

CalRecycle / Division of Recycling
Beverage Container Recycling and Litter Reduction Program
 Program Reform - Focus Group Workshop #

Fact Sheet – Section 14581 Expenditures, Processing Fee Offsets, and Administrative Fees

Program	FY 2012-13 Expenditure ¹	Recipient	Activity	Volume - CRV Containers ²	\$ per Container	Remarks
Glass Processing Fee Offsets	\$51,188,000	All Certified Recyclers	Glass Collection	2,891,468,723 ³	\$0.01770	Fund transfer to offset the reduction of Glass Processing Fee paid by beverage manufacturers
Handling Fees	\$38,865,451	Eligible Recycling Centers	Collection in Convenience Zones	4,524,499,551	\$0.00859	
Administrative Fee – Processors	\$24,630,966	Processors	Reporting Recycling Volumes, CRV, and Processing Payments	16,770,133,304	\$0.00147	2.5% addition of CRV paid of which 1.75% is retained by the processor and 0.75% is paid to the certified recycler
Local Conservations Corps Grants	\$20,072,788	Local Community Conservation Corps	Collection in Commercial Sector, Special Events, and Underserved Areas	not avbl	not avbl	Collected 2,478 tons of beverage container material including non-CRV; amount includes annual COLA
Administrative Fee – Beverage Distributors	\$17,360,262	Beverage Distributors	Reporting Beverage Sales	20,419,471,508	\$0.00085	1.5% reduction in redemption fees
Curbside Supplemental Payments	\$15,000,000	Curbside Programs	Collecting and Sorting	2,057,945,801	\$0.00729	Collected 441,858 tons of beverage container material including non-CRV
Plastic Market Development Payments	\$12,794,474	Processors and In-State Plastic Product Manufacturers	Production of Market-Ready Plastic and Plastic Product Manufacturing	175,770 tons	not avbl	Payment is made twice for same material, once to the processor and once to the manufacturer
Payments to Cities and Counties	\$10,500,000	Counties and Incorporated Cities	Various	not avbl	not avbl	Paid proportionally by population
Quality Incentive Payments	\$10,000,000	Glass Sorters and Beneficiators	Production of Market-Ready Glass	63,801 tons	not avbl	
Plastic Processing Fee Offsets	\$5,852,000	All Certified Recyclers	HDPE Collection	321,203,134 ⁴	\$0.01822	Fund transfer to offset the reduction of HDPE Processing Fee paid by beverage manufacturers
Non-profit Competitive Grants	\$1,500,000	Local Governments and Non-Profits	Various	not avbl	not avbl	
Total	\$207,763,941					

¹ From July 2012 Quarterly Report

² CY 2011

³ Sales estimate used for 2012 Processing Fee calculation

⁴ Sales estimate used for 2012 Processing Fee calculation

What is proportional reduction?

Pursuant to Section 14556(c) of the Public Resources Code (PRC), the Department of Resource Recycling and Recovery (CalRecycle) is required to review all funds contained in the California Beverage Container Recycling Fund (Fund) on a quarterly basis to ensure that there are adequate funds to make payments, as specified in PRC 14581 and 14575. These payments shall be proportionally reduced if CalRecycle's quarterly review of the Fund balance leads to a determination that there is an insufficiency of funds to make these payments.

Why is there an inadequacy of the Fund?

Between FY 2006-2007 and FY 2009-2010, the recycling rate increased from 63 percent to 82 percent, thereby increasing demands on the Recycling Fund and causing the program to operate under a structural deficit. Analysis of the FY 2010-2011 figures indicates that under the current revenue/expenditure structure, the Recycling Fund can only support a maximum recycling rate of 70 percent to maintain solvency. Without financial and/or structural relief to the program, there will be inadequate monies in the Fund to make all of the payments now specified in PRC 14581 and PRC 14575.

Which payments will be impacted by the proportional reductions?

PRC 14581(d) directs that all payments specified in Sections 14581 and 14575 be proportionally reduced. These specified payments are as follows:

1. Expenditures necessary to reduce processing fees to the level provided in section 14575(f);
2. Expenditures necessary to pay processing payments;
3. Handling fees;
4. Grants for community conservation corps;
5. Curbside supplemental payments;
6. Payments to cities and counties for beverage container recycling programs;
7. Payments for market development for plastic beverage containers;
8. Quality incentive payments; and
9. Grants for recycling market development.

How will proportional reductions affect consumers and CRV redemption?

The CRV and consumer redemption of beverage containers in the Program will not be impacted by these changes. CRV will remain at 5 cents for each container under 24 ounces and 10 cents for each container 24 ounces or greater.

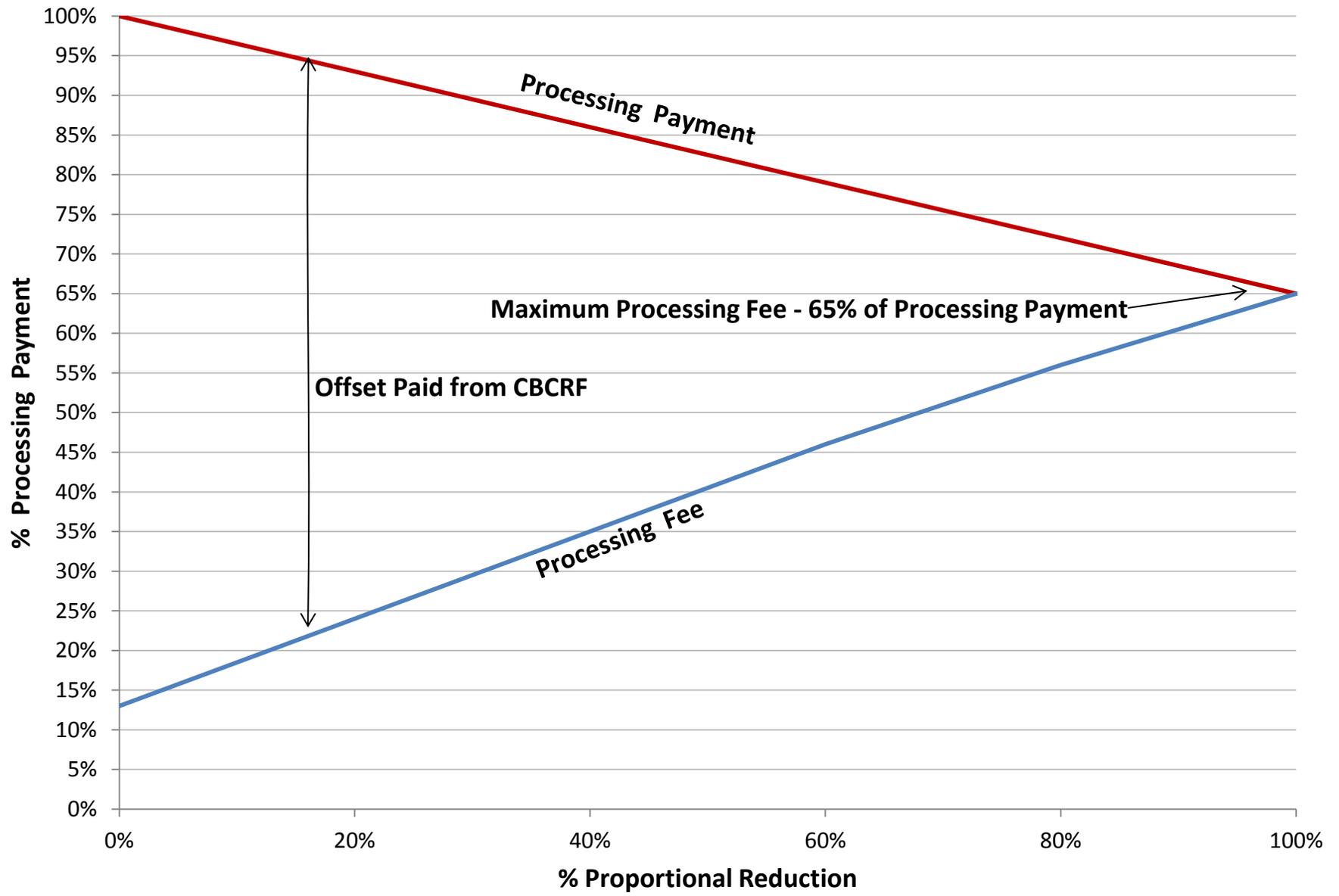
How will proportional reductions affect recyclers and how will they be implemented?

Recyclers will continue to receive California Refund Value (CRV) and administrative fee payments in full. All other payments (see list above) are subject to proportional reductions

How long will proportional reductions remain in effect?

The Department will review the Fund balance on a quarterly basis to ensure adequacy of funds. The proportional reduction percentage rate may be adjusted if necessary to be greater or less than the current rate according to the status of the Fund balance.

Proportional Reduction - Effect on Processing Fee & Processing Payment



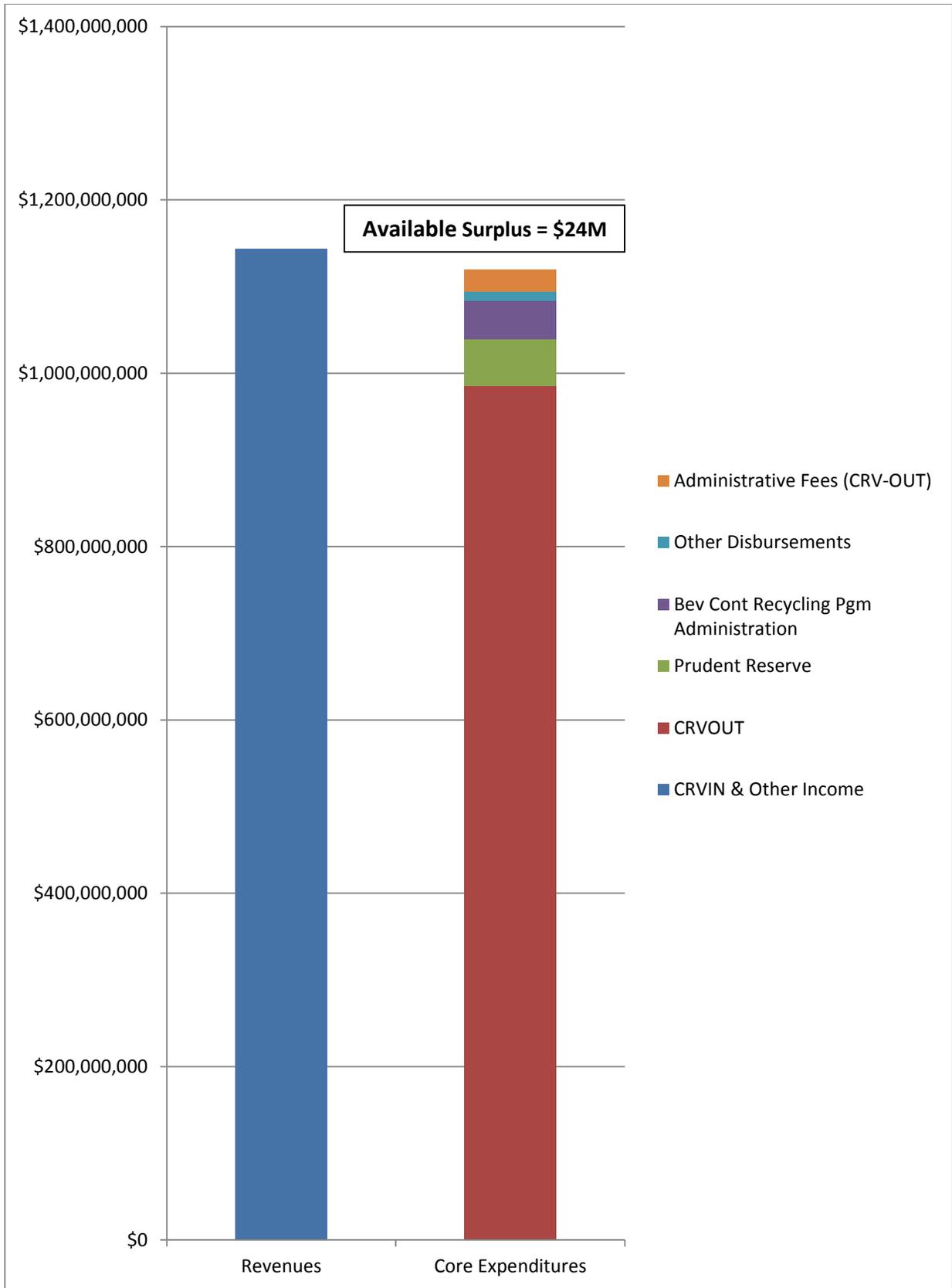
PROPORTIONAL REDUCTION CALCULATION

FY 2012-2013
 (Whole Dollars)

Balance Forward	\$0
Beverage Container Redemption Fees	\$1,140,000,000
Other Revenue	\$3,000,000
Loans - net	\$0
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Total Resources (A)	\$1,143,000,000
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California Refund Value	\$985,000,000
Program Administration	\$45,000,000
Prudent Reserve	\$54,000,000
Administrative Fees (CRVOUT)	\$25,000,000
Control Agency Disbursements (Pro Rata, SCO)	\$10,000,000
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Total §14580(c) and Control Agency Retentions (B)	\$1,119,000,000
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Processing Fee Offsets	\$57,000,000
Total §14581 Payments	\$106,000,000
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Total Expenditures Subject to Proportional Reduction (C)	\$163,000,000
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Grand Total (D)=(A)-(B)-(C)	(\$139,000,000)
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Proportional Reduction Percentage, if (D) < 0 85%

PROPORTIONAL REDUCTION CALCULATION REVENUES & CORE EXPENDITURES & PRUDENT RESERVE



PROPORTIONAL REDUCTION CALCULATION AVAILABLE CASH & NON-CORE EXPENDITURES

