

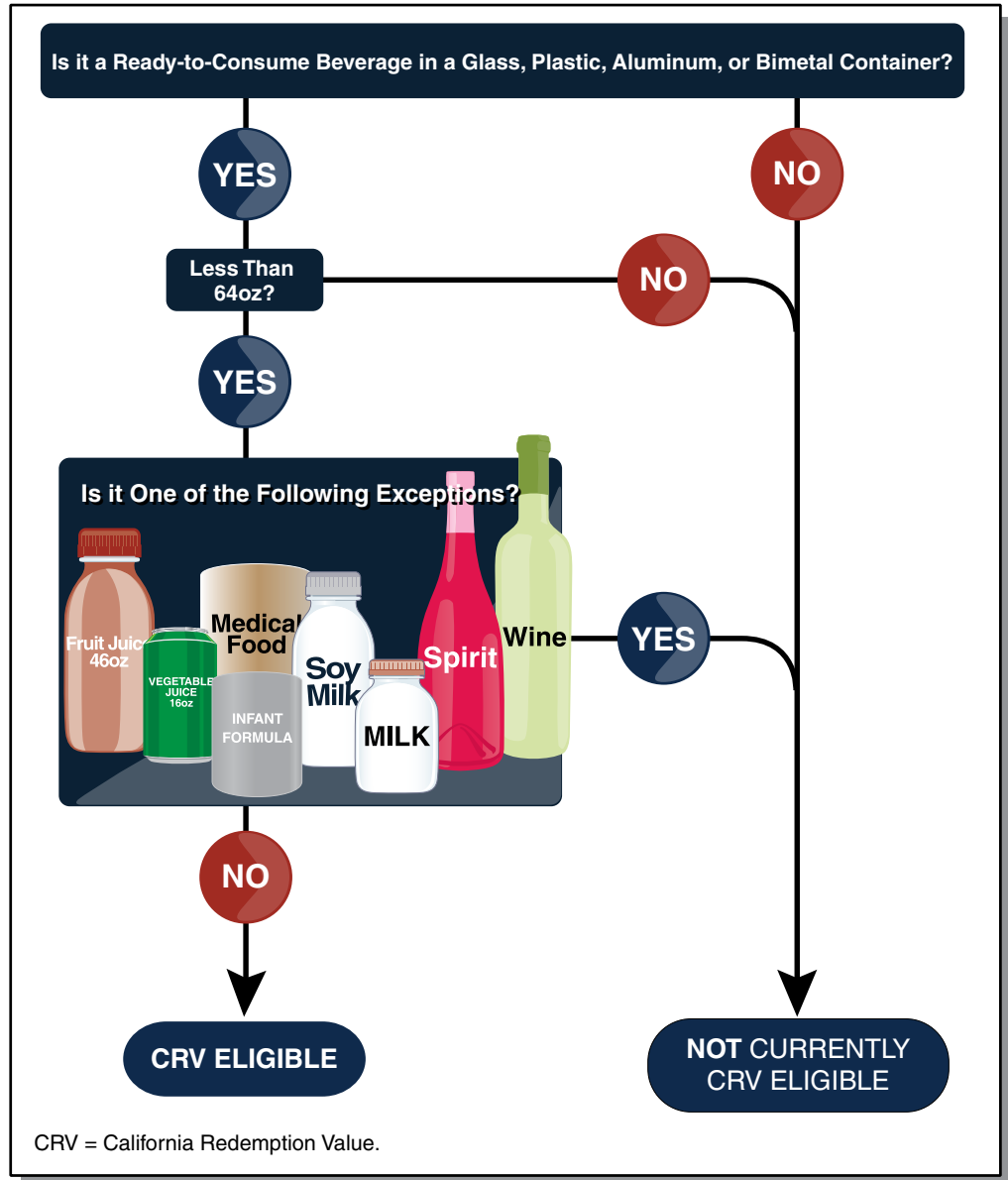
Overview of the Beverage Container Recycling Program

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Senate Budget and Fiscal Review Subcommittee No. 2 on
Resources, Environmental Protection, Energy, and
Transportation
Hon. Lois Wolk, Chair

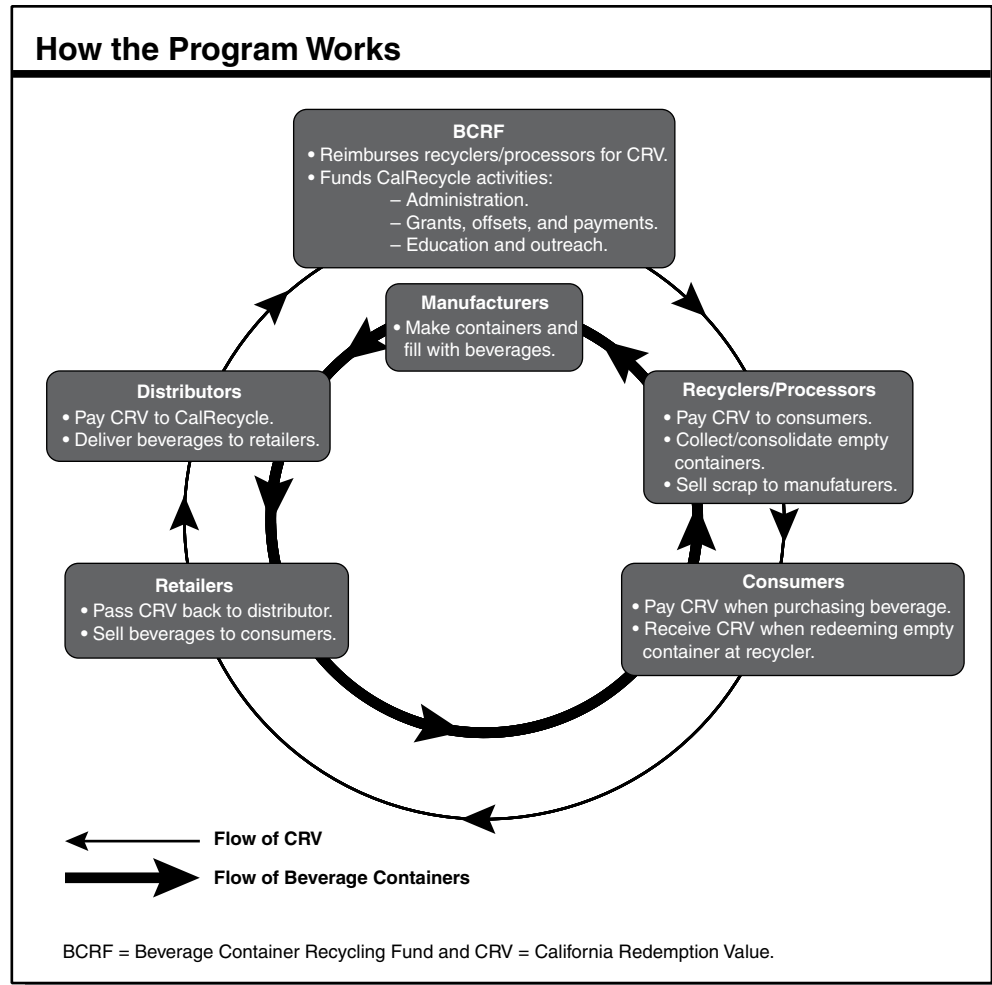


Eligible Containers



- The Beverage Container Recycling Program (BCRP) is designed to increase recycling of certain beverage containers. Whether a particular container is part of the program depends on the material, size, and content of the container.

Flow of Containers and Payments

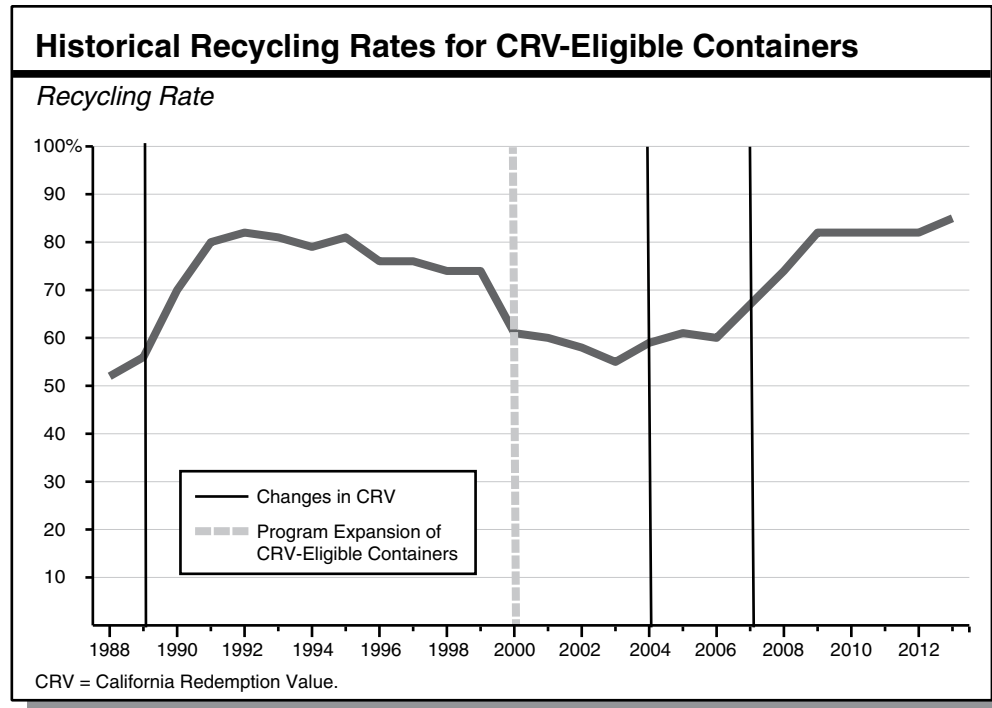


☑ Consumers are incentivized to recycle by being required to pay a deposit on each eligible container—currently 5 cents or 10 cents per container, depending on size—which they can recover if they return the container to a certified recycler.

☑ The BCRP involves the flow of beverage containers and payments (referred to as the California Redemption Value or CRV) among consumers, retailers, distributors, manufacturers, recyclers, processors, and the state’s Beverage Container Recycling Fund.



Recycling of CRV-Eligible Containers Has Increased



- Since the program was first implemented, the recycling rate of eligible containers has increased from 52 percent to 85 percent, exceeding the statutory recycling goal of 80 percent. The rate has fluctuated during that time in response to the CRV amount, program expansions, and other factors.

- The total number of containers that are recycled has tripled due to the higher recycling rate and several expansions in the types of eligible containers over the years.



Unredeemed CRV Supports Recycling-Related Activities

BCRF Expenditures	
<i>(Dollars in Millions)</i>	
Expenditures	2015-16 Projection
California Redemption Value	\$1,000.0
Supplemental Program Expenditures	
Processing fee offsets	82.8
Handling fees	53.6
CalRecycle administration	46.2
Administrative fees	43.2
Curbside Supplemental Payments	15.0
Payments to local governments	10.5
Plastic Market Development	10.0
Quality Incentive Payments	10.0
Local Conservation Corps	6.3
Public education and information	2.5
Beverage Container Recycling Competitive Grants	1.5
Subtotal	\$281.7
Total Expenditures	\$1,281.7

BCRF = Beverage Container Recycling Fund.

- State law requires that much of the unredeemed CRV be spent on specified recycling-related programs. These supplemental programs are not directly involved in the exchange of CRV, but they are intended to help achieve programmatic goals.



Estimated Structural Deficit of \$72 Million

Structural Deficit Projected in 2015-16	
<i>(In Millions)</i>	
Revenues	
Total CRV paid by consumers	\$1,215
Processing fees paid by manufacturers	8
Subtotal	\$1,223
Expenditures	
Total CRV paid out on redeemed containers ^a	\$1,000
Other program expenditures ^b	295
Subtotal	\$1,295
Net (Structural Deficit)	-\$72
CRV = California Redemption Value.	
^a Based on a projected recycling rate of 82 percent.	
^b Includes supplemental programs and processing payments.	

- CalRecycle's most recent quarterly report identifies a structural deficit of \$72 million in 2015-16.
- This is a result of combined effects of (1) higher recycling rates, which reduce the amount of unredeemed CRV that can be used for other purposes, and (2) supplemental program costs.