

Sweetened Beverage Tax Community Advisory Board

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Date: September 13, 2024

To: Mayor Bruce Harrell and Acting City Budget Director Dan Eder

From: The Sweetened Beverage Tax Community Advisory Board

Subject: August Revenue Forecast for the SBT Fund 00155

Cc: Council President Sara Nelson, Councilmember Rob Saka, Councilmember Tammy J. Morales, Councilmember Joy Hollingsworth, Councilmember Maritza Rivera, Councilmember Cathy Moore, Councilmember Dan Strauss, Councilmember Dan Kettle, Councilmember Tanya Woo, Deputy Mayor Adiam Emery, Office of Sustainability & Environment Director Jessyn Farrell, Saroja Reddy, and Greg Shiring

Dear Mayor Harrell and Budget Director Eder,

On behalf of the Sweetened Beverage Tax Community Advisory Board (CAB), we are writing to respond to the [August revenue forecast](#), released earlier this month by Seattle’s Office of Economic and Revenue Forecasts. We are aware that the latest forecast indicates the city’s overall budget deficit is now over \$260 million and that you are facing tough budget decisions. We also know that the SBT revenue forecast was revised downward, even though the April forecast predicted flat or slightly increasing revenues.

The financial times may be precarious, but at least two things remain constant: point-in-time SBT revenue projections are volatile and there is great need for SBT-funded food security and prenatal-to-three programs. As you look for ways to balance the budget, food and child care programs are not the places to find your budget savings.

As conveyed in our [2025 Budget Recommendations](#) (June 5, 2024), the CAB urges you to:

- 1. Maintain spending restrictions on the SBT Fund.** As codified in [SMC 5.53.055](#), SBT revenue “shall” be used to “expand access” to programs that increase healthy food access and support child health and early learning. We strongly affirm that SBT revenues should be used to fully fund activities recommended by the CAB, consistent with the intent of the SBT ordinance, and consistent with community recommendations.
- 2. Use the SBT Fund reserves to balance the SBT Fund, or find other revenue sources to cover any deficits, so that SBT-funded programs/services are maintained at current levels.** The SBT

Fund reserve funds were established exactly for the situation we are dealing with today—to balance the SBT Fund and maintain programming when SBT revenues are volatile. As detailed on pages 7-8, SBT-backed programs and services reduced their spending in 2023 and 2024, and further reductions will likely impact direct services. Food security and prenatal-to-three programs need to be prioritized. Food assistance, child care assistance, and child development services are basic needs and as important as addressing mental health services, housing, homelessness, and public safety. In Seattle, the need for these programs is very high due to inflationary pressures and the end of COVID-era assistance. U.S. food prices [rose 25%](#) between 2019 and 2023, according to the Consumer Price Index (CPI). Food banks in Seattle have seen an [increase in demand](#) from people who need extra help feeding themselves or their families due to record inflation and ever since the federal government reduced household allowances for SNAP (food stamps) to pre-pandemic amounts. Meanwhile, child care in Seattle is [scarce, costly, and out of reach](#) for many Seattle families. Many Seattle families struggle to pay for child care, which can cost more than \$2,000 a month for infant care at a center. Seattle’s Child Care Assistance Program (CCAP) has a waitlist for families seeking subsidies.

- 3. Use future levies to help support SBT-funded programs/services and meet the high needs in the community.** The Families, Education, Preschool, and Promise (FEPP) Levy is up for renewal in 2025-2026 and should be pursued as an option to help fund prenatal-to-three services currently 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 *before preschool* 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 (now solely funded by SBT) with its larger continuum of investments in children and youth across the birth to postsecondary continuum.

On behalf of the communities we represent and serve, thank you for your continued attention to our recommendations on the SBT spending plan. The SBT funds nationally recognized and locally beloved programs/services that make Seattle a more livable and thriving city. We do not underestimate the severity of the city’s budget deficit. However, 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 today and for years to come.

Sincerely,



Tanika Thompson-Bird
Co-Chair, SBT Community Advisory Board



Jen Moss
Co-Chair, SBT Community Advisory Board

Attachments

- A. Voices of community leaders who manage SBT-funded programs/services (Page 3)
- B. Programs and services supported by the SBT Fund (Page 5)
- C. Impact of cuts to food assistance and prenatal-to-three programs (Page 6)

Attachment A:

On June 21, 2024, the CAB hosted an [SBT Roundtable Event](#) to highlight the food security and prenatal-to-three programs supported by the SBT Fund. The purpose of the event was to educate newer City officials on the SBT, celebrate the programs and services supported by the SBT Fund, and raise awareness of the CAB's 2025 budget recommendations.

The event featured two panel discussions with community-based organizations that manage these hugely important programs and services offered throughout the city. The event was [video recorded](#) by the Seattle Channel. Here are some of the powerful remarks (edited for brevity) shared by the leaders of SBT-funded programs and services about what gives them hope, ignites their work, and creates the collective impact they are having in Seattle:

38:22 - What gives me hope now is that we have all these incredible systems and alternatives that are serving young people and our communities. -**Asia Tail, Co-Founder, yəhaw̓ Indigenous Creative Collective, Food Equity Fund grantee**

39:31 - I'm grateful to be here today and to see the ways in which we are co-creating an ecosystem [of programs and services]. We're building something beyond just our own organizations...We're building connections [between programs and organizations]. -**Reagan Jackson, Co-Executive Director, Young Women Empowered, Food Equity Fund grantee**

42:27 - This is an opportunity for me to create coalition and spaces that are really going to be very important as we move further into challenges around climate change, density, access, and wealth inequality. Giving folks a means for food production, understanding where that comes from, and opportunities for leadership keeps me going. -**Ray Williams, Black Farmers Collective, Food Equity Fund grantee**

43:23 - My hope is just to continue serving the community, whether they need me to advocate for their pregnancy or anything they need to bring their baby—a healthy baby—into the world. -**Yasmin Mahamed, Programs Manager, Global Perinatal Services**

1:24:52 – Being in this space today—and hearing everyone's stories, their missions, and the work that is being accomplished—I'm struck by how significant our reach is in effecting change and maximizing results for the people that we're serving. In our work, as we see the need, we're also savvy and agile and able to respond to the needs we're witnessing. -**Katherine Jordan, Executive Director, South Park Senior Citizens, Food Security Program for Older Adults**

1:28:41 – So much community wisdom has been generated over the last few years about the solutions to the situation that we're in. I see frontline community services really listening to and embracing that wisdom in our work, and I really hope it translates into policy. There is so much opportunity to take the ideas, lived experiences, and the wisdom from folks that we serve and to put it into practice to make us better. -**Marcia Wright-Soika, Executive Director, Family Works, Food Security Programming**

1:30:24 – Farm to Preschool is a collaboration of partners, and I’ve had the opportunity to see what we can do when we come together. It’s the power of that collective action and all the opportunities that exist in that kind of collaboration.

1:37:59 – Thank you so much! This is from me, but also from my community and the kids of my community. Thank you for helping my community have food on their tables. -Maria Martinez, Health Program Coordinator, Latino Community Fund, Fresh Bucks Enrollment Partner

Appendix B: Programs and Services Supported by the SBT Fund

In 2023, the SBT Fund supported **\$22 million** in programs and services focused on food security and early child development. Check out the [2022 SBT Annual Report](#) to read about program outcomes (2023 SBT Annual Report coming soon).

Food Access and Health Promotion	Managing Dept	2023 Adopted Budget (\$)
Fresh Bucks	OSE	5,302,653
Food Equity Fund Community Grant Program	DON	2,888,547
Food banks and home delivery	HSD	2,341,907
Community and older adult meal programs	HSD	1,317,588
Farm to Preschool and Child Care	HSD	1,200,659
Healthy Food in Schools	OSE	485,607
Recreational programming	SPR	302,531
Food Policy & Program Supports	OSE	302,433
Food Access Administration	HSD	80,403
<i>Subtotal</i>		<i>14,222,328</i>

Early Learning, Education, Child Development	Managing Dept	2023 Baseline Budget (\$)
Child Care Assistance Program	DEEL	3,075,371
Prenatal-to-Three Grant Program	DEEL	1,500,000
Health and Developmental Supports	DEEL	1,471,848
Coaching and Training	DEEL	479,596
Home Visiting	DEEL	606,227
SBT Central Administration	DEEL	602,120
Family Child Care Support*	DEEL	-
<i>Subtotal</i>		<i>7,735,162</i>

*Not implemented in 2023

Appendix C: Impact of cuts to food assistance and prenatal-to-three programs

Our 2025 Budget Recommendations are straightforward:

1. Maintain spending restrictions on the SBT Fund
2. Find other revenue sources to balance the SBT Fund and maintain programs/services.
3. Use local levies (e.g. the future Families, Education, Preschool, and Promise Levy) to support SBT-funded programs/services and meet the high needs in the community.

What follows is more information on the harmful impacts reducing SBT-funded programs/services would have in Seattle communities.

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 sunsetting 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.

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.

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.

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.