

Sweetened Beverage Tax Community Advisory Board (CAB) Meeting Notes

MEETING SUMMARY	<p>Date: August 19, 2022</p> <p>Time: 9:00 am – 11:00 a.m.</p> <p>Location: Virtual meeting</p>
MEMBERS PRESENT:	Barbara Baquero, Christina Wong, Dan Torres, Jaimée Marsh, Jen Moss, Kristin Sukys, Rebecca Finkel
MEMBERS ABSENT:	Tanika Thompson, Barbara Rockey, Munira Mohamed
GUESTS:	<p>Office of Sustainability & Environment: Bridget Igoe, Alyssa Patrick</p> <p>Human Services Department: Seán Walsh</p> <p>Department of Education and Early Learning: Tiffany Lee</p> <p>Department of Neighborhoods: Lisa Chen</p> <p>Seattle Parks and Recreation: Daisy Catague and Alex Woodward</p> <p>City Budget Office: Gregory Shiring</p>

Key decision/actions points:

- The CAB decided to submit their recommendations for how to approach the projected 2023-2026 SBT revenue shortfall based on point-in-time information available at the time of the meeting.

Meeting Notes

Jen Moss welcomed the CAB and City staff to the meeting. City of Seattle staff and SBT liaison Alyssa Patrick facilitated the rest of the meeting so the co-chairs could participate.

Welcome and Introductions

- CAB members introduced themselves.
- City staff introduced themselves.

August 2022 Revenue Projection and Initial Response

A.Patrick provided an update from the City Budget Office (CBO) about the August SBT revenue projections, which are lower than the April projections that the CAB used to develop 2023 recommendations. The key points were:

- In April, based on revenue forecasts at that time, there was an estimated \$1.2 million of unreserved funds in the SBT balance. However, according to the City Budget Office (CBO), the August projections are now showing a downturn in SBT revenue from 2022 through 2026. The downturn is a \$3.8 million decrease overall, which is an average of \$800,000 per year through 2026.

- The revenue declines are largely driven by a reduction in syrups sales, which the City economists think is an indication that return to work and restaurants have not bounced back as quickly.
- There is a \$2 million reserve fund to address shortfalls and other revenue issues, but even after tapping into that reserve CBO needs to plan for possible reductions to program spending in order to pass a balanced budget 2023-2024.
- CBO asked the CAB to provide input on how to approach balancing the SBT budget in 2023.

The CAB’s initial discussion in response included these main points:

- The CAB’s initial recommendation was to make no actual cuts to the programs and services currently funded by SBT. They asked the City to look to other sources of funding – such as any remaining federal funding from the allocations the City received for COVID response or city General Fund sources.
- The CAB also highlighted that SBT funds critical food security and child health and wellbeing programs for people most impacted by racial disparities in health, wealth, and child wellbeing. If revenues are projected to go down over time, which was always likely since the SBT by design is intended to reduce consumption of sugary drinks, then the City needs to find additional sources of stable funding to support these programs.
- Given the City Budget Office does plan to recommend cuts today, however, the CAB also decided to go through a prioritization exercise with the goal of identifying programs that should receive little to no cuts and where cuts can have the least impact to direct services.

Approach to Point-in-Time Budget Recommendations

In order to make recommendations in the allotted time, the CAB:

- **Reviewed key information from departments including** current (2022) and projected (2023) demand for SBT-funded programs and services; estimates of any SBT underspend or savings in 2022; availability of state and federal funding sources that could support the SBT-funded programs and services; availability of other (non SBT funded) programs/services filling the same intended need; and how the departments would approach making cuts to their SBT budget.
- **Discussed each SBT-funded program and service and recommendations for whether and to what extent the SBT allocation should be reduced. In this exercise, the CAB’s primary priorities were 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.

Below are the CAB’s notes on each program and the full recommendations are available on the [CAB’s recommendations web page](#).

Ref	Program	Dept	Notes on Reductions <i>Additional notes and rationale follow the table</i>
Targeted Reductions <i>(based on best available information)</i>			
A	Community & senior meal programs	HSD	Agreed with department’s approach to cuts that minimized impact to direct services.
B	Food and meal programs system supports & distribution	HSD	
C	Coaching and Training	DEEL	Given coaching is available to providers from state and King County resources, and childcare staffing and other issues that make coaching less of a priority, we would recommend a targeted reduction to this program, if cuts are necessary. We defer to the department for the level of reduction.
D	Family Child Care Support	DEEL	The information provided indicated program costs might be lower in 2023 than 2022, providing program savings without reducing services.
E	Child Care Assistance Program	DEEL	
F	Summer Meals Activities: Summer of Safety and Food and Fitness Programs	SPR	Agreed with department’s approach to reduce at a level that maintained current participation.
Proportional Reductions <i>(only done if reductions outlined above do not suffice)</i>			
G	Fresh Bucks	OSE	If additional cuts are needed after the targeted reductions identified in #1-6, we recommended proportional cuts among these remaining 9 programs. Additional notes on each program, including level of priority to the CAB, are provided below.
H	Food Equity Fund community grant program	DON	
I	Prenatal-to-Three Grant Program	DEEL	
J	Health and Developmental Support	DEEL	
K	Food banks	HSD	
L	Farm to Table and Nutrition Education	HSD	
M	Home Visiting	DEEL	
N	Healthy Food in Schools	OSE	
O	Food Policy	OSE	

Notes and Rationale:

A. Community and Senior Meal Programs (HSD):

- a. This is a high priority, especially for senior meal programs. Low-income seniors often get the lowest benefit amount from SNAP, which is only \$20 a month (when the public health emergency declaration ends, causing SNAP emergency allotments to end). These seniors often depend more on meals because it is difficult to cook for themselves and/or they don't have adequate food storage.
- b. The CAB appreciated the department's recommended minimal cut that would be limited to a single large contract to minimize reduction to services. We also hope other state, federal, or private funding may be available to the contractor to fill that gap.
- c. We ask that to the extent possible, neighborhoods and populations with highest need are not impacted by any reductions to this program area.

B. System Supports & Distribution for Food Banks and Meal Programs (HSD): Since this budget item includes allocations for support systems, the CAB was supportive of the department's proposed reduction. While the proposed reduction does reduce funding for food banks and meal programs, focus is on activities with least impact to direct services. If further overall SBT cuts are needed, the CAB also asked that the department and CBO look again to this line item.

C. Birth-to-Three Coaching and Training (DEEL): The CAB was supportive of cuts to this program at a percentage recommended by the department. The impact of COVID is still felt by childcare providers in a number of ways, including staffing levels and operational needs. While staffing levels are low and until things stabilize further, coaching is less of a priority. In addition, the state and King County also offer robust coaching programs that will continue to be available to Seattle area providers even if this budget line item is reduced.

D. Family Child Care Support (DEEL): DEEL's projected funding need for 2023 was already less than the 2022 adopted budget, so the CAB would like to see CBO incorporate that program savings into the current projected need for ongoing cuts.

E. Child Care Assistance Program (DEEL):

- a. DEEL's projected funding for 2023 was less than the 2022 adopted budget. The CAB would like to see CBO incorporate that program savings into the current projected need for ongoing cuts.
- b. The CAB recognized this program as important to improving childcare availability, but also acknowledged that there are multiple other sources of funding for this program area. Because of that, if additional cuts are needed, the CAB is supportive of the department and CBO looking to increase support from other funding streams and/or to find other possible operational cuts. The CAB does not support cuts that impact direct benefits to families or incentives to childcare providers. Making sure that incentives and other supports are in

place for BIPOC providers of color, and/or those who are immigrants and refugees, is important to the CAB.

F. Summer Meals Activities: Summer of Safety and Food and Fitness Programs (Parks):

- a. Parks shared that there is \$50,000 in 2022 underspend due to staffing issues caused by the pandemic and the possibility for a 6% reduction that would not cut current service levels. The CAB was supportive of those reductions.
- b. The CAB recognizes that Parks programs are beneficial to encouraging participation in meal programs and providing activity for youth, but overall, this program area does not align as directly with SBT and CAB priorities as many of the other programs.

G. Fresh Bucks (OSE):

- a. The CAB strongly supports the Fresh Bucks program and was supportive of the department recommendation for no cuts. If cuts were still needed after accounting for the first six items the CAB agreed with the proportional distribution approach.
- b. The CAB is tracking administrative issues with the transfer to e-benefit that have made it difficult for some Fresh Bucks customers to access their benefits. The CAB asks that the City continue to work with CBO partners to address those issues.

H. Food and Equity Fund (DON): This program is a high priority for the CAB since it is investing directly in community developed and led programs. If additional cuts were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program.

I. Prenatal-to-Three Grant (DEEL): This program is a high priority for the CAB since it is investing directly in community developed and led programs. Ultimately, the CAB would prefer to see no cuts to this program. If additional cuts were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program.

J. Health and Development Supports (DEEL): This program is a high priority for the CAB. They agreed with the department recommendation to not make any cuts. If additional cuts were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program.

K. Food Banks (HSD)

- a. The CAB recognized this as an area of continued high need. Food banks are a safety net for people who are going in and out of food insecurity because they do not qualify for other income-eligible benefits.
- b. Food banks are also seeing a significant drop in federal food resources, like TEFAP commodities and federal COVID-19 food relief distributed by the City of Seattle, due to the end of temporary boosts that were available the last 4 years. There is likely no relief from Congress in terms of appropriations or expansion of the Farm Bill.

- c. While they preferred to see no cuts to this line item, if additional reductions were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program

L. Farm to Table Nutrition Education (HSD):

- a. The CAB recognized this as an investment that serves two important purposes: 1) Providing fresh produce and other snacks to children in income-eligible preschool programs, and 2) Supporting BIPOC farmers through intentional, equity-based procurement. The CAB would like to see both of those priorities continue.
- b. If additional cuts were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program.

M. Home Visiting (DEEL): The CAB agreed with the departments recommendation to not make any reductions to this program. If additional cuts were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program.

N. Healthy Food in Schools (OSE):

- a. The CAB saw this program as a medium priority given the potential for other external funding sources that might increase support for improved meal quality. This includes the recent changes to the Community Eligibility Provision that means 42 schools in the Seattle Public Schools district will receive the highest reimbursements for every meal served.
- b. The CAB would not want to see cuts to efforts to increase procurement from local, BIPOC farmers and food producers, however. School food purchasing is an area that has the potential to support these farmers, so the CAB would not want to see those efforts reduced.

O. Food Policy (OSE): The CAB understands and supports the staffing need that is met by this line item and included in the SBT ordinance. If there were a possibility to fund staff for this or other SBT-funded programs from the General Fund or other sources, however, the CAB would be supportive of that approach to ensure the most SBT funding possible goes to direct services. If additional cuts were still needed after accounting for the first six items, the CAB agreed with the proportional distribution approach that minimizes cuts to this program.