

# Sweetened Beverage Tax Community Advisory Board

<http://www.seattle.gov/sweetenedbeveragetaxboard>

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**Date:** October 19, 2018

**To:** Councilmember Bagshaw, Councilmember González, Councilmember Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Sawant

**From:** Sweetened Beverage Tax Community Advisory Board

**cc:** Mayor Jenny Durkan, Ben Noble

**Subject:** The Mayor's 2019-2020 Proposed Budget

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Dear City Councilmembers,

The Sweetened Beverage Tax Community Advisory Board (CAB) appreciates the work of the Mayor, her staff, and the City Budget Office in developing the 2019-2020 Proposed Budget. It is clear the Executive seriously considered our recommendations for Sweetened Beverage Tax (SBT) revenue allocation. We also thank the Executive staff for meeting with the CAB co-chairs and making a good faith, close study of our recommendations. Finally, we appreciate the City for promptly executing and adhering to our 2018 reserve fund recommendations.

There are several features of the proposed budget we endorse. Namely, the proposal emphasizes (although does not adequately address) the use of SBT revenues to support programs and services that align with the intent of the ordinance and our community engagement surveys. It would create a low-barrier Food Access Opportunity Fund (\$500,000). It would also dedicate resources to the CAB so it can more effectively engage communities in decision-making around use of SBT revenues.

**However, the CAB is deeply troubled by the Mayor's proposal to use nearly \$6 million in beverage tax revenue to supplant general funds that support existing food access and early childhood programs and services.** Supplanting general funds, however important and beneficial the programs they support, diverts funding from supporting SBT-focused activities. Politically and financially, it also pits essential services—like emergency food and homelessness services—against one another. While we recognize that the activities included in the swap are generally in the domains of food access and early childhood, they do not fully align with CAB activity priorities.

We recognize that the City faces significant issues across many domains and is challenged in having sufficient funds to address them all. However, **SBT funds should be used as intended—to expand, supplement, and innovate, not supplant, programs and services consistent with the ordinance that address inequities in food access, health and education outcomes.**

Many community-based advocates worked hard during the legislative process to ensure the revenue generated from this tax would *increase* investments in the communities most impacted by chronic diseases and other health and early childhood inequities: communities of color, immigrants, refugees, people with low income, individuals with limited-English proficiency, and youth. **To use SBT funds to supplant general funds erodes community and public trust.**

Community members supported adoption of the SBT because they were assured that tax revenues would be invested as promised and consistent with CAB guidance. Diversion of tax revenues to the general fund for issues outside the legislative intent of the SBT ordinance would repeat the ill-conceived diversion of state tobacco settlement money to address issues unrelated to the intended purpose of these funds to reduce exposure to tobacco and decrease tobacco-related illness.

In addition to the issue of supplanting, we are concerned that the proposed allocation of SBT revenues does not adequately reflect the 2019 priorities and funding targets developed by the CAB. The funding levels and proportion of SBT revenues allocated to *Community-based Programs and Activities to Support Good Nutrition and Physical Activity, Public Awareness Campaign, Support for People with Diabetes and Obesity, and Evaluation Support for Community-based Organizations* are substantially lower than recommended by the CAB:

Program Area	2019 Mayor's proposed funds	Mayor's proposed share	CAB rec'd funds	CAB rec'd share
Healthy food and beverage access	\$7,363,000	42.3%	\$5,655,000	32.5%
Birth to three services and kindergarten readiness	\$7,810,000	44.9%	\$5,220,000	30.0%
Community-based programs and activities to support good nutrition and physical activity	\$1,473,000	8.5%	\$2,610,000	15.0%
Support for people with obesity and diabetes	\$250,000	1.4%	\$1,740,000	10.0%
Public awareness campaign	\$250,000	1.4%	\$1,653,000	9.5%
Evaluation support for community-based organizations	\$250,000	1.4%	\$522,000	3.0%
<b>Total<sup>1</sup></b>	<b>\$17,400,000</b>	<b>100%</b>	<b>\$17,400,000</b>	<b>100%</b>

1. Total excludes one-time expenditures in the first five years, tax evaluation, and tax administrative costs.

The level of funding for support for people with obesity and diabetes, public awareness campaign and evaluation is woefully low, and insufficient to support meaningful and impactful activities. The proposed level of funding for community-based programs and activities to support good nutrition and physical activity will seriously limit the number of people served who need these programs.

**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.** The CAB has worked tirelessly over the past year to develop revenue recommendations that lead with equity and are consistent with the interests that emerged from our engagement with more than 180 community members and the experience and expertise of CAB members.

In closing, we recommend Council do the following:


1. Fix the misalignment between the proposed budget and the CAB's recommendations by increasing funding to *Community-based programs and activities to support good nutrition and physical activity, Public Awareness Campaign, Support for People with Diabetes and Obesity, and Evaluation Support for Community-based Organizations.*
2. When re-aligning the budget to the CAB's recommendations, make no cuts to the \$6 million in programs and services that the Mayor proposed to supplant with SBT funds and which help to close disparities in food access, health and early childhood outcomes.
3. Establish a segregated fund, separate from the general fund, for deposit of SBT revenues. Funds in this account would be restricted to supporting the priorities identified in the SBT ordinance and consistent with the CAB recommendations.
4. Request the Human Services Department, Department of Education and Early Learning, and Office of Sustainability & Environment to provide a report detailing their current or planned processes for awarding and subcontracting SBT funds to non-City partners and how these processes reflect the CAB recommendations for an equitable and accessible RFP process. The report should also address the role envisioned for the CAB in these processes. Community feedback collected by the CAB and detailed in our recommendations clearly emphasized supporting community-based organizations. We would like to learn more about the proportion of SBT funds that are or will be granted to community organizations working with and from communities disproportionately affected by health and early childhood inequities.

Finally, we would like to thank Mayor Durkan and her administration and the City Council for their collaboration in the first year of the SBT's implementation. We look forward to continuing that collaboration moving forward through this year's budget process and beyond.

Sincerely,



James Krieger, MD, MPH  
Co-Chair



Christina Wong,  
Co-Chair