health measures in an ongoing way will have data that enables them to fit the hardship fund within a broader portfolio of financial wellness supports more effectively.

[a] "Measuring Financial Well-Being: A Guide to Using the CFPB Financial Well-Being Scale," Consumer Financial Protection Bureau, 2015. www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/

[b] "CFSI Financial Health Score® Toolkit," Center for Financial Services Innovation, 2018. https://cfsinnovation.org/score/

Conclusions and Recommendations

This research identified extensive benefits of employee hardship funds. These funds help workers address urgent and unexpected financial burdens, offering something otherwise unavailable: a flexible and quick cash grant. Employees who receive hardship fund assistance are generally very satisfied with their experience and extremely grateful for the support. These funds also help build community within companies.

To be effective, employee hardship funds must be well-implemented. Design matters greatly. The research findings point to **five best practices** that can help funds maximize their impact:

1. **Maximize Dignity**

   Asking for financial help is hard, and when employees come to their company's hardship fund, they are already under stress. Communication and anonymity are crucial aspects of a good application process. Applicants want clear and timely information upfront about the fund's purpose, eligibility guidelines, and procedures. They want to be treated with warmth and respect and like having an assigned case manager with whom they can connect directly. Employee privacy is also important. Though it can be helpful to engage human resources professionals in some way, applicants do not want a process that makes their financial challenges known to coworkers, managers, or others (such as their landlords).

2. **Be Efficient**

   Workers accept the need for application processes and documentation, but onerous paperwork requirements and burdensome interactions result in frustration rather than goodwill. Difficult application processes are also draining for fund managers. On the back end of the process, distribute grant funds to recipients quickly and easily. Direct deposit to the employee is best for most; if a check must be cut, it must be easily and quickly received.

3. **Balance Rules with Flexibility**

   A standardized process facilitates greater consistency. But it can be extremely challenging to develop eligibility criteria that adequately capture the idiosyncratic financial disruptions in workers' lives. Employers that maintain some decision-making flexibility are better able to respond to workers' problems. This includes loosening paperwork requirements or allowing interventional overrides to preclude deserving applicants from being denied due to perceived technicalities.

4. **Integrate in Culture**

   Employee hardship funds are most successful when fundraising and awareness campaigns are integrated thoughtfully into company culture. Funds set up as charities (enabling donors to give and recipients to receive in a tax-advantaged way) must maintain some operational distance (the sponsoring company cannot realize business gains from the fund), but this does not preclude strong messaging that emphasizes opportunities to contribute to the fund and messaging around how the fund works.

5. **Proceed Expansively**

   A cash grant of a few hundred to a few thousand dollars is invaluable to an employee who receives it, but it is likely insufficient to help those in crisis achieve lasting financial health. The most innovative fund sponsors see this gap and explore additional ways to support workers, such as applying what can be learned from trends in hardship fund applications to the design of company benefits. Expansiveness in programming can mean engaging proactively in prevention and resilience. Financial wellness services and benefits such as savings facilitation, loans, financial coaching, flexible scheduling, and paid leave can complement and leverage emergency assistance. Hardship funds that complement a robust workplace financial health infrastructure can most effectively address workers' inevitable financial ups and downs. Regularly revisiting funds' usage and measuring outcomes offer insights that can be used not only to optimize the hardship fund directly, but also to inform the development of that broader infrastructure.

These best practices are far more achievable if fund sponsors are clear about their goals and desired outcomes, and design and deliver their fund with those goals in mind. In doing so, they will need to delve more deeply into measuring their performance against specific objectives. This is necessary in order to continuously improve program functioning. Furthermore, the nascent field that is coalescing around this practice will need metrics and a further research agenda to answer questions that this research did not contemplate. This includes questions such as how global organizations could provide consistent supports while acknowledging local differences and how deeper data analytics could enable fund sponsors to not only measure impact – including with a racial and gender equity lens – but also to target their funds more effectively.

For those exploring further opportunities to promote the financial health of their workforce, employee hardship funds can provide tremendous benefit to both workers and employers. They can boost loyalty and cohesion within the company and provide a formal mechanism to support workers in moments of need. They can also deliver financial health gains by helping recipients to smooth over a rough patch and enabling them to come to work, and to come to work with less worry.

At the same time, when fund managers were asked why they operated these funds, the most common answer was “because it is the right thing to do,” and this is likely central to why they work. Workers’ gratitude and appreciation emerge from the sense that their employer and coworkers are helping for reasons of principle, rather than self-interest. In thinking about how these learnings can inform additional work to establish a 21st century social safety net that delivers greater financial security for more workers while helping firms to invest in a more engaged, productive workforce, it is important to keep this in mind. Even when it may be hard to fully prove how flexible, cash grants to workers deliver positive returns to the bottom line, they are still “the right thing to do.”

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