



Mary Hull Caballero
City Auditor
City of Portland
1221 SW 4th Avenue, Room 310
Portland, OR 97204

RE: Small Business Relief Fund (SBRF) Audit

May 5, 2021

Dear Auditor Hull Caballero:

Thank you for the opportunity to respond to your recent audit, "Prosper Portland Emergency Grants: Standards Needed to Ensure Program Integrity," the work put into this audit by your team, and your dialogue with us throughout the evaluation process.

We appreciate the audit's acknowledgement of the Small Business Relief Fund's success in providing a "lifeline" to small businesses negatively impacted by the COVID-19 pandemic. We also appreciate your recognition of the speed of deployment (with the first round of awards selected within a month of the emergency declaration) and the diversity of the awardees (with 89 percent of awards going to people of color and 58 percent to women, consistent with City's Council direction to prioritize businesses "owned by Black, Indigenous, Asian Pacific Islander and People of Color and/or women").

We are in full agreement that we can use lessons learned from these initial rounds to strengthen performance and evaluation in future emergencies. In particular, we will incorporate better documentation of processes, a more formal change process if program guidelines need to be adjusted, and a more detailed assessment of potential risks and tradeoffs when bringing program guidelines to the Prosper Portland Board or City Council.

We believe the process and decisions furthered the Small Business Relief Fund's core objectives and appreciate the feedback about documenting the approach. Staff employed an equity- and vulnerability-centered approach, leveraged community input from a diverse Selection Committee, and iterated between rounds with up-to-date best-practices. Specifically:

- **Prosper Portland employed a holistic selection process** to deliver on City Council's direction around equity and vulnerability priorities, to rapidly respond to urgent and increasingly dire small business needs, and to incorporate real-time community and Council feedback throughout the process. With enough funds to award only three percent and 18 percent of eligible applicants in the first and second rounds, respectively, these were extremely difficult decisions. This holistic assessment included reviewing narrative information provided by qualifying applicants. This human-centered process allowed staff to identify the most urgent needs, make difficult decisions weighing multiple factors, and reach a more diverse final set of awards.



- **Prosper Portland focused on intent of criteria in evaluation.** Given the desire to help highly impacted, vulnerable businesses, Prosper Portland decided against disqualifying a business for technical versus substantive reasons. For example, because the criteria of registering with the Secretary of State's office was implemented as a proxy for proving the required existence of a business prior to the award application date, a lapsed registration was acceptable if there was additional evidence that met the requirement of proving the business was "real."
- **Prosper Portland took a trauma-informed approach and considered the user experience.** With vulnerable small business owners facing both compounding crises and an inaccessible federal relief landscape, staff sought to reduce barriers for equitable engagement – such as language, financial literacy, and access to bookkeeping services – throughout program implementation. For example, staff intentionally decided against requiring in-depth accounting reports from most grantees, requiring receipts, or insisting that grant recipients respond to extensive surveys. The Selection Committee, in particular, advised against enforcing overly burdensome practices on small struggling businesses, most of whom had received less than \$2,500, given the ongoing nature of the crisis.

While we hope global events do not repeat the situation that caused the need for these emergency relief measures, we believe the lessons learned from this process and your evaluation will better prepare us to respond in an economic emergency in the future.

Sincerely,

Ted Wheeler
Mayor
City of Portland

Kimberly Branam
Executive Director
Prosper Portland