

## Community Based Organizations' Response to Mayor's Office and HSD Director re: Sweetened Beverage Tax

July 17, 2019

To:

Mayor Jenny Durkan

Jason Johnson, Acting Director, City of Seattle Human Services Department

Audrey Buehring, Deputy Director, HSD

Tanya Kim, Division Director, HSD Youth and Family Empowerment Division

Cathy Knight, Division Director, HSD Aging and Disability Services Division

Dwane Chappelle, Director, Department of Education and Early Learning

Re: Threats to cut funding due to CB 119551

Mayor Durkan, HSD Director Johnson and DEEL Director Chappelle:

We are deeply disappointed by your communications to our organizations regarding CB 119551 that would create a dedicated fund for Sweetened Beverage Tax (SBT) revenues and clarify financial policies related to the use of SBT revenues. To portray this legislation and its impact as causing funding cuts to our organizations is not only misleading, but intentionally deceptive. As community-based organizations working tirelessly to serve vulnerable Seattle residents, we are allied and refuse to take your bait in attempting to pit our organizations and our issues against each other in the name of scarce funding and funding cuts.

As organizations that receive funding from the City, we are familiar with the City's budget process and know that the Mayor is currently crafting her budget and can choose to prioritize funding for our contracts and programs in the general fund. To claim that CB 119551 will lead to funding cuts, and to implicate City Council as the cause of these funding cuts is manipulative and assumes that we are uninformed of the City's budget process and our rights.

These are the facts:

- The Mayor decided to supplant \$6.3 million in general funds (a more predictable revenue source) with SBT funds (a less stable revenue source) in the third quarter of 2018 throughout 2019, which freed up general fund money for her to use for other things she determined as her priorities. It is unclear what the Mayor used that general fund money for since specific general fund expenditures cannot be tracked to specific programs.
- The Sweetened Beverage Tax revenue, as outlined in Ordinance 125324, was meant to be used to fund the *expansion* of existing programs and creation of *new* programs, NOT to replace general funds that provided baseline funding for programs. By using SBT money to supplant general fund money, the Mayor violated the intent of the SBT ordinance and the trust of community members, who believed that all SBT revenues would be invested in increasing services to help those most impacted by this regressive tax.
- Council tried to undo the supplantation by the Mayor in 2018 during the budget process, but because the Mayor made it extremely difficult to correct this and the budget process is so short (2 months), Council ultimately passed a 2019 budget and 2020 endorsed budget that included

the use of SBT revenues to supplant general funds. Endorsed budgets do not commit money but are only for planning purposes.

- In response to the Mayor's proposed 2019-20 budget, during the Fall 2018 budget deliberations, the Council passed Statement of Legislative Intent 1-5-B-1, requesting that the City Budget Office submit legislation by March of this year that would create a dedicated fund for SBT revenues and clarify financial policies.
- Because the City Budget Office did not submit the requested legislation, Councilmember O'Brien introduced CB 119551 this year to fix the supplantation issue by creating a dedicated fund and amending the SBT financial policies to ensure that SBT funds cannot be used to supplant other revenue sources in the future, and ensure that they are used only to fund the *expansion* of existing programs and creation of *new* programs, NOT to replace general funds that provided baseline funding for programs ahead of the 2020 budget process. The Mayor is currently developing her budget, which will be transmitted to the Council in late September.
- Moreover, the SBT funds are unpredictable. Revenue depends on the number of sweetened beverages purchased, which may not be consistent from year to year. This means that the SBT is an inconsistent source of funds and should not be used for baseline funding for existing programs. The Mayor, by swapping SBT revenue for general funds, made the decision to fund HSD contracts with a less consistent source of funding. A reliable and consistent source of baseline funding for these critical programs is needed, and the Mayor must fix this problematic decision she made in 2018 by using SBT revenues to supplant general funds.

It is entirely in the Mayor's power, and in fact, is her responsibility, to find an appropriate, more stable funding source for the programs where SBT revenues were used to supplant general fund dollars. To call community-based organizations and direct the Acting HSD Director and DEEL Director to send a letter to community-based organizations stating that their funding is in jeopardy is a scare tactic that the Mayor is using to avoid her responsibility to find an appropriate, stable funding source. As she is currently crafting her 2020 budget proposal, she can choose to prioritize funding for the HSD providers who are currently funded by SBT revenues that replaced general fund resources and ensure that funds are allocated from the general fund for these contracts. She is misinforming the public by portraying the situation as if there is no other option but to cut funds – this is false.

We fully expect the Mayor to rectify the issue created by her decision to use SBT revenue in place of general funds. We call on the Mayor to prioritize funding for these critical programs in her 2020 budget, while also ensuring that SBT revenue is utilized to *expand* these critical programs and create *new* programs to meet the critical food security and early learning needs of Seattle's children and families.

As community-based organizations providing critical support and services to the Seattle community, we refuse to succumb to the Mayor's scare tactics and attempts to divide us. We stand in solidarity with each other and with the City Council, as Council has championed the Sweetened Beverage Tax as a vehicle to expand critical programs that serve our community and has fought to ensure that the SBT revenue is used solely for this purpose. We support the passage of CB 119551, and we demand accountability from the Mayor. We denounce her use of scare tactics and the use of community-based organizations as political pawns, and demand that she allocate funding for these critical HSD programs in the general fund in her 2020 budget.

Sincerely,

Jill Mangaliman

Executive Director  
Got Green

David Sauvion  
Food Innovation District Strategist  
Rainier Beach Action Coalition (RBAC)

Claire West  
Roots of All Roads (ROAR) Mobile Farm Stands

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**Jill Mangaliman**  
**Executive Director | Got Green**  
**Pronouns:** they, them  
**Office:** [206-290-5136](tel:206-290-5136)  
**Mailing:** P.O Box 18794, Seattle, WA 98118