

Sweetened Beverage Tax Community Advisory Board

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Date: June 20, 2023

To: Mayor Bruce Harrell and City Budget Director Julie Dingley

From: The Sweetened Beverage Tax Community Advisory Board

Subject: 2024 Budget Recommendations from the Sweetened Beverage Tax Community Advisory Board

Cc: Council President Debora Juarez, Councilmember Lisa Herbold, Councilmember Andrew J. Lewis, Councilmember Tammy J. Morales, Councilmember Teresa Mosqueda, Councilmember Sara Nelson, Councilmember Alex Pedersen, Councilmember Kshama Sawant, Councilmember Dan Strauss, Executive General Manager Adiam Emery, Office of Sustainability & Environment Director Jessyn Farrell, Saroja Reddy, and Greg Shiring

Dear Mayor Harrell and City Budget Director Julie Dingley,

On behalf of the Sweetened Beverage Tax Community Advisory Board (CAB), we are writing to transmit the CAB's 2024 Budget Recommendations for the Sweetened Beverage Tax (SBT) Fund.

In accordance with the [Seattle Municipal Code 5.53.055](#), the Sweetened Beverage Tax (SBT) funds critically important programs that increase food security, increase access to healthy food, and support child health and early learning. SBT investments include nationally recognized and locally beloved programs and services like Fresh Bucks, Farm to Preschool, Healthy Food in Schools, the Food Equity Fund, the Prenatal-to-Three Community Grant Program, the Child Care Assistance Program (CCAP), and the Developmental Bridge Program. Additionally, critical hunger relief resources like food banks and meal programs are supported by SBT.

We are aware that, by 2025, the City either needs to cut approximately \$2,250,000 in spending from SBT programs and services or find other revenue sources to balance the SBT Fund (source: [SBT Financial Plan](#)). This budget situation is coming at a time when demand for SBT-funded programs and services greatly exceeds availability of funds.

Our topline recommendation is that the City of Seattle make no cuts to SBT-funded programs and services. Enclosed you will find an outline of key reasons why cuts would be contrary to city values, harmful to communities, increase economic, racial, and social injustices, and create major gaps in food access and early learning services. At the end of this memo, we have also included a list of ongoing programs/services supported by SBT and a list of all the community-based organizations that were supported in 2022 with SBT revenue, so you can see what is at stake for the community.

In the short-term, we urge you to look holistically across the city budget and find other city revenue sources to balance the SBT Fund, such as the future Families, Education, Preschool, and Promise (FEPP) Levy. In the longer-term, we advise you and the City Council to find a solution to sustainably fund food security and early learning programs. Food security and prenatal-to-three programs need diverse and progressive revenue streams to meet urgent needs in communities. As noted in our [February 2023 presentation to the Finance and Housing Committee](#), there are several structural issues with the SBT Fund that makes this a precarious revenue source for such important food and child health services. Perhaps the most important issue is that, *by design*, the SBT is known to be a volatile and potentially declining revenue source. This is not a negative thing when we consider the public health goal of the SBT is to curb consumption of sugary drinks. However, it is a problem when the City's essential services focused on addressing economic, racial, and health injustices are reliant on this unstable revenue source.

Our recommendations also include updated budget principles to advise your future budget decisions. We are aware that Seattle's city budget has some challenging years ahead due to combined effects of a slowing real estate market and tech industry layoffs, which are factors in the city's projected declines in the Payroll Expense Tax and Real Estate Excise Tax. Meanwhile, high inflation is outpacing the General Fund and SBT Fund. Added to all this, we also understand that the SBT Fund projections were impacted by a 2022 administrative error in how accruals were calculated, which produced an artificially high SBT revenue forecast and resulted in the City spending more on SBT-funded food access and early learning programs and services than revenue collected.

City support for food assistance and child wellbeing should not be negotiable or made to rely on investments that are known to be unstable. In September, we hope to see a proposed budget from your administration that reflects your "One Seattle" approach and epitomizes shared values for programs and services that help ease the struggles that lower income families are facing to pay for child care and nutritious food.

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

Sincerely,



Tanika Thompson-Bird, Co-Chair



Jen Moss, Co-Chair

Sweetened Beverage Tax Community Advisory Board

2024 Budget Recommendations

Recommendation: Do not cut SBT-funded programs and services. In the short-term, look holistically across the City budget and find other revenue sources to balance the SBT Fund. In the longer-term, find a solution to sustainably fund food security and early learning programs.

Last year, the Seattle City Council used \$1.2 million from the Payroll Expense Tax (PET) to backfill the SBT Fund in 2023 and 2024. Knowing there are immense budget pressures on the PET, other funding sources to consider include the future Families, Education, Preschool, and Promise (FEPP) Levy which is up for renewal in 2025-2026. We strongly encourage the City to consider how the next levy can fund birth-to-three services and programs currently supported by SBT.

Rationale:

1. **Cuts to SBT-funded programs and services will increase economic, racial, and social disparities.**

Thanks to years of engagement and co-design efforts with community partners and the CAB, SBT programs and services are intentionally designed and delivered so they benefit people in Seattle most impacted by race and income-based disparities in health, economic hardship, and child wellbeing. Additionally, demand for SBT-funded programs and services already exceeds availability of funds. For example:

- A report published in February 2023 for the King County Council, [Food insecurity in King County](#), reported the number of households accessing food pantries and receiving Basic Food assistance, Washington’s Supplemental Nutrition Assistance Program (SNAP), increased in King County, suggesting an increase in the number of people experiencing food insecurity. This need is magnified by historically high inflation and the recent sunset of expanded, COVID-era food assistance funding from the City, County and federal governments. This report was published *before* the end of SNAP emergency allotments (in March 2023) meaning SNAP has even less purchasing power compared to current food prices. For example, some elders (adults ages 60+) living on their own have seen their monthly benefits drop from over \$200 a month to just \$23 a month.
- A report published in December 2022 for the Washington Governor and legislature, [The True Cost of Quality Child Care in Washington](#), confirmed what many of us already knew – because child care is not financed as a public good, the cost of providing high quality care far outweighs the budgetary capacity of most families. Meanwhile, last year, a record number of families contacted the Department of Education and Early Learning (DEEL) to apply for CCAP child care subsidies, which are funded by SBT.

- Fresh Bucks has maximized the number of customers it can serve with the resources available. In the most recent Fresh Bucks open enrollment campaign, the program received applications from 3,200 households *that exceeded available enrollment spots*. Even without an enrollment process open, Fresh Bucks continues to field inquiries on a weekly basis from community members who are seeking Fresh Bucks enrollment opportunities (receiving nearly 700 enrollment inquiries in 2022 alone).
- This year, the SBT-funded Food Equity Fund received community grant proposals and funding requests that were *four times* the funding available (\$8.9 million in funding proposals for \$2.0 million available). In 2022, Food Equity Fund received over \$10.4 million in requests for \$3.8 million available. The Food Equity Fund was created in response to community demand and CAB recommendations and funds a variety of community-led food projects.

2. **Cutting food and child development services for low-income individuals and families and communities of color does not align with our city’s values and would harm our communities.**

We cannot overstate the importance of food security and prenatal-to-three programming:

- Food security is essential to health and wellbeing. When people don’t have enough food or must choose inexpensive foods that are not nutritious, this has a huge impact on their physical and mental health. For children, food insecurity impacts their health, behavior, and readiness to learn in school.
- Far too many Seattle residents experience food insecurity and hunger. Even before the onset of the pandemic, almost 11 percent of Seattle adults experienced food insecurity, and there are deep and persistent disparities by race/ethnicity, by income, and for households with children. Due to structural racism, Black, Hispanic, Native American/Alaskan Native, and Native Hawaiian/Pacific Islander households in Seattle are more than *four times* as likely to experience food insecurity than white and Asian households.
- The first years of a child’s life are some of the most important in terms of their cognitive, social, and physical development. Early experiences occurring when a child’s brain and behavior are being shaped affect a child’s ability to learn, to get along with others, and to develop an overall state of well-being. Unfortunately, not all children have the same positive experiences or opportunities, which can lead to disparities in educational, economic, and social outcomes. Social, economic, and environmental factors have been closely linked to health disparities. Seattle’s prenatal-to-three programs are working to change this, and SBT is their only dedicated revenue source.
- SBT funds support organizations that provide food access and complementary food and nutrition education in preschools and K-12 schools, filling a gap left by the pandemic in opportunities to engage in co-curricular learning and enriching experiences. Early

learning and K-12 schools rely on these extracurricular offerings due to limited staffing and budgetary resources.

3. **The only option to reduce future spending on SBT programs and services is to make cuts to direct services or benefits. This will negatively impact low-income residents and BIPOC who are the majority beneficiaries of SBT-funded programs and services.** Last year, the CAB worked with City departments to identify strategic, “non-essential” spending reductions that would not impact direct services or benefits for low-income residents. There is nowhere else to cut except for direct services. Adopted cuts and re-programming of SBT funds in 2023 and 2024 include:
 - Professional development for CCAP providers: \$273,000 cut in 2023 and 2024
 - Elimination of a vacant position in the Department of Neighborhoods: \$115,000 cut in 2023 and 2024
 - Program evaluation in Human Services Department (HSD): \$100,000 cut in 2023
 - Overhead and indirect in HSD: \$90,000 cut in 2023 and 2024
 - \$350,000 cut from the Be Ready Be Hydrated campaign (\$250,000) and program evaluation (\$100,000) and re-directed to food banks and meal programs.

4. **Cuts to SBT-funded programs and services will leave a major gap. This is because SBT-funded programs and services could not exist in their current form if not for dedicated, local dollars.** SBT revenues support unique, local programming that cannot be replaced or backfilled by programs and services supported by other state or federal entities. In fact, this is why the community strongly advocated to protect the use of SBT funds on dedicated food and early learning programs. For example:
 - CCAP is intentionally designed to support families who are *ineligible* for other state child care subsidy programs.
 - Together, the Food Equity Fund and Prenatal-to-Three Community Grant Program annually invest \$4.5 million in SBT revenue to support community-identified and community-led projects. SBT enables the City to flexibly and equitably invest in a variety of community-led projects and services throughout Seattle, using grantmaking and contracting practices that are significantly lower barrier than possible with state and federal funding.
 - Food banks and meal programs are also supported by the City’s General Fund and variable state funding. However, SBT enables the City to increase investment in food and meal programs to meet growing needs of older adults, families, BIPOC, and other communities, and to provide enhanced services such as culturally relevant foods, home delivery, student weekend hunger backpacks, and more. Money from the state is often prioritized in south King County where the needs are even greater.

- State and federal funding that flows through state agencies is available to support school meal programs. However, SBT is additive to existing school meal programs and greatly increases eligibility and access. For example, before SBT, only four Seattle Public Schools could offer the Fresh Fruit & Vegetable Program (FFVP) due to federal eligibility requirements, but with SBT the City expanded the program to 19 schools.
 - No state or federal funding is available for fruit and vegetable voucher programs like Fresh Bucks. State and federal funds support matching incentive programs for SNAP participants, a much narrower population than is eligible for Fresh Bucks, and one that does not meet the intent of the SBT ordinance for Fresh Bucks to serve residents in the “food security gap.” Moreover, matching programs require SNAP participants to spend their food assistance benefits on fruits and vegetables and receive matching funds to purchase more. This is distinguished from Fresh Bucks benefits, in which participants receive cash value e-benefits to purchase fruits and vegetables directly, negating a need to spend additional resources to access the benefit.
5. **The FEPP Levy is up for renewal in 2025-2026 and is a viable option to fund birth-to-three services that are supported by SBT.** Currently, the FEPP Levy Early Learning funds are intended to provide access to high-quality early learning educational services, specifically preschool starting at age 3. Research shows that investing in birth-to-three supports and programs is the most effective strategy for ensuring a strong start for children and for maximizing the impact of later investments in the education continuum. The future levy provides an opportunity to strategically align DEEL’s birth-to-three investments with its larger continuum of investments in children and youth across the birth to postsecondary continuum.

Additional budget guidance:

We are aware that Seattle’s city budget has some challenging years ahead due to combined effects of a slowing real estate market and tech industry layoffs, which are factors in the city’s projected declines in the Payroll Expense Tax and Real Estate Excise Tax. Meanwhile, high inflation is outpacing the General Fund and SBT Fund. Added to all this, we also understand that the SBT Fund projections were impacted by a 2022 administrative error in how accruals were calculated, which produced an artificially high SBT revenue forecast and resulted in the City spending more on SBT-funded food access and early learning programs and services than revenue collected. Given these economic and revenue uncertainties, the CAB also developed the following budget principles to guide your budgetary decisions.

AVOID reductions to programs and services that:

- A. **Reach priority populations through empowered leadership and participation with focus communities.** Priority populations are those most impacted by food, health, and education disparities: Black, Native, Indigenous, communities of color, immigrants, refugees, people with low incomes, individuals with limited-English proficiency, youth, and elders. Programs and

services that are co-created, led by, and benefit people from these priority populations should not be cut.

B. Apply a strong racial and social justice framework to all phases of the program design and delivery. Key program features that demonstrate this include:

- Understanding of how systems of oppression continue to impact access for BIPOC for basic needs food, housing, health care, education, and design strategies/approaches for how to address these barriers.
- Racial equity is embedded into Request for Proposals processes and procedures.
- A recent [Racial Equity Toolkit](#)(s) conducted by program staff and partners was used to inform program design, delivery, and policies.
- Active partnerships with community-based organizations that advance racial and social justice.
- Provides inclusive outreach, language access, and culturally responsive support.
- Evidence of community voice and feedback loops with community to inform program design and delivery.
- Addresses policy, systems, and environmental changes within the food and early learning systems.
- Supports community education and action to support food justice and food sovereignty.

C. Address a unique need. Reductions should be avoided if they would leave a gap because there are no other similar or complementary programs/services that exist for Seattle residents. Signs that an SBT-funded program is meeting a unique need include:

- There is strong evidence of community demand for the program/service.
- Similar federal and state programs exist, but they are too burdensome or restrictive compared to the aligned SBT-funded program.
- The program/service is one that has been identified by priority communities as a need.
- The program/service is partnering with community-based organizations that have never had access to City funding before.
- Investing in the program/service relieves pressure and demand on other programs and services. Likewise, reducing the program/service would increase pressure and demand on other programs and services.

D. Cannot be supported by another funding source (city, state, federal, philanthropic), in the short-term and long-term. It is critical for the City to carefully consider the time horizon of alternative funding sources. Essential food security and child development programs and

services need sustainable funding and should not be tied to another revenue source that is expected to decline or be unstable over time.

- E. **Use place-based and holistic approaches** that acknowledge the specific circumstances of a neighborhood and engage community members in the development and implementation of the project, program, and/or service. The City's [Racial and Social Equity Index](#) is a useful tool in determining areas of the city of highest equity priority. Programs and services that are delivered in areas of greatest disadvantage and disinvestment should not be cut.
- F. **Provide services in ways that are culturally and linguistically responsive, accessible, and comfortable for the focus population or community.** Outcome data that can demonstrate these features may include:
 - Share of program participants who prefer a language other than English.
 - Evidence that the program is delivered by people who speak the preferred languages of participants.
 - Positive stories and feedback from program participants about their experiences with the program.

Attachment 1: Programs and Services Supported by the SBT Fund

In 2022, the SBT Fund supported almost \$22.5 million in programs and services focused on food security and early child development.

Food Access and Health Promotion	Managing Dept	2022 Baseline Budget
Fresh Bucks	OSE	\$5,169,865
Food Equity Fund Community Grant Program	DON	\$3,093,239
Food banks and home delivery	HSD	\$2,788,912
Farm to Preschool and Child Care	HSD	\$1,003,272
Community and older adult meal programs	HSD	\$978,967
Healthy Food in Schools	OSE	\$475,716
Recreational programming	SPR	\$302,531
CAB Administration	OSE	\$173,678
Food Access Administration	HSD	\$163,849
Food Policy	OSE	\$128,716
Subtotal		\$14,278,745

Early Learning, Education, Child Development	Managing Dept	2022 Baseline Budget
Child Care Assistance Program	DEEL	\$3,084,345
Prenatal-to-Three Grant Program	DEEL	\$1,500,000
Health and Developmental Supports	DEEL	\$1,414,109
Coaching and Training	DEEL	\$744,021
Home Visiting	DEEL	\$607,925
SBT Central Administration	DEEL	\$548,274
Family Child Care Support	DEEL	\$298,410
Subtotal		\$8,197,084

Attachment 2: Community-Based Organizations supported by SBT in 2022

The following is a list of 2022 community-based organizations that were supported by the SBT Fund to implement food security and early child development programs and services.

African Community Housing & Development	City Fruit
American Polynesian Organization	Community Roots Housing
Asian Counseling and Referral Services (ACRS)	Cultivate South Park
Atlantic Street Center	Denise Louie Education Center
Casa Latina	East African Community Services
Children’s Home Society of Washington	El Centro de la Raza
Chinese Information and Service Center	Empowering Youth and Families Outreach
Got Green	Eritrean Association of Greater Seattle
Harborview Medical Center	Families of Color Seattle
Horn of Africa Services	Family Works
Interim Community Development Association	FareStart
Kaiser Permanente	FEEST (Food Empowerment Education & Sustainability Team)
Backpack Brigade	Filipino Community of Seattle
Ballard Food Bank	Food For All Youth Leadership Program
Beacon Food Forest	Food Lifeline
Black Dollar Days Task Force	Freeway Park Association
Black Farmers Collective	Friends of FEED
Black Star Farmers	Geneses Early Learning
Build Lake City Together	Hip Hop is Green
Byrd Barr Place	Horn of Africa Services
Casa Latina	Hummingbird Indigenous Family Services
Central Area Senior Center	Hunger Intervention Program
Central Co-op	International Community Health Services
Cham Refugees Community	Jewish Family Service of Seattle
Chief Seattle Club	Kandelina
Children’s Therapy Center (CTC)	

Khmer Community of Seattle King County	Puget Sound Labor Agency
Korean Community Services Center	Queer The Land
Kyo ABA Therapy	Rainier Beach Action Coalition
Lake City Collective	Rainier Valley Food Bank
Latino Community Fund	Rainier Valley Midwives
Neighborcare Health Systems	Rainier Valley Steering Committee
Neighborhood House	Salvation Army Food Bank
Odessa Brown Children's Clinic	Seattle Indian Center
Seattle Indian Health Board	Seattle Public Schools
Somali Health Board	Society of St. Vincent de Paul
United Indians of All Tribes	Solid Ground
Villa Comunitaria	Sound Generations
Legacy of Equality Leadership and Organizing (LELO)	South Park Senior Citizens
Lifelong	Ta'alem Community Center
Mary's Place	The Food Bank at St. Mary's
Mercy Housing Northwest	The Vida Agency
Mother Africa	Tilth Alliance
Neighborhood Farmers Market Alliance	Tongan Food Pantry
North Helpline	United Indians of All Tribes Foundation
Nourishian for Life	United Way of King County
OSL	University District Service League
Pacific Coast Harvest	Villa Comunitaria
Percussion Farms and Preserves	Voices of Tomorrow
Pike Market Senior Center	Wa Na Wari
Pike Place Market Foundation & PDA	Washington Multicultural Services Link
Safeway Corporation	West Seattle Food Bank
Seattle Farmers Market Association	White Center Food Bank
Tilth Alliance	Within Reach
	Young Women Empowered (Y-WE)