

Farmers Market Organizations' Response to Mayor's Office and OSE Director re: Sweetened Beverage Tax

July 18, 2019

To:

Mayor Jenny Durkan

Jessica Finn Coven, Director, Office of Sustainability & Environment

Michelle Caulfield, Deputy Director, OSE

Sharon Lerman, Food Policy & Program Manager, OSE

Robin Kumar, Fresh Bucks Program Manager

Tiffany Anderson, Fresh Bucks Program & Contract Specialist

CC: Seattle City Council

Re: Mayoral Communication Regarding CB 119551

Mayor Durkan and OSE Director Finn Coven:

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 misleading and has caused confusion amidst the program participants of Fresh Bucks. As community-based organizations working to expand access to fresh fruits and vegetables for Seattle residents *and* concurrently support Washington State's small farmers, we are allied and will not work against an ordinance that aims to protect the future of food access 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 and City Council can work together to prioritize funding for our contracts and programs in the general fund. One such program is Fresh Bucks. OSE has worked in partnership with the Neighborhood Farmers Markets and community organizations from the beginning to establish and expand the program, including taking entrepreneurial steps to secure and align funding sources at all levels of government.

To claim that CB 119551 will lead to funding cuts, and to implicate City Council as the cause of these funding cuts assumes that we are uninformed of the City's budget process and the funding sources used to support the totality of our programs.

These are the facts:

- \$6.3 million in general funds (a more predictable revenue source) with SBT funds (a less stable revenue source) was supplanted in the third quarter of 2018 throughout 2019, which freed up general fund money for other priorities. It is unclear what the general fund money was used for since specific general fund expenditures cannot be tracked to specific programs.
- In [OSE's 2019-2020 Proposed Budget](#), an adjustment of \$365,000 of restricted Sweetened Beverage Tax revenue was used instead of General Fund to support *existing* food-related programs. This adjustment took place in 2018 and was factored into the 2019 budget.
- 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. Using SBT money to supplant general fund money was not in keeping with 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 in 2018 during the budget process, but the budget process is a short 2 month), and 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. In the case of Fresh Bucks, OSE and community organizations worked entrepreneurially with the Washington State Department of Health to apply for federal (FINI) funds for the continuation of fruit and vegetable incentives provided to Supplemental Nutrition Assistance (SNAP) recipients, allowing Sugary Beverage Tax revenues to be used for the expansion of this proven program. **In order for programs to establish themselves, show impact, and grow to meet the rising need for food security in the City of Seattle, reliable and consistent sources of funding for these critical programs are needed.**

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. As Farmers Markets, we have worked collaboratively with city offices like OSE to pilot, implement, and scale important food access programs for Seattle residents. To send a stating that funding is in jeopardy was misleading, because a solution is entirely within our reach.

The Mayor and Council must work together to prioritize funding for the agency and community-based providers who are currently funded by SBT revenues that replaced general fund resources. They should ensure that funds are allocated from the general fund for these contracts, 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 by supporting CB 119551.

Sincerely,

Jennifer Antos
Executive Director | Neighborhood Farmers Markets

Lillian Sherman
Executive Director | Pike Place Market Foundation

Doug Farr
Director | Seattle Farmers Market Association

Matt Kelly
Executive Director | Queen Anne Farmers Market