
Unit 6: Managing Undesignated Cash

Introduction In this unit, we will discuss what to do with the undesignated cash and you will practice making decisions during an activity.

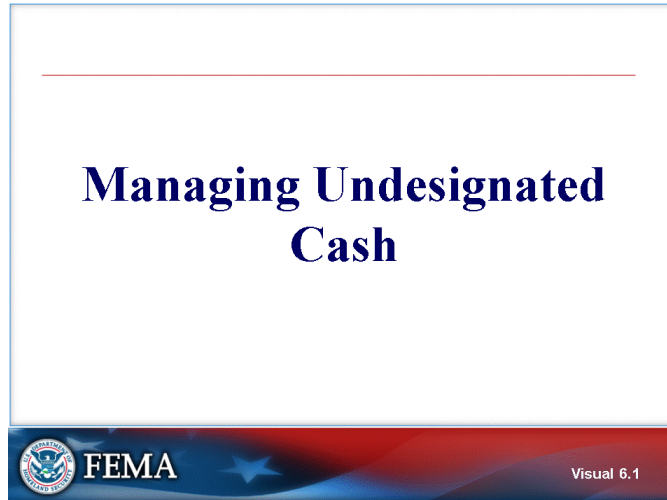
Objectives At the conclusion of this unit, you will be able to:

1. Analyze why cash is the best of all potential donations.
2. Develop a policy for referring cash donations to appropriate local organizations.
3. Write guidelines to encourage donors to give cash to acknowledged voluntary organizations.

Scope

- Why Cash is Best
- Who Should Get Cash?
- What to Do With All That Cash: An Activity

Visual 6.1



- There may be undesignated cash coming into local government offices.
- The government is encouraged to provide those funds to Long-Term Recovery Groups. It is important that donors feel confident their cash donations will be used to meet the needs of survivors.
- To assist with building this confidence, it is important to tell prospective donors about the kinds of services provided by voluntary organizations.

Unit Objectives

Visual 6.2

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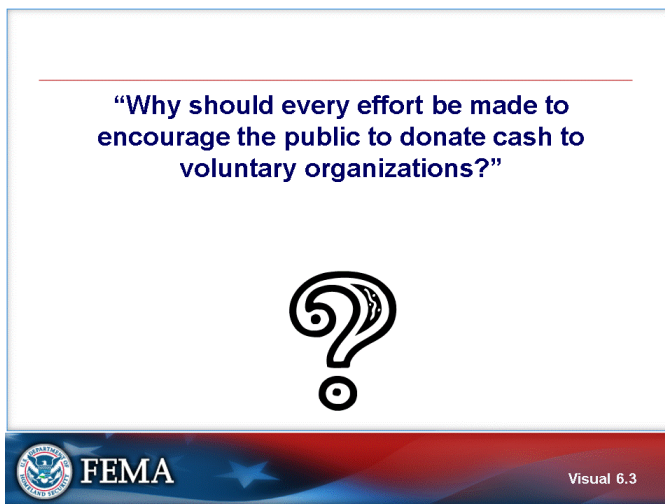
FEMA

Visual 6.2

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Why Cash is Best


Visual 6.3



Visual 6.4

Cash is Preferred

- Helps voluntary agencies meet precise needs
- Helps rebuild local economy
- Allows for:
 - Equitable disbursement procedures
 - Standard accounting procedures
- Provides support for Long-Term Recovery Committees
- Is more efficient to inventory cash than stuff



FEMA


Visual 6.4



- Voluntary organizations are the ideal recipients of cash donations from the public because they provide numerous services to the most affected disaster population with little red tape. Practically all assistance, including volunteer labor provided by voluntary organizations, is provided for free.
- Voluntary organizations are usually aware of specific items needed by the survivors of the disaster—whether it be food, baby products, cleaning supplies, or other items.
- Receiving cash avoids the often difficult and labor-intensive task of sorting, storing, re-packaging, and re-shipping donated goods at a collection center or warehouse.
- Putting money back into the local economy helps those communities recover faster from the disaster. When donated goods are received, it can compete with local businesses.

Who Should Get Cash?

Visual 6.5



Which Cash Recipients Are Best?

- National VOAD guidelines
 - Always encourage donations to VOAD organizations active in the response efforts
- Many organizations have existing Disaster Relief Funds
- Mayor or Chief Executive may decide to create a “Disaster Relief Fund”
 - Provides potential donors with another option for giving to help meet immediate and/or long-term needs of disaster survivors

Visual 6.5

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 - Always encourage donations to VOAD organizations active in the response efforts
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- The overarching guidance from National VOAD for cash donations is to ALWAYS encourage cash donations be made to voluntary organizations.
- Many National VOAD organizations have been able to help many people get their lives back to normal by using cash donations.
- While the overarching guidance is important, the messaging shared with the media after a disaster is just as important. The cash donations message MUST be a consistent one used by everyone each time they talk with the media.
- While cash donations to voluntary organizations are preferred, some cities and counties may create their own disaster relief fund as another option for potential donors. The thought behind the creation of such a fund is that donors might donate to a Mayor's Fund who wouldn't normally donate cash to a voluntary organization.
- While setting up such funds may not be recommended, your community may choose to create one after a disaster. As the Local Volunteer and Donations Coordinator, you may be asked to manage or provide assistance in the operation of the Fund.
- Determine where those funds will be used BEFORE a disaster. The recommendation is that you have, in writing, where those monies will be channeled. The best place is to the Long-Term Recovery Groups.
- Have clear guidance on the subject of how cash donations are helpful to all stakeholders.
- Your policy should be clear on how cash donations are processed.

Visual 6.6

Challenges: Voluntary Organizations versus Local Government Fund

- **Management**
 - Organization has pre-determined staffing; Local Government might not
- **Processes**
 - Organization has established processes; Local Government has to develop
- **Disbursement of funds**
 - Organization has established guidelines; Local Government has to develop
- **Accountability**
 - Organization knows when and what needs to be reported to the IRS, donors, etc. and when it should be reported; Local Government might not

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- There are challenges for funds managed by the government. Donors' money given to a government fund is not tax deductible. Some communities cannot take donations.
- A reputable voluntary organization that accepts cash donations has probably been doing that for a while. This could be something new to your government. Keep in mind the fund will likely be created in the middle of a disaster when stress levels and work responsibilities are already elevated.
- If a voluntary organization has accepted cash donations previously, those processes are already in place. The government has to take time to create its fund and develop an entire process for receiving, receipting, and depositing donations.

Visual 6.7

Cash and Long-Term Recovery

For a local disaster without State involvement:

- Funds may go into an account
 - Ministerial association
 - United Way
 - Other non-profit organizations
- Funds can then be directed to non-profits involved in long-term recovery efforts

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- Cash is very important for long-term recovery efforts.
- Funds may go into the account of any “tax-free” voluntary organization that is willing to act as the fiscal agent for the funds once agreed on by the Long-Term Recovery Group.


What to Do With All That Cash: An Activity

Visual 6.8



What to Do With All That Cash

- Review the scenario and the additional information
- Answer the questions/issues to consider
- Summarize your response on the easel chart
- Be ready to report to the class



FEMA

Visual 6.8

Purpose: To determine the most efficient process for handling cash donations based on a scenario.

- Directions:**
- Review the scenario and read the additional information.
 - Working with other members of your small group, answer the questions for Unit 6.
 - Record your answers on the easel and be prepared to report to the class.

ADDITIONAL SCENARIO INFORMATION FOR THIS UNIT

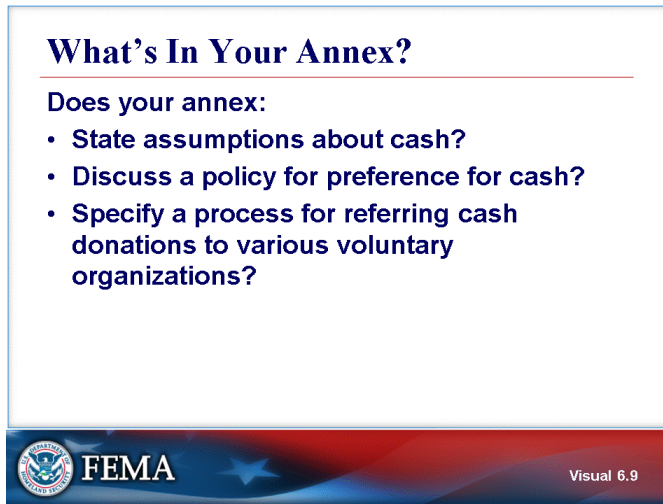
Another message has been released in the local media about donated cash vs. donated goods. While the message is clear that cash is best, several voluntary organizations are each receiving funds. To date, there is no central accounting or management. Rumors say there is more than \$35,000 that has been collected just 4 days after the fire, but no one can verify that amount or state how it is being used.

Questions/issues for this Unit to be addressed by the group:

- What is the best way to handle this situation based on the particulars in your community? Would you put one group in charge of the cash? What process would you use to ensure that all survivors' needs are being addressed?

What's In Your Annex?

Visual 6.9



What's In Your Annex?

Does your annex:

- State assumptions about cash?
- Discuss a policy for preference for cash?
- Specify a process for referring cash donations to various voluntary organizations?

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Visual 6.9

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Unit Summary

Visual 6.10

Summary

1. Analyze why cash is the best of all potential donations.
2. Develop a policy for referring cash donations to appropriate local organizations.
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The bottom of the slide features a decorative banner with a red and blue background. On the left is the FEMA logo, which includes the text "FEDERAL EMERGENCY MANAGEMENT AGENCY" around a central emblem. To the right of the logo, the word "FEMA" is written in large, bold, white letters. Further right, the text "Visual 6.10" is displayed in a smaller font.

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APPENDIX

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To: State and Local Officials

Subject: Disaster Donation Policy

National Voluntary Organizations Active in Disaster Background:

When disaster strikes—whether flood, hurricane, earthquake, or explosion—lives, homes, communities, and businesses may be damaged or destroyed. The people affected often need serious and substantial short- and long-term help to put their lives back together. Federal, State, and local governments supply resources; voluntary organizations also provide money, volunteers, material necessities, and a variety of expertise.

After Hurricane Camille (1969), it became clear to organizations that regularly helped disaster survivors that their services were frequently duplicated and uncoordinated. For example, two organizations would be feeding disaster survivors on opposite corners. Representatives from seven organizations began to meet on a regular basis to share their respective activities, concerns, and frustrations in disaster response. They developed the National Voluntary Organizations Active in Disaster (National VOAD), which now has almost 40 members. In addition, there are VOADs in all of the States and most of the territories.

After Hurricane Andrew (1992), the VOAD movement extended to the local level. Disaster response organizations in regions hit by the disaster learned that cooperation at the regional, county, or metro-area level was crucial. In Florida, for example, the disaster did not affect the entire State, just the far south. It made sense for local groups to convene locally instead of in the State capital. In 1996, serving local VOADs became part of the official mission of National VOAD.

Issue Background:

Voluntary organizations operate on budgets based on donations from members, from private and public institutions, and from the general public. During times of disasters, many donors are motivated to contribute to voluntary organizations that perform disaster services. These donations make it possible for voluntary organizations to provide urgently needed services to disaster victims. Government agencies at all levels depend on the relief efforts of voluntary agencies to provide immediate relief, as well as mid- and long-term assistance. These private resources augment assistance from the government. Without voluntary organization assistance and the labor of volunteers, government would be faced with many more demands on their scarce resources.

The Current Issue:

In the last few years, several State Governments and other political jurisdictions have solicited or received donations from companies and the public following a disaster. Several Government agencies have established 800 telephone numbers to coordinate or solicit donations. Government “competition” for private donations has decreased the amount of cash available to voluntary organizations, thus negatively impacting the ability of voluntary organizations to provide emergency relief and rehabilitation.

National VOAD Position and Recommendation:

National VOAD and its members want State Governors and their Offices of Emergency Management to understand the potentially serious negative impact of their donation management policies. Government solicitation or receipt of public donations after a disaster negatively impacts the ability of voluntary agencies to respond to the immediate and urgent needs of disaster victims.

National VOAD urges States to recognize the national Donation Management Policy of the Federal Emergency Management Agency (FEMA) and adopt the following policies related to Cash Donations following a disaster:

State Governments should establish policies that refer potential donors to voluntary organizations that are providing services to disaster victims; and States should not solicit or accept private donations from the public. State Governments should encourage local jurisdictions to establish similar policies and procedures. In the event that cash donations are received by a State or local government agency, decisions about the distribution of such contributions should be referred to a public-private group with established criteria for distributing these funds.

We believe that this policy will result in more contributions and fewer conflicts among organizations that are now supporting government in assisting disaster victims. Additionally, to support this policy, National VOAD will encourage every State VOAD to have representation on the State Donations Coordination Team. This in turn will assure participation in the ongoing planning efforts of the State Government to address issues of donations management. National VOAD and VOAD members are available to assist government jurisdictions to: develop their donation management plans; establish procedures for managing phone banks; and conduct training courses for staff working in donation management.

Sincerely,

The National VOAD Board of Directors