

March 24, 2020

MEMORANDUM

To: City Council
From: Yolanda Ho, Analyst
Subject: Council Bill 119764 – Grocery Voucher Program

Overview

On Monday, March 30, 2020, the City Council (Council) will consider and may vote on [Council Bill \(CB\) 119764](#), which would create a new \$5 million grocery voucher program in the Office of Sustainability and Environment (OSE) to support low-income families facing food insecurity because of the response to COVID-19.

This memorandum describes: (1) the new grocery voucher program; (2) CB 119764; (3) impacts of this legislation; (4) an amendment to CB 119764; and (5) next steps.

Grocery Voucher Program

OSE's new emergency grocery voucher program will be funded by \$5 million in one-time Sweetened Beverage Tax (SBT) revenues. The program will provide 6,250 low-income families with \$800 in vouchers to purchase food, cleaning supplies, and other household goods at any Safeway store in Washington state. Vouchers may not be used for tobacco, alcohol, lottery tickets, or fuel.

This program will support Seattle residents already enrolled in the City's [Child Care Assistance Program \(CCAP\)](#), [Seattle Preschool Program \(SPP\)](#), the state-funded [Early Childhood Education and Assistance Program \(ECEAP\)](#), the federally-funded [Child Care Nutrition Program \(CCNP\)](#), and the City's [Fresh Bucks Program](#). Of those selected to receive the new vouchers, 4,000 households currently receive Fresh Bucks through the City's community outreach partners (e.g., Got Green, Horn of Africa Services, and United Indians of All Tribes Foundation). The remaining 2,250 vouchers will go to families receiving free tuition with SPP or participating in CCAP, ECEAP, or CCNP. Vouchers will be distributed by mail in two \$400 installments. The first installment of vouchers was mailed on Friday, March 20, and the second installment will be mailed in April.

Additionally, OSE is actively seeking funding from philanthropic organizations to support more residents in need. Their goal is to raise \$15 million, allowing the City to distribute vouchers to another 19,000 households. OSE is in the process of determining funding priorities for these anticipated funds.

CB 119764

CB 119764 would add \$5 million in one-time SBT funds to OSE by reducing appropriations to Seattle Parks and Recreation (SPR) and the Department of Neighborhoods (DON), and drawing down the \$2 million SBT Fund reserve. The SBT Fund was established on January 1, 2020, by [Ordinance 125886](#), adopted by Council in July 2019. Table 1 provides the amounts and a brief description of the SBT proceeds in the 2020 Adopted Budget that are proposed to be redirected to the new grocery vouchers.

Table 1. One-time SBT funds to be reallocated to grocery vouchers

Department	Description	Amount
SPR	Water bottle filling stations at community centers	\$265,115
SPR	Summer youth program expansion	\$147,604
DON	Healthy Food Fund	\$2,500,000
DON	P-Patch capital improvements	\$725,000
	SBT Fund reserve	\$1,362,281
	TOTAL	\$5,000,000

CB 119764 would leave \$637,719 in the SBT Fund reserve and would also allow the following administrative transfers from the General Fund to the SBT Fund:

1. SBT revenue appropriations in the 2020 Adopted Budget in the Department of Education and Early Learning and OSE encumbered by existing contracts; and
2. SBT proceeds (cash).

Additionally, the legislation includes a provision allowing OSE to distribute the funds prior to its effective date.

Impacts of CB 119764

CB 119764 would redirect all \$3.2 million in SBT proceeds in DON's 2020 Adopted Budget to the new grocery voucher program. The use of SBT proceeds for the Healthy Food Fund and P-Patches in DON is new in 2020. The Healthy Food Fund, funded by ongoing SBT revenues and intended to provide "grants to community-based organizations and programs; and support for one-time investments in infrastructure to increase the capacity of schools and community-based meal programs,"¹ has not been established, so shifting these funds to OSE will not impact ongoing program operations, though it will eliminate this potential funding source for community-led projects.

The one-time allocation of SBT proceeds to support P-Patches will limit the program's ability to invest in capital improvements. SPR generally spends up to \$200,000 a year of Metropolitan

¹ Seattle Department of Neighborhood's 2020 Adopted Budget, <https://www.seattle.gov/Documents/Departments/FinanceDepartment/20adoptedbudget/DON.pdf>

Parks District funds to improve P-Patches. This enables the program to maintain and enhance up to five out of the 89 P-Patches a year. In 2019, no P-Patch improvements were funded. As part of the 2020 Adopted Budget, the Council passed [SLI DON-4-A-2](#), requesting that DON report on long-term funding opportunities to preserve and enhance P-Patches, due on September 1, 2020.

Given the uncertainty around recreational programming due to the COVID-19 response, SPR is reevaluating the planned expansion of two summer youth programs (Destination Summer Camps and Summer of Safety). Should these programs be allowed to resume this summer, SPR will determine which programs it will be able to operate. One-time funding to install water bottle filling stations at community centers was added last year by the Council ([Council Budget Action OSE-2-D-1](#)). This funding will be completely eliminated. Should Council identify this work as a priority going forward, additional resources would be needed to backfill the work. SPR will continue to receive \$150,000 ongoing SBT support for youth recreation scholarships.

Amendment

Currently, there is one amendment for consideration.

Amendment 1 (Attachment 1), sponsored by Councilmember Morales, would request that OSE prioritize supporting the following categories of Seattle residents, should additional funding for food assistance become available in the future, including but not limited to the following:

- Immigrants and refugees, regardless of immigration status, and recipients of the [State-Funded Food Assistance Program](#) (who do not qualify for federal benefits due to their immigration status);
- Individuals aged 60 years and older;
- Individuals with disabilities;
- Individuals enrolled in the City's assistance programs, such as Fresh Bucks and the Utility Discount Program; and
- Workers dislocated due to the civil and state COVID-19 emergency.

Next Steps

As with other revenue sources, the City Budget Office (CBO) is anticipating a substantial shortfall of SBT revenues due to the overall economic impacts resulting from the COVID-19 emergency. CBO's preliminary estimate is a 21 percent drop, which would be a \$5.1 million decrease in anticipated revenues (from \$24.3 million to \$19.2 million), due to the decline in restaurant activity; however, this does not account for the most recent "stay at home" order that went into effect on Monday, March 23. The Council will have a better understanding of the impacts of the COVID-19 emergency on SBT revenues during its analysis of the Mayor's 2021-22 Proposed Budget this fall.

Attachment:

1. Amendment 1 to CB 119764

cc: Kirstan Arestad, Executive Director
Aly Pennucci, Supervising Analyst