

Annual Program Budget for Covered Drugs Stewardship Program.

Response to CalRecycle's Completeness Determination of The Foundation's Annual Program Budgets for Covered Drugs.

The Drug Takeback Solutions Foundation

Revised on: 3/10/2023

Annual Program Budget for Covered Drugs Stewardship Program

	FY 2022	FY2023	FY2024	FY2025	FY2026
Capital Expenses					
Collection Receptacles	\$1,000,000	\$500,000	\$500,000	\$500,000	\$500,000
Receptacle Installation	\$40,000	\$11,250	\$10,000	\$8,000	\$6,000
Receptacle Signage	\$8,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Capital Expenses	\$1,048,000	\$512,250	\$511,000	\$509,000	\$507,000
Education and Outreach					
Social Media	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Marketing Materials	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000
Traditional Media	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Education Efforts	\$32,000	\$28,000	\$25,000	\$20,000	\$20,000
Total Education and Outreach	\$122,000	\$113,000	\$110,000	\$105,000	\$105,000
Operational Costs					
Collection, Transportation, Disposal of Liners	\$339,720	\$356,706	\$373,692	\$390,678	\$407,664
Mail-Back Services (including packages, containers and disposal)	\$302,475	\$100,000	\$100,000	\$100,000	\$100,000
Website Development Work	\$45,000	\$9,000	\$9,000	\$9,000	\$9,000
Total Operational Costs	\$687,195	\$465,706	\$482,692	\$499,678	\$516,664

Administrative Costs					
Administrative Functions	\$237,000	\$211,365	\$226,424	\$242,204	\$258,737
Grants, Loans, Sponsorships, other incentives					
Grants, Loans, Sponsorships, other incentives	\$0	\$0	\$0	\$0	\$0
Departmental Administrative Fees					
Total Departmental Administrative Fee Costs	N/A	\$1,571,430	\$455,667	\$457,583	\$457,583
Estimated Total Budget for Program Operations					
Estimated Total Budget for Program Operations	\$2,094,195	\$2,873,751	\$1,785,783	\$1,813,465	\$1,844,984
Reserve					
Reserve Amount	\$215,935	\$175,935	\$175,935	\$175,935	\$175,935

The Foundation has researched Service Provider costs and made informed Program cost estimates based on experience. The Foundation’s Service Providers have provided historical data for required Program costs such as Collection Receptacle servicing, disposal, outreach and education, signage, survey, start-up, and administration. The Foundation has secured long-term agreements with Service Providers with set fees for services required to operate the Program. The Program Budget includes the following activities for each line item:

- Capital Expenses - Items covered in this category include the purchasing of Collection Receptacles, installation and signage for the Collection Receptacles.
- Education and Outreach - Items under this category include social media materials (Twitter, Facebook, Instagram, blogs, programmatic media), printed marketing materials, printing, design, staff travel, traditional media outlets (television, newspaper & radio advertising).
- Operational - Items in this category consist of collection, transportation and disposal of Inner Liners and all types of Mailers, website construction and design, maintenance, support.

- Administrative - Administrative overhead, postage and shipping, misc. supplies and funding for an annual independent financial audit.
- Departmental Administrative Fees - Fee owed to the Department by the Foundation pursuant to 14 CCR Section 18973.6(b)(3), PRC Section 42034 and PRC Section 42034.2.
- Reserve Amount - Anticipated amount to cover unexpected overages in operational expenses. Additional detail regarding the reserve amount is included below.

The Foundation has long-term commitments from the Covered Entities who will cover all costs associated with the Program. The Foundation uses data on Covered Drugs to inform the Program Budget. Data sets from Covered Drugs sold include volume estimates, relative value, comparisons to states with similar populations, and actual historical data from California. The Program Budget will be apportioned as fees among each participating Covered Entity pursuant to 14 CCR Section 18973.6 based upon the volume and value estimates above. Participating Covered Entities are invoiced and remit funds according to their contracts.

Reserve Amount

The Foundation has established a reserve in order to accommodate unplanned needs, and provide a cushion against unexpected events, losses of income or large unbudgeted expenses.

The Foundation has planned its Program Budget using a variety of factors to determine needs for capital, education, operational, and administrative costs throughout the year. Likewise, the Foundation has determined reserve levels that are sufficient to cover estimated impacts of unexpected cost variability including costs of collection, transportation, disposal, and other Program costs.

When considering unexpected costs or potential loss of income, the Foundation has determined that a reserve percentage that approximates a 10% increase in the costs associated with operating Collection Receptacles (i.e. new Collection Receptacles, additional Containers and Inner Liners, etc.) to be sufficient for the Program year. Further, this reserve level would approximate ~3 months of education, operational, and administrative costs. This reserve amount will provide sufficient cash to respond to unexpected events throughout the Program year.

Contact and Certification

In accordance with 14 CCR Section 18973.2(a) and 14 CCR Section 18973.6(a) the contact information for the person responsible for submitting and overseeing the Stewardship Plan and Program Budget on behalf of the Program Operator is as follows:

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"I, Chris Smith, hereby declare, under penalty of perjury, that the information provided in this document is true and correct, to the best of my knowledge."



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