

2021 Proposed Budget

<http://www.seattle.gov/Documents/Departments/FinanceDepartment/21proposedbudget/2021%20Proposed%20Budget.pdf>

The following document compiles City department-level descriptions of significant SBT-funded program changes from the 2020 Adopted Budget (the “baseline” budget).

For an overview of the Sweetened Beverage Tax Fund – see page 665.

Sweetened Beverage Tax Fund – Revenue Overview (page 61)

On June 5, 2017, the City Council approved the Sweetened Beverage Tax (SBT) effective January 1, 2018. Distributors of sweetened beverages are liable for the tax of \$0.0175 per fluid ounce of sweetened beverage distributed into the city of Seattle for final sale to the consumer. The 2021 Proposed Budget includes revenues of \$15.4 million in 2020 revised downward from \$24.3 million in the 2020 Adopted Budget. Restaurant consumption is anticipated to increase somewhat in 2021, increasing these revenues to \$20.7 million. Sweetened beverages include sodas, energy drinks, sweetened juices and teas, sport drinks and ready-to-drink coffee drinks. Revenues will be used to fund educational and food access programs primarily through the Department of Education and Early Learning (DEEL), the Human Services Department (HSD) and the Office of Sustainability and Environment (OSE). Beginning in 2020 these revenues and associated expenditures are moved from the General Fund to the Sweetened Beverage Tax Fund in the City’s accounting system.

Multi-Department Revenue Summary (page 65)

Sweetened Beverage Tax Sweetened Beverage Tax (SBT) revenues are expected to partially rebound in 2021 after a large decline in 2020. In 2021, SBT revenues are expected to come in at \$20.8 million. Although this revenue forecast remains lower than 2019 collections by over \$3 million, the Proposed Budget largely maintains SBT-funded programming at existing levels. The budget also includes a one-time \$1.5 million increase to DEEL’s budget for a new grant program for community organizations providing prenatal-to-3-year-old services. This program comes out of a recommendation from the SBT Community Advisory Board (CAB). DEEL will work closely with the CAB on implementation of the grant program. The Fresh Bucks program, which was expanded in 2020, will maintain this expansion on a permanent basis. Moreover, grant programming for community healthy food access will be consolidated in the Department of Neighborhoods (DON) which will launch the Healthy Fund Food program that was put on hold through 2020. (p65)

Seattle Parks and Recreation

Adjustment for one-time budget changes – \$(300,000)

Removes one-time Sweetened Beverage Tax funding added in Council Green Sheet OSE-2-D-1 to add water bottle filling stations at community centers (page 97)

Department of Education and Early Learning (DEEL)

New Prenatal-3 Grants Program – \$1,500,000

Based on a recommendation from the Sweetened Beverage Tax Community Advisory Board (CAB), this item adds one-time Sweetened Beverage Tax (SBT) funding of \$1.5 million for a new prenatal to 3-year-old grant program for community-based organizations. A portion of this funding is reserved for administering the grant program. DEEL will work closely with the CAB and King County Best Starts for Kids (BSK) to develop the grant program. Some gaps in prenatal-to-3 services have been identified through the BSK work. The CAB may consider identifying ongoing SBT funding in the 2022 budget process. (page 163)

Adjustments for one-time budget changes – \$(4,336,086)

This item removes one-time funding from the 2020 Adopted Budget. The reduction includes several one-time items funded by Sweetened Beverage Tax (SBT) including the final Seattle Promise Endowment payment and funding for preschool facilities. The SBT authorizing ordinance included \$5 million for an endowment for the Promise program over a three-year period, and 2020 was the last year of endowment funding. The 2020 Adopted Budget included one-time SBT funding for preschool facilities; and funds for connecting families to child care and diapers. The adjustments also include one-time expenditures tied to SPP tuition revenues. (page 162)

Human Services Department (HSD)

Transfer Good Food Bag Contracts Expenditures – \$55,000

This item transfers \$55,000 in Sweetened Beverage Tax fund appropriation from the Office of Sustainability and Environment to the Human Services Department for the Fresh Bucks Good Food Bag Program. There is a corresponding change in the proposed budget for the Office of Sustainability and Environment. This transfer will eliminate the administrative burden posed by the current arrangement, in which the two departments jointly manage the program under a memorandum of agreement and run invoices and reimbursements for program expenses. (page 178)

Re-purpose SBT Funding for COVID-19 Response Expenditures –

This item reallocates Sweetened Beverage Tax proceeds within HSD for expenses related to operating the City's food support network during the COVID-19 pandemic. Anticipated expenses include personal protective equipment for staff, sanitation supplies, bulk-buy food purchases, and home-delivered food and meals. Funding would be repurposed from a professional services contract for a public awareness campaign, vendor contracts for the Out-of-School Time program, and unallocated contract funding (page 178)

Transfer Food Opportunity Fund to DON Expenditures – \$(500,000)

This item transfers ongoing funding for a Food Opportunity Fund grant program from the Human Services Department to the Department of Neighborhoods. This budget is backed by Sweetened Beverage Tax revenue (p178)

Department of Neighborhoods (DON)

Budget Overview (page 264)

Sweetened Beverage Tax Funding Reduction

In 2020 the Mayor created the Healthy Food Fund (HFF) in coordination with the recommendations of the Sweetened Beverage Tax Community Advisor Board to provide resources to community-based organizations to improve public health. This new community granting program was delayed until 2021 and is funded by the Sweetened Beverage Tax (SBT). The 2021 Proposed Budget reduces SBT funding from the HFF program by \$1.5 million and eliminates 1.5 FTEs. Added to this is a proposed transfer to DON of \$500,000 in Food Opportunity Funds from the Human Services Department. After these changes the HFF will total \$1,506,985 in 2021. DON will redeploy 2.5 FTE from the Neighborhood Matching Fund in order to create this new program and leverage their experience in delivering grants to community-based organizations.

Neighborhood Matching Fund Reduction and Alignment with the Healthy Food Fund

The 2021 Proposed Budget restores partial funding to the Neighborhood Matching Fund (NMF) Community Partnership Awards over levels available during the COVID-19 pandemic in 2020. This level is still a reduction from 2020 Adopted Budget amounts, thus reducing project manager workload and allowing for 2.5 NMF staff to be redeployed to create the Healthy Food Fund program. This new fund alignment allows DON to strengthen and diversify the Community Grants division, which centers the needs of community and increases investments in community-driven solutions.

Reduce NMF Awards and Redeploy 2.5 NMF Staff to HFF

Expenditures	\$(830,000)
Revenues	\$275,208

This item reduces Neighborhood Matching Fund (NMF) awards by \$830,000 and redeploy 2.5 NMF staff to support the Healthy Food Fund (HFF) program created through a recommendation from the Sweetened Beverage Tax Community Advisory Board. This change will shift related staff costs from the General Fund (GF) to the Sweetened Beverage Tax Fund (SBT). The awards reduction will result in an average of 25 fewer NMF-funded projects per year. In order to mitigate the impact on racial equity, DON will refocus remaining available awards for vulnerable and historically disadvantaged communities. While this change means fewer projects will be funded through NMF, the alignment of these two granting programs allows DON to strengthen and diversify its Community Grants division overall. (page 266)

Reduce SBT funding in DON

Expenditures	\$(1,500,000)
Position Allocation	(1.50)

This item reduces Sweetened Beverage Tax (SBT) funding to the Healthy Food Fund program by \$1.5 million and eliminates 1.5 FTEs. This change responds to reduction in STB revenues and funding priorities recommended by the Sweetened Beverage Tax Community Advisory Board. These reductions are mitigated by the redeployment of 2.5 FTE from the Neighborhood Matching Fund and an on-going transfer of \$500,000 Food Opportunity Fund from The Human Services Department. (page 266)

Food Opportunity Fund Transfer from HSD

Expenditures	\$500,000
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Transfer Food Opportunity Fund programming from HSD to DON. (page 266)

Office of Sustainability & Environment (OSE)

Adjustment for One-Time Budget Changes – \$(929,000)

This item adjusts the baseline to remove one-time adds in the 2020 Adopted Budget. These include one-time Sweetened Beverage Tax (SBT) funded adds for Fresh Bucks, water bottle filling stations in schools, funding for the SBT Community Advisory Board, and consultant support for an SBT programming evaluation and a scratch-cooking assessment. This adjustment also removes from the baseline one-time, Council-added, partial support for RVC's Green Pathways Fellowship. RVC intends to continue the Fellowship program and is currently pursuing external funding.

Transfer Funds to HSD for Fresh Bucks Good Food Bag – \$(55,000)

This item transfers \$55,000 in Sweetened Beverage Tax fund appropriation from the OSE BSL (BO-SE-X1000) to HSD for the Fresh Bucks Good Food Bag Program. See HSD for the corresponding transfer. This transfer replaces the current practice of an annual memorandum of agreement with OSE reimbursing HSD for this work.

Office of the City Auditor

\$500,000 proposed in 2021 [for the SBT evaluation] (page 485)