

Sweetened Beverage Tax Community Advisory Board

<https://www.seattle.gov/sweetened-beverage-tax-community-advisory-board>

Date: July 13, 2020
To: Mayor Jenny Durkan
From: The Sweetened Beverage Tax Community Advisory Board
Subject: 2021 Budget Recommendations
CC: Councilmember Lorena González, Councilmember Lisa Herbold, Councilmember Debora Juarez, Councilmember Andrew J. Lewis, Councilmember Tammy J. Morales, Councilmember Teresa Mosqueda, Councilmember Alex Pedersen, Councilmember Kshama Sawant, Councilmember Dan Strauss

Dear Mayor Durkan,

On behalf of the Sweetened Beverage Tax Community Advisory Board (CAB), we are writing to deliver the CAB's 2021 Budget Recommendations.

First and foremost, these recommendations are grounded in feedback we collected during community engagement activities with nearly 500 [multilingual and multicultural residents](#). In addition to community voice, these recommendations are informed by our [equity-driven values and budget principles](#). Finally, we developed these recommendations recognizing that COVID-19 and systemic racism are dual public health crises that disproportionately impact Black, indigenous, and people of color. The CAB is committed to seeing that SBT revenues are allocated to promote health and educational equity and invested in these communities disproportionately affected by social and economic injustices due to racism.

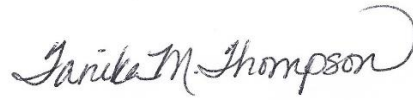
We recognize the city is facing an unprecedented economic downturn and COVID-19 is expected to have major impacts on the city budget. Due to the uncertainty in the economic forecasts and budget estimates, the CAB did not try to develop budget recommendations with a specific budget shortfall or surplus in mind. Our approach was to focus on articulating our 2021 budget priorities while matching available revenue with community priorities.

We appreciate the opportunity to advise you on the SBT spending plan and your recognition of our commitment to community. Thank you in advance for ensuring that available resources are allocated in accordance with community priorities.

Sincerely,



Jen Moss, Co-Chair



Tanika Thompson, Co-Chair

Sweetened Beverage Tax Community Advisory Board

Barbara Baquero	Position 2, Food Access Representative
Rebecca Finkel	Position 3, Food Access Representative
Tanika Thompson	Position 5, Community Representative
Christina Wong	Position 6, Public Health Representative
Laura Flores Cantrell	Position 7, Public Health Representative
Jen Moss	Position 8, Public Health Representative
Paul Sherman	Position 9, Public Health Representative
Adrián Lopez-Romero	Position 10, Early Learning Representative
Dila Perera	Position 11, Early Learning Representative

Core Values

The Sweetened Beverage Tax Community Advisory Board uses the following core values as a foundation for decision-making and action:

Racial Justice and Social Equity – We will strive for equitable distribution of resources and power to address the effects of classism and historic racism and its impact on health and education disparity. We commit to applying a racial equity lens¹ when developing budget recommendations and programmatic guidance, as well as to our internal work practices.

Cultural humility – We recognize we will not know all the nuances of the cultural ways for everyone represented in the City of Seattle and therefore approach with humility, an open mind, and respect.

Voice of the community – We will center on the communities most impacted by health and education inequities and make space for them to speak their concerns and solutions.

Balance between community-driven solutions and scientific evidence – We acknowledge that innovative community ideas can provide important solutions to consider in balance with evidence-based programs.

Transparency – We commit to open and honest communication within the Community Advisory Board, community and government regarding the tax decision making and how funds are used and distributed.

Accountability – We are responsible to hold the City accountable to the actions outlined in the ordinance and advise the City Council and Mayor based on our role of representing the community.

Trust – We commit to cultivating trust by building and repairing relationships

¹ The SBT CAB uses the [racial equity lens framework](#) developed by facilitator and consultant Maketa Wilborn.

2021 Budget Recommendations for Sweetened Beverage Tax Revenue

SUMMARY

According to the ordinance that established the Sweetened Beverage Tax (SBT), the Sweetened Beverage Tax Community Advisory Board (CAB) *“shall make recommendations on how and to what extent the Mayor and City Council should establish and/or fund programs and activities consistent with the intent of this ordinance that benefit Seattle’s populations who experience the greatest education and health inequities.”* The CAB consists of a broad and diverse range of subject matter experts, stakeholder representatives, and community leaders committed to advancing equity in health, healthy food access, and child wellbeing. Additionally, we affirm the importance of ensuring the beverage tax revenue is used to advance the priorities of Seattle’s Black, indigenous, and communities of color most impacted by health and education inequities.

In 2021, the city is facing an unprecedented economic downturn and COVID-19 is expected to have major impacts on the city budget. According to the revenue forecasts available to us at the time we developed these recommendations, the SBT is projected to collect approximately \$3 million less in 2021 than originally planned. There is also the challenge of factoring in uncertain economic conditions driven largely by the unknown duration of social distancing measures.

Due to the uncertainty in the economic forecasts and budget estimates, the CAB did not try to develop budget recommendations with a specific budget shortfall or surplus in mind. Our approach was to focus on articulating our 2021 budget priorities while matching available revenue with community priorities.

PROCESS

Our process for developing these 2021 Budget Recommendations began in June 2019 with [community engagement activities](#) that lasted through December 2019. Budgetary decisions have a real impact on community. This is why we place so much importance on community input—especially from those most impacted by health and education inequities. With staff support from the Office of Sustainability & Environment and consultant Alma Villegas, we partnered with eleven community-based organizations (CBOs) and five community liaisons that serve Black, indigenous, and people of color; immigrant and refugee communities; and low-income communities that are led by people from these communities. The explicit goal of this engagement was to reach residents that our previous engagement activities missed. Partnering CBOs and liaisons led focus groups and distributed surveys in culturally and linguistically relevant ways. The content focused on assessing community perspectives on programs and services relating to food access, food insecurity, child development and early learning.

From January through April 2020, we received briefings from program staff in the Human Services Department (HSD), Department of Education and Early Learning (DEEL), and Office of Sustainability & Environment (OSE) about the programs and services currently support by SBT funds. The City Budget Office briefed us on the 2020 and 2021 revenue forecasts and the swiftly changing economic situation due to COVID-19. In May and June, though our meetings had moved to a virtual platform, we held over eight hours of deliberative and interactive meetings to develop and refine these recommendations. All meetings—including those that were held online—were open to the public and provided opportunity for public comment.

At every major decision point, we considered how our recommendations aligned with our equity-driven [values and budget principles](#) and community engagement findings so that coming to consensus was nearly effortless.

BUDGET SITUATION

In June 2020, the CAB was briefed on the SBT financial plan (see table below). Due to the economic impacts of COVID-19, the City Budget Office projects \$20.8 to \$21.5 million in SBT revenue for 2021, revised down from \$24.5 million. Given the planned program spending in 2021, the ending balance could range from a gap of \$365,394 to a small surplus of \$377,314.

Sweetened Beverage Tax Financial Plan – (5/27/2020)	2020 Revised	2021 Projected	2022 Projected
2019 Ending Balance (Actuals)	17,009,849		
Encumbrances + Carryforwards	7,311,156		
Department of Education and Early Learning	6,696,171		
Office of Sustainability and Environment	614,985		
Beginning Balance	9,698,693		
<i>Revenue (Adopted 2020)</i>	24,329,000	24,451,000	24,696,000
Revenue Revised (Baseline)	16,876,250	21,514,583	23,969,505
Revenue Revised (Downside)	15,366,875	20,771,875	23,969,505
Expenditures	28,030,707	21,137,269	21,137,269
Department of Education and Early Learning	9,239,793	6,697,577	6,697,577
Department of Parks and Recreation	187,281	300,000	300,000
Human Services Department	5,884,713	5,149,713	5,149,713
Office of City Auditor	500,000	500,000	500,000
Office of Sustainability and Environment	11,718,919	5,953,919	5,953,919
Department of Neighborhoods	-	2,536,060	2,536,060
Worker Retraining	500,000	-	-
Ending Balance (Baseline)	(1,455,764)	\$377,314	\$2,832,236
Ending Balance (Downside)	(2,965,139)	(\$365,394)	\$2,832,236

Note: The SBT enabling statute calls for a reserve fund of up to \$2 million. Ending balances up to \$2 million will be allotted to this reserve.

RECOMMENDATIONS

1. Allocate \$1.5 million for community-based investments in prenatal-to-age-three services

We recommend the city establish a new grants program intended for community-based organizations (CBOs) that specialize in high-quality prenatal-to-three and kindergarten readiness services that seek to reduce the disparities in outcomes for children and families based on race, gender, or other socioeconomic factors. In 2021, \$1.5 million from the Department of Neighborhoods Healthy Food Fund should be redirected to support this prenatal-to-three grants program (see recommendation #2).

The grants program should:

- Prioritize CBOs that offer culturally and linguistically relevant services and outreach (see also recommendation #6)
- Prioritize CBOs led by people of color and serving communities of color and/or low-income communities
- Allow activities that are flexible to respond to emerging and changing needs and provide COVID-19 relief
- Allow grantees to support operational costs associated with existing programs
- Be designed with input from the CAB (see also recommendation #3)

In an effort to be as efficient as possible and leverage existing resources and infrastructure, the CAB recommends the city consider the DEEL, HSD, or Public Health – Seattle & King County to serve as administrators of the program. All three departments have experience and expertise with community-facing grantmaking processes and early learning programming.

As with our [2020 Budget Recommendations issued last year](#), this grants program continues to be our top priority in the early learning and child development funding category for the following reasons:

- DEEL offers only a few community-facing funding opportunities/RFPs related to its birth-to-three investment portfolio, yet there are many qualified community-based agencies and organizations that serve Seattle families and have a strong track record of providing high-quality and culturally and linguistically relevant services to the CAB's priority communities of color, immigrants, refugees, people with low income, and individuals with limited-English proficiency.
- The CAB affirms that community-identified and community-led approaches will yield significant benefit and impact by proactively involving and centering people in the community in the selection, planning and implementation of programs and services. The CAB believes that incorporating independent, community-led programming into the array of City- and County-led birth-to-three strategies would be an effective way to round out investments.
- As communities of color come under a wave of attacks, we have a clear choice: we can stand with people of color or remain silent. This choice is a moral one and a strategic one, it is an opportunity to do the right thing. Creating a grants program that prioritizes investments in communities of color and led by people of color-led organizations is an opportunity to reverse longstanding racial disparities. We must recognize that underfunding people of color-led work has deep consequences not only for communities of color but for the rights of all people.

2. Reduce the Department of Neighborhoods (DON) Healthy Food Fund from \$2.5 million to \$1 million in 2021, and redirect the \$1.5 million to a prenatal-to-three grants program

In 2021 **only**, reduce DON’s Healthy Food Fund from \$2.5 million to \$1 million, and redirect this \$1.5 million for the creation of a new prenatal-to-three grants program (see recommendation #1).

The remaining \$1 million for DON’s Healthy Food Fund should be designated for a grants program that supports community-identified and community-led efforts to increase access to healthy food and is designed and executed with CAB input (see recommendation #3) and in alignment with the CAB’s [values and budget principles](#).

While the CAB is highly supportive of the idea of a Healthy Food Fund and endorses this investment, this is a new grants program that has yet to be designed or, to our knowledge, staffed. For this reason, we think it is unlikely that DON will be able to award \$2.5 million in grants in 2021.

After 2021, funding for DON’s Healthy Food Fund should be restored to \$2.5 million per year ongoing.

3. Consult the CAB in the design and implementation of grants programs funded by SBT

We request the relevant city departments consult the CAB in the design and implementation of community-facing grants program funded by the SBT, including the following:

Community Grants Program	Department
Healthy Food Fund	DON
Food Access Opportunity Fund	HSD
<i>Recommended: Prenatal-to-Three Services</i>	<i>To be determined</i>

Institutional grantmaking practices often reinforce and perpetuate racial inequities. For example, institutional processes center the institution over community, discourage community-identified solutions by being too prescriptive, or may be especially burdensome for less resourced organizations that operate for the benefit of communities of color. The CAB would like to provide input on how to advance racial and social justice within these SBT-funded grantmaking processes to ensure these initiatives align with community priorities and assets. We appreciated HSD’s efforts to engage with us in 2019 when it developed the [Food Access Opportunity Fund](#) and look forward to continued collaboration with HSD, DON, and any other relevant departments that administer community grant programs funded by SBT.

4. Use priority-based budget cuts, if needed

Understanding there is tremendous uncertainty in the economic forecast for 2021, the CAB grappled with where to focus budget reductions **if cuts are needed**. We ranked the SBT-funded programs in order of priority and applied a cut line (see table below). Programs and services above the cut line are those we recommend remain fully funded. Programs and services below the cut line are those we recommend be considered for cuts **only** if needed. Program prioritization was driven by the [community engagement findings](#), our [core values and budget principles](#), and criteria for cuts (see recommendation #5).

To be clear, if there is no SBT budget shortfall in 2021, we expect no cuts to SBT-funded programs and services. However, should SBT revenue come in lower than planned spending, cuts should be minimized according to the following recommendations.

In the Food Access funding category, programs above the cut line are those that provide direct, low-barrier services or resources to help people meet basic needs; serve communities of color, immigrants, refugees, people with low income and individuals with limited-English proficiency; and provide investments in community-led programming. Programs and services below the cut line—while still very important—are those that may be put on hold due to prolonged social distancing measures to prevent the spread of COVID-19 or do not provide direct services and resources to help people meet basic needs.

In the Early Learning and Child Development funding category, we recommend no cuts. The Developmental Bridge program provides critical support and resources to families with young children who have a developmental concern or whose family member is impacted by disability. Expanding the income eligibility for the Child Care Assistance Program is a priority to meet the high demand for affordable, high-quality childcare. Support for Family Child Care (FCC) providers is also a priority as these providers are small businesses owned and operated primarily by women of color and recent immigrants to the country. However, we recommend DEEL pivot the type of support provided to FCC providers to ensure it is responsive to how these providers may be impacted by COVID-19.

Food Access	Early Learning and Child Development
<ol style="list-style-type: none"> 1. Fresh Bucks (OSE) 2. Meal programs and home delivery for older adults and others (HSD) 3. Food banks and systems support (HSD) 4. Food Access Opportunity Fund (HSD) 5. Healthy Food Fund (DON) 6. Healthy food in childcare (Farm to Preschool) (HSD) <p style="text-align: center;">-----Cut line-----</p> <ol style="list-style-type: none"> 7. Healthy food in schools (OSE) 8. After school and summer meals (HSD) 9. Program evaluation support (HSD) 10. Recreational programming (SPR) 11. Counter-marketing campaign (HSD) 	<ol style="list-style-type: none"> 1. <i>[ADD in 2021] Grants program for prenatal-to-three services</i> 2. Support for children with developmental delays (Developmental Bridge Program) (DEEL) 3. Child Care Assistance Program expansion (DEEL) 4. Support for Family Child Care providers (DEEL) 5. Birth-to-three provider coaching and training (DEEL)
<p>Programs 1-6: No reductions Programs 7-11: Consider for reductions, only if needed</p>	<p>No reductions to early learning and child development programs</p>

5. Use criteria to evaluate and determine spending cuts

SBT funds are a protected revenue source to create new or expand existing programming in food access and prenatal-to-three services and kindergarten readiness. SBT funds are not meant to supplant existing funding for ongoing programming.

While the CAB has advised where to focus cuts only if needed (see recommendation #4), we also recommend the following criteria be used to further evaluate potential spending cuts to programs and services below the cut line:

- **Priority Populations.** Does the program/service directly benefit *priority populations*? Is it led by organizations and people from priority populations? Does it address a community priority identified by priority populations? The CAB defines “priority populations” as communities of color, immigrants, refugees, people with low income, and individuals with limited-English proficiency. Youth from these communities are also a priority.
- **Consider COVID-19.** Could the program/service be otherwise funded by CARES Act funding? Would COVID-19 social distancing measures impact the delivery of the program/service?
- **Maximize Direct Support, Minimize Overhead.** Does the program/service provide direct, low-barrier services or resources to help people meet basic needs? Does the program/service invest in community-based organizations? What is the ratio of community benefits to administrative costs? Does the program/service leverage existing infrastructure and systems?
- **Economic Recovery.** Would the program/service help to strengthen economic recovery?
- **Balance Upstream and Downstream Investments.** Do the overall investments reflect a balanced approach between upstream and downstream investments? Upstream investments involve approaches that address underlying social and economic issues that cause disparities. Downstream investments involve approaches that address urgent problems after they already exist and try to mitigate them.

6. Re-fund water bottle filling stations and CAB administration

In 2020, most one-time allocations were proposed for cuts or were redirected for COVID-19 response priorities. The CAB considered the following list of one-time allocations that were cut or put on hold (as of June 19, 2020). If funding allows—for example, the revenue forecast improves or there are unspent funds in 2020—we recommend the city re-fund water bottle filling stations at schools and community centers (items #1 and #2 in the list below).

In alignment with our equity-driven [values and budget principles](#), schools with high rates of students eligible for free and reduced-price meals and community centers located in neighborhoods with a high proportion of people with low income and people of color should be prioritized to receive water filling stations.

Water bottle filling stations increase access to healthier beverage alternatives to sugary drinks and would nicely dovetail with the counter-marketing and public awareness campaign currently funded by

SBT. We recommend HSD and OSE connect to leverage The Vida Agency campaign assets to promote water consumption along with the installation of new water bottle filling stations.

2020 One-Time Allocations Cut or On Hold (as of June 19, 2020)

- | |
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| <ol style="list-style-type: none">1. Water bottle filling stations at schools (\$140,000 - on hold)2. Water bottle filling stations at community centers (\$300,000 - cut)3. CAB administration (\$100,000 - on hold)4. Food and meal infrastructure grants (\$735,000 - on hold)5. Scratch cooking assessment (\$75,000 - on hold)7. Evaluation infrastructure and capacity building (SBT eval plan) (\$225,000 - cut)8. P-Patch infrastructure (\$725,000 - cut) |
|--|

We also recommend the city re-fund CAB administration, but at a nominal amount (\$15,000) to support facilitation of our annual planning workshop and budget recommendation meetings.

7. Increase culturally and linguistically relevant information, services, and programming

A key theme from our [multicultural and multilingual community engagement activities in 2019](#) was the need for culturally and linguistically relevant information, services and programming. Several participants in the food access focus groups indicated that lack of awareness about programs is a barrier to accessing healthy food. Participants in the early learning focus groups indicated the need for more in-language promotion of programs for parents and young children. Across both topic areas, participants requested informational sessions and other outreach efforts that are specific to cultural and language groups. Targeted and more robust engagement is needed to understand what other types of education and awareness building would be most useful.

In addition to the need for increased awareness around the food access and early learning programs supported by SBT, there was also an overall need for more culturally and linguistically relevant programs. For example, food banks should increase access to culturally relevant food and staff who speak the language of communities served.

In community engagement activities focused on early learning and child development, there were several requests for affordable, high-quality childcare that is also culturally relevant and in the family's language. Culturally relevant support with child development and postpartum care was also raised. Several participants indicated a need for education on child development and positive discipline, as well as breastfeeding, lactation services and other postpartum support. This was especially true for new parents and single parents. Parents were also seeking language-specific and culturally relevant education to help them become self-sufficient.

The Healthy Food Fund, Food Access Opportunity Fund, and prenatal-to-three grants program can fill a major gap by investing in culturally specific organizations to design their own programs and services that best meet the priorities of the communities they serve.

8. Provide transparency of plans for the \$1.5 million set-aside for job retraining and consult the CAB if this is to be redirected

The ordinance that established the SBT allocated a one-time expenditure during the first five years of the tax *“up to \$1.5 million in total as funding for job retraining and placement programs for workers*

adversely impacted by the tax” (see [SMC 5.53.055 – Sweetened beverage tax—Allocation of proceeds](#)). When SBT was legislated, this provision was in response to largely overstated industry claims that soda taxes result in regional job losses.

The City made three installments of \$500,000 per year in 2018, 2019, and 2020, meaning there is \$1.5 million held in reserve until 2022 for job retraining. Our understanding is that there is no evidence of job losses because of the SBT and no plans for how to use this money. Given the COVID-19 pandemic, declared emergency, reduced revenues, and need for increased spending for COVID response, the CAB affirms this \$1.5 million could be put to better use and redirected for emergent needs. We recommend the City consult with the CAB on the status of this funding and how best to redirect it to community priorities.

-END-