

Sweetened Beverage Tax Community Advisory Board

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Date: October 20, 2025

To: Councilmember Rob Saka, Councilmember Mark Soloman, Councilmember Hollingsworth, Councilmember Rivera, Councilmember Juarez, Councilmember Strauss, Councilmember Kettle, Councilmember Rinck, and Council President Nelson

From: The Sweetened Beverage Tax Community Advisory Board

Subject: CAB Response to the 2026 Proposed Budget

Cc: Mayor Bruce Harrell, Acting City Budget Director Dan Eder

Dear City Council,

On behalf of the Sweetened Beverage Tax Community Advisory Board (CAB), we are writing to respond to the Mayor's *2026 Proposed Budget* as it relates to the Sweetened Beverage Tax (SBT) Fund (00155). The CAB met on Oct. 3, 2025, to review and discuss the proposed budget for alignment with our recommendations and priorities. Representatives from the City Budget Office and SBT-funded departments attended the meeting to brief us and respond to questions. We especially want to acknowledge and appreciate the City Budget Office for their transparency in explaining the details of the *2026 Proposed Budget*, including those elements that we disagree with, i.e. using the Sweetened Beverage Tax to help balance the General Fund through supplantation. We have worked hard to build trusting relationships with City staff, and as a result, it feels safer to work together on finding a balanced solution to an incredibly difficult funding situation.

The *2026 Proposed Budget* includes some major changes in how the City would fund food security and prenatal-to-three programs. As summarized in the table provided in **Appendix A**, some of these changes align with the [CAB's May 2025 budget recommendations](#) whereas others do not. Overall, the Mayor's proposed budget reflects strong alignment with several of the CAB's priorities, particularly around protecting food and childcare investments. The proposal avoids cuts to these areas and includes notable increases through other funding sources, such as the Families, Education, Preschool & Promise (FEPP) Levy and new Business &

Occupation (B&O) tax revenues. We endorse these investments that support childcare assistance, worker retention, and food security programs, including food banks, meal programs, and Fresh Bucks. However, we are concerned that the food investment increases are *one-time rather than ongoing*, which limits their long-term impact and creates a benefits cliff for Fresh Bucks households. We are also disappointed with the proposal to end the Prenatal-to-Three Community Grant Program and would like the Department of Education and Early Learning (DEEL) to reconsider.

Below is a breakdown of additional CAB comments, by budget issue.

Spending Restrictions on the Sweetened Beverage Tax (SBT) Fund

The *2026 Proposed Budget* would shift \$7 million in Human Services Department (HSD) food investments from the General Fund to the SBT Fund. To implement this funding swap, the City Budget Office transferred budget legislation that would remove the “no supplantation” clause in the SBT ordinance and SMC 5.53.055 (Sweetened Beverage Tax—Allocation of Proceeds).

We are very concerned and opposed to removing the “no supplantation” clause from the SBT Fund. Such budget swaps erode community and public trust. Since SBT was first legislated in 2017 and [then again in 2019](#), this CAB and community partners have fought to ensure that revenue from this regressive tax would be protected and directed toward *equitable, community-driven investments*, not used to provide general budget relief during economic downturns. The community’s trust in this revenue source depends on ensuring that SBT dollars supplement, rather than replace, existing investments.

SBT revenues should remain a dedicated source for advancing food and educational equity, particularly in communities most impacted by structural inequities. These funds should be used to *expand* programs and services that improve access to healthy food and early childhood outcomes, not replace other funding for existing programs and services. In transferring SBT spending to the new Family, Education, Preschools, and Promise (FEPP) Levy (discussed below), the Executive could have proposed using the \$7 million freed up in the SBT Fund to *expand investments in an ongoing (not temporary) way* for Fresh Bucks and other food security programs. Then, the new B&O tax revenues could have backfilled HSD General Fund expenditure for food bank and meal programs.

Maintaining the no-supplantation language in the SBT Fund is a top priority for the CAB to uphold the original intent of the tax. However, if the City determines that supplantation of restricted SBT funds is truly necessary to maintain critical services during today’s fiscal shortfall,

such use should be *strictly conditional and time-limited*, such as through with the following protections:

- **Temporary Use Only:** Supplantation may occur only during a declared fiscal emergency or significant reduction in City revenue and must be limited to one biennium unless reauthorized by City Council.
- **Backfill Guarantee:** The City must identify a plan to restore or backfill the supplanted funds once General Fund revenues recover, ensuring the \$7 million in original SBT funds can be used to *expand* programs that align with the intent of the ordinance and eligible spending categories, i.e., to increase equitable outcomes in food security and child outcomes.
- **Reversal Mechanism:** When General Fund revenues rebound, the City must reverse the supplantation—returning those program costs to the original funding source or another sustainable source—before expanding new spending.
- **Transparency and Accountability:** Any temporary supplantation must include a written justification, impact analysis, and restoration plan, submitted to the CAB and City Council for review and made publicly available. This is similar to the fiscal impact memo attached to City legislation but would include details on the supplantation reversal mechanism.
- **Maintenance of Effort:** Departments must maintain at least the prior biennium’s baseline level of funding from non-SBT sources to prevent erosion of core program support.

These provisions ensure that the SBT continues to function as a community-driven, equity-focused investment tool, not a general budget balancing mechanism.

Transfer of Sweetened Beverage Tax Spending to the 2025 FEPP Levy Expenditures

A major shift in the Mayor’s budget proposal is that funding for SBT-funded programs in the Department of Education and Early Learning (DEEL) would be transferred to the Proposed 2025 Family, Education, Preschools, and Promise (FEPP) Levy. We are thrilled to see this shift, which is something the CAB has advocated for since 2022. Assuming voters approve the new levy, this is a one-time opportunity to offload programs from the volatile SBT Fund to a more stable funding source. Regarding the expansion of the Child Care Assistance Program (CCAP) in the levy, we recommend prioritizing assistance for children ages birth to three since childcare expenses are highest for this age range and many of state and federal prenatal-to-three programs are getting reduced or cut.

As SBT-funded programs are shifted to the FEPP Levy, we request for CAB Early Learning representation on the FEPP Oversight Committee. Our understanding is that early learning is a

newer investment category for the FEPP Levy, and we want to ensure that programs and services that were created and expanded under the SBT Fund have solid representation during the transition.

Tied to the transfer of the SBT spending to the new FEPP levy is a proposal to shift \$7 million in Human Services Department (HSD) food investments from the General Fund to the SBT Fund. We are concerned with this funding swap. This shift conflicts with our long-standing principle that SBT dollars should not replace or supplant other funding sources (address in more detail above). Also, while SBT revenue projections remain stable and a modest reserve is maintained for one year, the CAB believes there was a missed opportunity to strengthen the SBT reserve for future revenue volatility.

Elimination of the Prenatal-to-Three Community Grant Program

The *2026 Proposed Budget* does not maintain funding for the Prenatal-to-Three Community Grant Program managed by DEEL. We recommend a deeper analysis of why this program appears to be sunsetting. DEEL representatives attended the CAB's October 3 meeting, and we were not satisfied with their rationale for ending this program beyond stating that it does not fit within the new FEPP Levy framework and is "not evidence based." This reasoning conflicts with the CAB's values and intent for the program (see the [CAB's 2020 memo](#), page 6).

The Prenatal-to-Three Community Grant Program was intentionally designed to support small, grassroots organizations that provide *culturally relevant, community-informed services* to promote healthy births, improve parental health and wellbeing, and strengthen caregiver–child relationships. It reaches pregnant individuals, infants, toddlers, and families disproportionately affected by disparities in early childhood outcomes. Services are directed and provided by organizations led primarily by women of color, whose [risk of maternal and infant mortality](#) is three and four times higher than white women, regardless of income and education. DEEL's explanation that data outcomes alone are insufficient to justify continuing the program overlooks the clear community benefits and equity impacts demonstrated through its implementation. For reference, see **Appendix B** for a list of organizations that have been supported by the *Prenatal-to-Three Community Grant Program* since its inception.

Moreover, prenatal-to-three providers are already facing major reductions in state and federal funding, and the closure of maternal health supports and midwifery services at large hospitals. Losing this local investment would further erode critical support for families during the earliest, most formative years. The Prenatal-to-Three Community Grant Program was established through SBT revenue to advance racial equity, community leadership, and healthy child

development, aligning with CAB’s core principles and the City’s broader goals of improving kindergarten readiness and reducing health disparities.

One-Time Expanded Investments in Food Security

The CAB applauds the additional investments in food security included in the proposed budget and we appreciate the City’s recognition of the urgent community needs created by overlapping impacts of federal cuts, high food prices, and affordability challenges in Seattle.

However, we are deeply concerned that these increases are one-time and therefore do not represent a lasting improvement in access or stability. Expanding ongoing programs such as Fresh Bucks with temporary funding creates a “benefits cliff” that risks disenrolling thousands of families once one-time funds expire. Similarly, short-term infusions in food banks and meal programs do not address the persistent, structural need for sustained investments in Seattle’s food access network.

Additionally, we are concerned that the City is not maintaining a more robust reserve in the SBT Fund to protect against revenue fluctuations. In the [proposed SBT Fund Financial Plan](#), about \$1 million is kept in the SBT reserve. However, if revenues and expenditures stay the same, the reserve is quickly used up by 2027. If the City is looking for one-time investments to support food security, fully funding the SBT reserve with \$2 million is a better use of one-time funds.

We urge the Council to identify ongoing, stable funding sources to maintain and grow these critical programs beyond the next fiscal year. One-time expansions should be paired with a plan for continuity, ensuring families and service providers are not left in uncertainty when temporary funds run out.

The Sweetened Beverage Tax Community Advisory Board thanks the City Council for their thoughtful consideration of these recommendations. We take our advisory role seriously and strive to ensure that City decisions reflect the priorities, needs, and values of the communities most impacted by inequities in food access, health, and education. We appreciate the ongoing partnership and the City’s commitment to transparent, community-informed budgeting, and we look forward to continued collaboration to advance equitable, sustainable, and community-driven investments for Seattle residents.

Sincerely,



Tanika Thompson-Bird
Co-Chair, SBT Community Advisory Board



Jen Moss
Co-Chair, SBT Community Advisory Board

Appendix A: Comparison of the CAB’s [2026 Budget Recommendations](#) (May 2025) and the 2026 Proposed Budget Actions

CAB’s 2026 Budget Recommendations	2026 Proposed Budget Alignment
<p>1. Prioritize investments in food and childcare programs, regardless of their City funding source.</p>	<p><input checked="" type="checkbox"/> No reductions in food and childcare spending. In fact, there are some increased investments from other fund sources. However, we have concerns with the one-time rather than ongoing expansions.</p> <p><input checked="" type="checkbox"/> We agree with moving the Department of Education and Early Learning (DEEL) SBT-funded programs to the new Families, Education, Preschool, and Promise (FEPP) Levy, which is a more stable funding source.</p> <p><input type="checkbox"/> The proposed budget does not maintain funding for the Prenatal-to-Three Community Grant Program which supports small, grassroots organizations that provide culturally relevant, community-informed services.</p>
<p>2. Use other revenue sources to balance the SBT Fund.</p>	<p>Alignment on this point is neutral. The forecasted SBT revenues for 2026 are up slightly compared to the <i>2026 Endorsed Budget</i>, therefore no reductions are being taken in department SBT budgets. Use of SBT fund balance also allows for a small increase in 2025 for labor settlements and contract inflation costs.</p> <p>In 2026, about \$1 million will be kept in the SBT reserve to protect against revenue fluctuations. We agree with maintaining an SBT reserve but recommended fully funding the reserve at \$2 million. This is a better use of one-time funds.</p>
<p>3. Maintain spending restrictions on the SBT Fund.</p>	<p><input type="checkbox"/> The City Budget Office transmitted budget legislation that would remove the “no supplantation” clause from the SBT ordinance. This was done in order to shift \$7 million in Human Services Department (HSD) food investments from the General Fund to the SBT. The stated purpose of this funding swap is to shield HSD food investments from the General Fund (GF) shortfall. This swap goes against the CAB’s longstanding principle that SBT funds should only be used to expand or create new programs in alignment with community</p>

CAB’s 2026 Budget Recommendations	2026 Proposed Budget Alignment
	<p>priorities, not to supplant other funding sources. SBT is a regressive tax and as such should only be used to invest in the priorities of communities most impacted by the tax. SBT should not be used as budget relief for the General Fund.</p>
<p>4. Increase investments in food and childcare assistance programs to address worsening food and nutrition insecurity and access to affordable childcare.</p>	<p>☑ The proposed budget includes \$18.5 million in the proposed Families, Education, Preschool & Promise (FEPP) levy for the 2026-2027 school year to double access to affordable childcare slots and provide retention payments to more than 5,000 childcare workers. We would be interested to see if it is possible to prioritize assistance for children ages birth to three.</p> <p>☑ The proposed budget includes \$10 million in additional food security investments to support food banks and meal programs and expand the Fresh Bucks program. We support an increase in expanded programs and services but are concerned that they are one-time and not ongoing investments.</p>
<p>5. Pursue new and progressive local revenue options. Dedicate a portion of that revenue to programs that make Seattle livable for everyone and create lasting change for an equitable future.</p>	<p>☑ The \$10 million proposed in additional food security investments for food banks, meal programs, and Fresh Bucks are associated with the City’s proposed Business & Occupation (B&O) Tax increase. We are excited about new investments that increase food insecurity and access but note that one-time investments do not represent a lasting improvement in access or stability. Expanding ongoing programs such as Fresh Bucks with temporary funding creates a “benefits cliff” that risks disenrolling thousands of families once one-time funds expire. Similarly, short-term infusions in food banks and meal programs do not address the persistent, structural need for sustained investments in Seattle’s food access network.</p>

Appendix B: Organizations funded by the *Prenatal-to-Three Community Grant Program* (2021-2025)

The Prenatal-to-Three Community Grant Program was developed and launched in 2021 in response to [2020 recommendations from the CAB](#). Since 2021, # organizations have been funded to provide *culturally relevant, community-informed services* to promote healthy births, improve parental health and wellbeing, and strengthen caregiver–child relationships.

At our October 3 meeting, the Department of Education and Early Learning (DEEL) reported the [Prenatal-to-Three Community Grant Program 2025 Request for Proposals](#) would be awarded for projects through 2027. The 2026 Proposed Budget does not maintain funding for this grant program beyond 2025.

Year	Prenatal-to-Three Community Grant Program Awardees
2022	<ul style="list-style-type: none"> • East African Community Services – \$140,000 • Voices of Tomorrow – \$140,000 • Horn of Africa Services – \$140,000 • Hummingbird Indigenous Family Services* – \$150,000 • Washington Multicultural Services Link* – \$150,000 • Families of Color Seattle – \$150,000 • Korean Community Services Center – \$150,000 • Rainier Valley Midwives – \$150,000 • Mother Africa* – \$150,000 • Empowering Youth and Families Outreach – \$150,000 • El Centro de la Raza – \$150,000 <p><i>*First time DEEL grantee</i> DEEL Press Release (October 2022)</p>
2023	<ul style="list-style-type: none"> • Families of Color Seattle – \$280,000 • Global Perinatal Services* – \$280,000 • Hummingbird Indigenous Family Services – \$280,000 • Inter-Cultural Children & Family Services* – \$280,000 • Voices of Tomorrow – \$280,000 <p><i>*First time DEEL grantee</i></p>

Year	Prenatal-to-Three Community Grant Program Awardees
2024	<ul style="list-style-type: none"> • Therapy Fund Foundation* – \$298,000 • Native Family Learning Lodge (<i>fiscal sponsor Na’ah Illahee Fund</i>)* – \$298,000 • Villa Comunitaria – \$298,000 • Unified Outreach – Concepts Offering Lives of Respectability Everyone Deserves* – \$298,000 • Rainier Valley Birth & Health Center – \$298,000 <p><i>*First time DEEL grantee</i></p> <p>DEEL Press Release (August 2024)</p>
2025	TBD. The 2025 RFP closed on September 8.