

Sweetened Beverage Tax Community Advisory Board

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Date: October 17, 2024

To: 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

From: [The Sweetened Beverage Tax Community Advisory Board](#)

Subject: Response to the 2025-2026 Proposed Budget for the SBT Fund

Cc: Mayor Bruce Harrell, Deputy Mayor Adiam Emery, Acting Budget Director Dan Eder, Office of Sustainability & Environment (OSE) Director Jessyn Farrell, City Budget Office (CBO) Lead Saroja Reddy, and CBO Analyst Greg Shiring

Dear City Council,

We are writing to convey the position of the Sweetened Beverage Tax Community Advisory Board (CAB) on the Mayor's 2025-2026 Proposed Budget for the [Sweetened Beverage Tax \(SBT\) Fund \(00155\)](#). In doing so, we are fulfilling our role, established by [ORD 125324](#) (Section 4): *to 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 to advise the Mayor and City Council on the use of SBT revenues.*

Summary of the 2025-2026 Proposed Budget for the SBT Fund

The Sweetened Beverage Tax continues to be a volatile fund source. According to the latest (August 2024) [revenue forecast](#), SBT revenues declined in 2024 compared to the previous forecast and continue to decline over the 2025-2026 biennium (about \$1 million per year).

In 2025, the Mayor's proposed budget for SBT makes no cuts to programs and services and instead taps into the SBT Fund reserves. However, beginning in 2026, the proposed budget would include 8% reductions in DEEL, DON, and HSD (see **Table 1**).

Table 1: SBT Budgets by Department

Department	2024 Adopted	2025 Proposed	2026 Proposed	Notes
Dept of Education & Early Learning (DEEL)	7,798,000	8,023,000	7,473,000	-8% in 2026
Office of Sustainability & Environment (OSE)	6,151,000	6,337,000	6,423,000	No change
Human Services Department (HSD)	5,244,000	5,558,000	5,310,000	-8% in 2026
Department of Neighborhoods (DON)	2,887,000	2,984,000	2,796,000	-8% in 2026
Seattle Parks & Recreation (SPR)	309,000	346,000	360,000	+\$37k in 2025

[Click here](#) to view the SBT Fund (00155) Financial Plan in the 2025-2026 Proposed Budget.

Starting in 2026, reductions are proposed for DEEL’s Developmental Bridge Program contract, ParentChild+ contract, and the Child Care Health Program. DON’s Food Equity Fund (FEF) would support 3-to-5 fewer awards each year for community-led projects. HSD funding for produce bags for in-home family childcare providers (aka Farm to Child Care pilot) will be eliminated. See **Table 2** for details.

These cuts are expected to have real impacts on direct services that support child growth and development and access to nutritious foods for low income households.

Table 2: SBT Reductions in the 2025-2026 Proposed Budget (Amounts in \$1,000s)

Department	SBT Reductions – 2026 Proposed	Programs Impacted
DEEL	(623)	<ul style="list-style-type: none"> ● 9% reduction to the Developmental Bridge Program which provides services for children from birth to age 4 with disabilities and developmental delays ● 7% reduction to ParentChild+ which supports families and caregivers with early literacy tools ● 14% reduction to the SBT portion of the Child Care Health Program which supports child care programs with health, nutrition, and safety training and resources
HSD	(434)	<ul style="list-style-type: none"> ● Reduces Culturally Nourishing Foods which provides contract funding for groceries, meals, transportation, and nutrition education provided in older adults (ages 60+) (\$354k) ● Eliminates the Farm to Child Care pilot which provides produce bags for in-home family childcare providers (\$80k)
DON	(378)	<ul style="list-style-type: none"> ● Reduces funding available for Food Equity Fund (FEF) awards which support community-led food projects ● Removes a vacant position in the FEF program

CAB’s Position and Recommendations

On [October 4, 2024](#), the CAB met to review and discuss the Mayor’s 2025-2026 Proposed Budget as it relates to the SBT Fund and decide on how to respond. Our unanimous position and recommendations are as follows:

1. **We endorse the Mayor’s proposed 2025 SBT budget.** We understand the difficult choices faced by the Mayor and his staff when they developed a balanced budget proposal in the context of a \$251 million deficit in 2025. It is clear that the Mayor and City Budget Office seriously considered our [2025 budget recommendations](#) (transmitted June 5, 2024): there are no cuts to SBT programs/services in 2025 and no SBT funding swaps (SBT spending restrictions are maintained).

We appreciate the commitment to the accountable and transparent partnership that Mayor Harrell, City Budget Office, and SBT-funded departments have shown the CAB over the years.

While the latest (August 2024) [revenue forecast](#) shows an ongoing SBT Fund deficit of \$1 million in 2024-2026, the Mayor’s proposed budget maintains SBT-funded programs and services in 2025 by using the SBT fund balance and planning reserves. We agree with this approach. It is exactly the intended use of those planning reserves – to help balance the SBT Fund during shortfalls such as this.

- 2. In 2026, we recommend the Mayor and City Council use other fund sources to balance the SBT Fund rather than implement the proposed cuts.** Additionally, if the October/November revenue forecast comes in even lower in 2025, we also recommend using other fund sources to balance the SBT Fund in 2025.

There is already a precedent for using other fund sources to balance the SBT Fund. In 2023 and 2024, the City Council transferred \$1.2 million (one-time) from the JumpStart Fund to balance the SBT Fund and maintain programs/services. The City Council should do so again if there continues to be a shortfall in 2026. We understand the enormous pressures on the General Fund and Payroll Expense Tax, which is why our third recommendation identifies a new fund source that should be tapped to support aligned SBT programs.

Critically important programs that increase food security, increase access to healthy food, and support child health and early learning should not be cut. Access to food and child development services is essential for a thriving Seattle and should be regarded with the same policy priorities as public safety, mental health, housing, and downtown recovery. The need for food and child care assistance is very high in Seattle due to inflationary pressures and the end of COVID-era assistance. Cuts proposed to SBT programs in 2026 would impact our most vulnerable residents – low-income children and elders – and do not align with values of our city and the CAB.

- 3. Move the early learning programs/services currently funded by the SBT to the future Families, Education, Preschool, and Promise (FEPP) Levy.** Since 2022, the CAB has been communicating to City officials about the volatility in the SBT Fund and the need for diverse and stable revenue sources.

In early 2023, we [presented](#) at the Finance and Housing Committee about the future shortfall facing the SBT Fund and highlighted the major [structural issues](#) with this revenue source: SBT does not adjust for inflation, the tax rate cannot be changed, and *by design* the SBT is intended to be a declining revenue source. Declining SBT revenue is not a negative thing when we consider the public health goal of the tax is to curb consumption of sugary drinks. However, it is a problem when the City’s essential services for food insecure and low-income families are reliant on such an unstable revenue source.

In 2023, we also started advising City officials to move SBT-funded early learning investments onto the future FEPP Levy. The time is now. The FEPP Levy is up for renewal in 2025 and, in 2026, DEEL is facing 8% cuts to its early learning programs.

Moving most of DEEL’s early learning programs to the future FEPP levy would maintain these important programs, strategically align programs/services with their funding sources, and take pressure off the volatile SBT Fund.

Every year since 2022 the CAB has participated in budget exercises to model potential cuts to SBT-funded programs/services. *This is neither efficient nor strategic*—and it causes stress for the hundreds of community-based organizations funded by SBT. The SBT Fund is overprescribed and the new FEPP Levy is a once-in-every-seven-years opportunity to address it.

In Closing

On behalf of the communities we represent and serve, thank you for your continued attention to our recommendations on the SBT spending plan. In accordance with the [SMC 5.53.055](#), the SBT Fund is directed to support critically important programs that increase food security, increase access to healthy food, and support child health and early learning. Please see the newly released [2023 SBT Annual Report](#) to read about the *real* impact these programs have in our communities, and then, imagine what Seattle would look like without these programs and the organizations that provide them.

The CAB will continue to monitor the budget situation throughout this year’s budget process and beyond. If needed, we will advocate with community partners to maintain SBT-funded programming and avoid any cuts. 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