

Sweetened Beverage Tax Community Advisory Board

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Date: October 14, 2022

To: Councilmember Lisa Herbold, Councilmember Tammy J. Morales, Councilmember Kshama Sawant, Councilmember Alex Pedersen, Councilmember Debora Juarez, Councilmember Dan Strauss, Councilmember Andrew J. Lewis, Councilmember Teresa Mosqueda, and Councilmember Sara Nelson

From: The Sweetened Beverage Tax Community Advisory Board

Subject: 2023-2024 Proposed Budget for the Sweetened Beverage Tax Fund

Cc: Mayor Bruce Harrell, Senior Deputy Mayor Monisha Harrell, and City Budget Director Julie Dingley

Dear City Council,

On behalf of the Sweetened Beverage Tax Community Advisory Board (CAB), we are writing to express our support for the *2023-2024 Proposed Budget* as it relates to the Sweetened Beverage Tax (SBT) Fund (00155), a position we discussed and unanimously approved at our September 30, 2022, CAB meeting.

It is clear the Mayor and City Budget Office (CBO) utilized our [August 19, 2022 budget recommendations](#). At that time, the CAB was asked by CBO to consider how to reduce approximately \$1.3 million in annual spending needed to balance the SBT Fund, based on the August revenue forecast which predicted lower than projected SBT revenues from 2022 through 2026. In response, our August recommendations included the following key points:

- **Make no cuts to food access and prenatal-to-three programs and services.** These are critical programs and services for residents most impacted by racial and social inequities in food security, health, economic hardship, and child wellbeing. The demand and need for these services remain especially high during this time of historically high inflation which disproportionately burdens low-income residents.
- **Look for 2022 savings (SBT underspend) and other funding sources to balance the SBT Fund,** instead of taking reductions from SBT-funded programs and services.
- **Do not take across-the-board reductions and instead use a targeted approach.** The CAB provided a list of program priorities to help guide the Mayor and City Budget Office, including guidance to avoid and minimize cuts to direct services and benefits for individuals in need; avoid and minimize cuts to contracts and grants managed by BIPOC-led and serving organizations;

look for ways to reduce administrative costs, without compromising program and service implementation; and consider whether the program or service already is or could be served by other funding sources.

It is clear the Executive took our recommendations seriously when it balanced the SBT Fund and we are appreciative of their efforts to bring us updates and consult us on throughout their process to develop the proposed budget. Specifically, the Mayor’s proposed budget for SBT:

- Makes no reductions to SBT-funded direct services or benefits for individuals in need.
- Makes no reductions to our priority programs funded by SBT—Fresh Bucks, Food Equity Fund, Prenatal-to-Three Grants Program, Health and Development Support, Food Banks and Meal Programs; Farm to Table; Home Visiting; Healthy Food in Schools, Food Policy.
- Minimizes SBT program reductions by using \$945,000 from the federal Coronavirus Local Fiscal Recovery (CLFR) Fund in 2022 and using SBT reserve funds in out-years (2025 and 2026). We understand the budget pressures faced by the city and recognize the Executive made a conscious choice in prioritizing the use of CLFR funds in this way.
- Limits overall reductions in SBT to \$578,000 in 2023 and \$478,000 in 2024, with reductions targeted in ways recommended by the CAB. Below is a summary of the department-level SBT reductions proposed by the Executive:

Dept	Reduction Details
DEEL	\$273,000 for professional development for CCAP* providers (ongoing, 2023-2024)
DON	\$115,000 for eliminating a vacant position (ongoing, 2023-2024)
HSD	\$100,000 for program evaluation (one-time in 2023)
HSD	\$90,000 for indirect and overhead (ongoing, 2023-2024)

*CCAP = Child Care Assistance Providers

- Reprioritizes \$350,000 SBT in HSD to fund food and meals for people experiencing food security, via HSD’s Food Lifeline contract that supports food and meal programs. The \$350,000 SBT would shift from the Public Awareness Campaign (\$250,000) and program evaluation (\$100,000).

While program reductions are never ideal, our conversations with departmental staff have given us confidence that these reductions minimize impacts on the people in need and make sense during these uncertain times. Given limited resources, it makes sense that food and meals are prioritized over program evaluation work and the public awareness campaign about sugary drinks, but we hope these bodies of work will be brought back soon as funding becomes available.

Regarding the reduction to professional development for CCAP providers, our understanding from DEEL staff is that high-quality early childhood professional development is available at no cost to child care providers through institutions like the University of Washington and Child Care Aware of Washington. These alternatives offer meaningful learning opportunities until professional development funding from the City is restored. As for HSD’s program evaluation funding, this supports work with contracted food partners to co-create an approach to assess program effectiveness and client satisfaction with services.

Our understanding and expectation are that HSD and CBO consider this reduction as a temporary postponement of the program evaluation work. We expect to see this program evaluation work resume in future years since assessing how well food bank programs and services are meeting client needs is critically important.

Additional Considerations

The year 2022 has been marked by considerable economic instability and uncertainty that will likely continue to change the city's revenue outlook throughout the biennium. The CAB experienced this firsthand in our own adjacent budget process. For example, in June 2022, we developed our first set of budget recommendations based on CBO's April revenue forecast, which indicated a healthy SBT Fund and potentially a small surplus. This was followed by a need to completely change course based on the August forecast predicting lower than expected revenues and dictating the need for reductions.

In discussions throughout the summer on both revenue scenarios, the CAB discussed a range of program and policy considerations which are summarized below. Given our role is to advise the Mayor and City Council on the use of SBT revenue ([Ordinance 125324](#)), we expect the City Council and the Mayor will heed this advice.

- **Continue to consult the CAB early and often whenever there are changes in the SBT revenue outlook.** We are aware that there will be a revenue update in November and that projections could swing again. Our expectation is that we will be consulted if there is a need to identify additional reductions or reallocations, or if revenue projections come in higher. In August, our recommendations focused on how to address reductions, but we are also tracking program priorities for when there are opportunities to make new investments or deepen current investments. The top three program priorities for unreserved funds we identified in our [June recommendations](#) are:
 - **Fresh Bucks (OSE):** Increase funding for Fresh Bucks outreach and enrollment partners, the onboarding of new Fresh Bucks retailers (specifically small, locally own stores that offer culturally specific foods), and increase the number of households served by Fresh Bucks.
 - **Food Equity Fund (DON):** Increase funding available for grants awarded through the Food Equity Fund program, which supports an array of unique and creative community endeavors that seek to increase equitable access and opportunities to grow, to learn about, and/or eat healthy, affordable, and culturally relevant foods. In 2022, the grant requests for Tier 2 alone topped \$8.4 million for only \$2.8 million available for awards.
 - **Developmental Bridge Program (DEEL):** Fund an outreach campaign designed to support robust, equitable outreach focused on reaching families who experience systemic barriers to access developmental screenings and early intervention services.
- **Identify alternative and stable sources of funding for critical food security and prenatal-to-three programs and services.** Whether or not the latest SBT revenue forecast is indicative of a longer-term trend or just the uncertainty of these economic times, this much is true—the SBT does not adjust for inflation and, by its very design, is intended to curb consumption of sugary drinks. (In fact, [study findings](#) on the impact of the Seattle SBT showed the tax led to a sustained 22 percent decline in volume sold of taxed beverages up to two-years post-tax.) SBT revenue is

decoupled from demand for food access and early learning programs. This means SBT revenues will not keep pace with program expenses and may one day be a declining revenue source. If the SBT alone is unable to fully fund all the food access and early learning programs and services it current supports, the City must identify additional sources of stable funding—such as aligned city, county, state, federal and even private funding sources—to maintain these critical programs which serve residents impacted by racial and social disparities in food security, health, economic hardship, and child wellbeing.

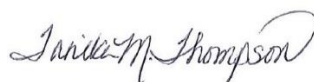
- **Enhance culturally relevant and in-language outreach and awareness about the food access and prenatal-to-three services available to eligible residents.** The CAB understands that resources are limited and being prioritized for direct services and food assistance, which we endorse. However, we implore all SBT-funded departments to consider culturally relevant, in-language outreach and information about what programs and services are available as an essential part of direct services and assistance. Food and child support services work best when their objectives and strategies for outreach and information sharing carefully consider language, culture, and community perspectives. Assistance programs that do not prioritize inclusive outreach and engagement as a key implementation strategy will not advance equity. Additionally, we would also like to see funding for the [Be Ready. By Hydrated.](#) public awareness campaign or a similar youth-focused campaign be reinstated in the future if funding allows.
- **Pursue external partnerships and other resources to support program evaluation work.** Program evaluation is one of the areas where reductions are targeted in the proposed budget. In past recommendations, the CAB has advised that City departments should set-aside at least five percent of their program budgets for evaluation. Especially since COVID, we understand that the City’s capacity to conduct program evaluation work may be limited or that the City has reason to prioritize service delivery over assessment. However, we urge the City to look for creative ways to evaluate programs and services and report on the outcomes and impact. For example, collaborations with the University of Washington, local colleges, and students could help support program evaluation work. Findings from program evaluations are critically important to understand what programs and services are making a difference for clients and participants or where improvements are needed. This information can be used to inform budget decisions and to pursue other funding sources to support the work.

Thank you for your continued consideration of our recommendations on the SBT spending plan. We appreciate the opportunity to advise the Mayor and City Council on the use of SBT revenue to advance equity in food access and early childhood outcomes.

Sincerely,



Jen Moss, Co-Chair



Tanika Thompson, Co-Chair

Sweetened Beverage Tax Community Advisory Board

Jaimée Marsh	Position 1, Food Access Representative
Barbara Baquero	Position 2, Food Access Representative
Rebecca Finkel	Position 3, Food Access Representative
Bilan Aden	Position 4, Community Representative
Tanika Thompson	Position 5, Community Representative
Christina Wong	Position 6, Public Health Representative
Kristin Sukys	Position 7, Public Health Representative
Jen Moss	Position 8, Public Health Representative
Barbara Rockey	Position 9, Public Health Representative
Munira Mohamed	Position 10, Early Learning Representative
Dan Torres	Position 11, Early Learning Representative