

Sweetened Beverage Tax Community Advisory Board

Meeting Slides - April 18, 2025

Information on the Budget Situation

2025 Adopted – 2026 Endorsed Budget

- [Click here](#) for the last year's SBT Financial Plan based on 2024 revenue forecasts.
- SBT Fund was already tightly budgeted, with 8% reductions in DEEL, DON, HSD spending planned for 2026 (see slide #4)
- SBT revenues continue to decline compared to forecasts
 - 2024 Actuals were **\$800,000 lower** than forecast

April 2025 – SBT Revenue Forecast Update

- 2024 actual revenues came in lower than forecast
- Current forecast predicts a shortfall in the SBT Fund
- Next forecast is in August

Baseline
Scenario

Actuals	April Forecast		Difference from 2025-2026 Adopted		2 Year Total Difference
2024	2025	2026	2025	2026	
\$20.1M	\$19.9	\$19.8	-\$1.4M	-\$2.0M	-\$3.4M

Pessimistic
Scenario –
more likely

Actuals	April Forecast		Difference from 2025-2026 Adopted		2 Year Total Difference
2024	2025	2026	2025	2026	
\$20.1M	\$19.8	\$19.6	-\$1.5M	-\$2.1M	-\$3.7M

SBT Reductions Planned in 2026 (as of last year)

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

→ Likely backfilled by the \$1M General Fund added by Council to HSD's Food & Meals budget during 2025 budget process

Notes from City Budget Office on revenue situation

- *Forecasts are 3 times a year – April, August, November*
- **We are in a “down” cycle – across all City fund sources.**
- *2024 revenues drop by 4%, 2025 drop by 6%, 2026 drop by 10%*
- *Reductions of 10% are needed to balance the fund*
- **CAB Q: is the downturn due to reduced consumption?**
 - **Response:** For **actuals**, yes 2024 indicates 4% lower consumption. For the **forecast** in out years – it is not based on projected consumption, it is based on employment and income statistics, which are very blunt forecast tools for the SBT Fund.

These notes were taken by City staff during the briefing with the City Budget Office. They were recorded and made available to CAB members during the meeting for reference purposes.

Notes from City Budget Office on revenue situation

- *Reminder that these out years are **projections***
- *To align spending with revenue projections – 10% reductions are needed in 2025 and 2026. After these reductions, there would leave a little bit of fund balance.*
- *There are policy decisions to be made – can we still even get 10% reductions out of 2025?*
- *CBO has not communicated any guidance to departments yet. Until now, depts were told to keep things the same, but this is the first forecast update. We'll be asking departments to propose some reductions. For 2026, at least 10% reductions. Not sure yet about 2025. If it's too late to take 10% reductions in 2025, may have to go deeper in 2026 (15%).*

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Notes from City Budget Office on revenue situation

- *Referring to slide 9: Orange columns are the April revenue update. All other columns assume information from the Fall 2024.*
- *For the combined 3 years, looking at \$4M reduction*
- *Economists decided to use the pessimistic scenario.*
- *Updated guidance from CBO coming to departments in a week or so – will include budget instructions for 2026 and mid-year adjustments for 2025.*
- **CAB Q: Is there projected underspend in 2025? Could that ease the cuts?**
 - **Response:** *Yes and No. CBO and departments will be looking at any underspend in 2024 and 2025. Typically, SBT does not have true underspend.*

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Status Quo Financial Plan for SBT. – note how quickly the Fund gets in the negative.

			2024 Adopted	2024 Update	2025 Adopted	2025 Updated	2026 Endorsed	2026 Updated				
Budgetary Fund Balance Adjustment	203		228	228								
Beginning Budgetary Fund Balance	7,642	1,843	8,708	8,708	3,039	2,221	1,118	(1,238)	508	(3,989)	335	(6,447)
Sources of Funds												
Sweetened Beverage Tax	21,650	21,247	20,909	20,091	21,327	19,789	21,753	19,611	22,189	19,905	22,632	20,284
Transfer from JumpStart Fund ¹	1,200	1,200	1,200	1,200								
Total Budgetary Revenues	22,850	22,447	22,109	21,291	21,327	19,789	21,753	19,611	22,189	19,905	22,632	20,284
Expenditures ²												
Office of City Auditor	471											
Office of Sustainability and Environment	6,014	6,151	6,341	6,341	6,337	6,337	6,423	6,423	6,423	6,423	6,423	6,423
Department of Education and Early Learning	8,005	7,798	10,477	10,477	8,023	8,023	7,473	7,473	7,473	7,473	7,473	7,473
Human Services Department	4,693	5,244	5,339	5,339	5,558	5,558	5,310	5,310	5,310	5,310	5,310	5,310
Department of Parks and Recreation	303	309	309	309	346	346	360	360	360	360	360	360
Department of Neighborhoods	2,299	2,887	5,312	5,312	2,984	2,984	2,796	2,796	2,796	2,796	2,796	2,796
Total Budgetary Expenditures	21,784	22,389	27,778	27,778	23,248	23,248	22,362	22,362	22,362	22,362	22,362	22,362
Ending Balance Sheet Adjustment	0	0	0		0		0		0		0	
Ending Budgetary Fund Balance	8,708	1,901	3,039	2,221	1,118	(1,238)	508	(3,989)	335	(6,447)	605	(8,525)
Planning Reserves												
Revenue Stabilization Reserve	2,000	1,300	2,000	2,000	800	0	0	0	0	0	0	0
Planning Reserve		530	530		0		0	0	0	0	0	0

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CAB Values

CAB Values & Budget Principles

Values

- Racial Justice, Social Equity
- Cultural Humility
- Voice of the Community
- Balance between Community-Driven Solutions & Scientific Evidence
- Transparency
- Accountability
- Trust

Budget Principles

- Priority Populations
- Place-Based Focus Areas
- Community-Driven
- Culturally Responsive
- Address Immediate Needs and Focus on Systems Change

[Click for full descriptions](#)

CAB's Past Budget Recommendations

(When Dealing with Budget Shortfalls)

- Use other fund sources to balance the SBT Fund, rather than implement cuts
- Move SBT-funded early learning investments to DEEL's families and education levy (to take pressure off the SBT Fund)
- Pursue new, progressive, equitable revenue sources and invest in food and early learning to address SBT shortfalls and high demand for services
- Identify targeted reductions based on CAB budget principles
- Ask Departments to propose how they would balance or reduce their SBT budgets and review/comment on those approaches