

Covered Electronic Waste Recycling Program – Fee Model and Analysis

The Electronic Waste Recovery and Recycling Account (“Account”) fund balance increased since the beginning of the Covid-19 Pandemic but is projected to decline in the following years.

The table presented on the following page models the fiscal effects of keeping the fee structure unchanged. ((See, California Code of Regulations (CCR), Title 14, Article 2.6, Section 18660.40).¹ The model assumes certain variables for the purpose of analysis. While CalRecycle has some degree of control over certain of the assumed variables, such as the recovery and recycling payment rates that can be reset annually, other variables can only be speculated. Furthermore, issues such as recovery and recycling payment rates are driven by statutory considerations to fulfill the Act and not to be used to maintain a fund balance.

The first variable is the projected volume of covered electronic device (CED) sales (projected to increase from approximately 17.8 million units annually to 18.3 million units annually by FY 2026/27 – based on the most recent time series trend analysis forecast. The other variable is the mix of screen-sizes that will be sold (projected to remain constant). Another potential variable in the model is the projected volume of CEW managed through the program (projected to increase from approximately 64 million pounds in 2024 to approximately 66 million pounds in 2027). CalRecycle based the projected growth in CEW claimed volume on the average annual increase in claimed non-cathode ray tube (non-CRT) CEW in recent years, and the average decline in CRT CEW claims in the same time span.

The model incorporates the CEW combined recovery and recycling payment rate of \$1.19 per pound for cathode ray tube (CRT) CEW and \$1.16 per pound for non-CRT CEW as adopted by CalRecycle in April 2025 and effective July 1, 2025. The model also presumes the goal of continued fund solvency assurance through FY 2026-27, while working toward maintaining a 5 percent prudent reserve provided for by statute (Public Resources Code (PRC) Section 42464(g)(2)). Due to the constant change in fund balance and cash flow, the prudent reserve is calculated at a specific point in time and is not an appropriated amount. It is expected that the CEW recovery or recycling payment rates will change, but the degree of change is uncertain. PRC Sections 42477 and 42478 of the PRC require that CalRecycle reevaluate the recovery and recycling payment rates annually. The recovery payment rate shall “cover the average net cost for an authorized collector to operate a free and convenient system for collecting, consolidating, and transporting [CEWs] generated in the state.” (PRC Section 42477(a)) The recycling payment rate shall “cover the average net cost for an electronic waste recycler to

¹ The current fee assignments are as follows:

- **Four dollars (\$4)** for each CED with a screen size greater than 4 inches but less than 15 inches measured diagonally.
- **Five dollars (\$5)** for each CED with a screen size greater than or equal to 15 inches but less than 35 inches measured diagonally.
- **Six dollars (\$6)** for each CED with a screen size greater than or equal to 35 inches measured diagonally.

receive, process, and recycle each major category ... of [CEW]... received from an authorized collector.” (PRC Section 42478(a)) CalRecycle requires collectors and recyclers to submit net cost reports on an annual basis. (CCR, Title 14, Section 18660.10) Because the numbers in the net cost reports vary from year to year, the recovery and recycling payment rates may vary. Moreover, CalRecycle takes other factors into consideration at the time CEW recovery and recycling payment rates are reestablished.

The model presumes a targeted average per CED unit revenue level that results in the described impacts on the condition of the Account through FY 2027-28. (The weighted average price per CED unit revenue level has been about \$4.55 under the current \$4, \$5, and \$6 fee level and historical CED sales volume).

The model presented in Table 1 shows the unchanged fee structure of \$4, \$5, and \$6 which will keep the Account fund at an adequate level over the course of a few fiscal years while allowing for contingencies in the event of unexpected fiscal developments. The ability of CalRecycle to adjust the fee annually, as necessary, provides significant flexibility in fulfilling statutory obligations and ensuring program solvency by selecting fiscally prudent options in the near-term.

Proposed Maintenance to the Fee Structure

The following table presents the fiscal effect of keeping the fee structure at \$4, \$5, and \$6. This model is intended to illustrate fund condition evolution under assumed program administration costs, loan repayment schedules, CEW recovery and recycling volumes, new recovery and recycling payment rates, and CED sales. After subtracting program expenditures for FY 2024-25, the current fund balance stands at \$190,448,000. The model assumes adherence to the existing three-tiered fee levels within established CED screen sizes categories (>4” to <15”, 15” to <35”, and 35” or greater).

Table 1: Past and Projected Fee Data

Fiscal Year	Devices Sold	Avg Fee Revenue per Device	Pro. Revenues	Total Revenues	Recycling Payments	Total Expenditures	Fund Balance at Year End
FY 2023-24	17,811	\$4.69	\$83,497	\$88,041	\$(78,351)	\$(94,028)	\$196,262
FY 2024-25 (Projected)	17,426	\$4.70	\$81,942	\$79,505	\$(73,960)	\$(87,777)	\$190,448
FY 2025-26 (Projected)	17,841	\$4.56	\$81,308	\$80,927	\$(75,155)	\$(104,277)	\$167,098
FY 2026-27 (Projected)	18,261	\$4.55	\$83,086	\$83,175	\$(86,455)	\$(100,994)	\$149,279

Note: Within the above table, all figures are presented in terms of thousands, except for amount of average revenue per device sold.

Assumptions:

- **CEW volumes** increase from approximately 64 million pounds in 2024 to approximately 66 million pounds by 2027.
- \$1.19 per pound for CRT CEW and \$1.16 per pound for non-CRT CEW. It is anticipated that the CEW combined recovery and recycling payment rates will change.
- **Devices sold** will increase from 17.8 million units sold in FY 2023/24 to 18.3 million units annually by FY 2026/27.
- **Weighted average prices** \$4.69 for FY2023-24 (based on projected percentages sold per CED size category, less 3% retailer withhold).
- **Total Revenue** is projected to decline in FY 2024-25, followed by a slight recovery in subsequent years. Revenue is influenced by an increase in the weighted average price, small device volume is projected to increase, while medium device volumes are projected to decrease.
- **Expenditures** are expected to increase, especially in FY 2025-26, before seeing a modest decline in FY 2026-27. This rise is primarily due to higher recovery and recycling payment rates in FY 2025-26 and FY 2026-27, along with a **\$15 million allocation for implementing the CalRecycle Integrated Information System (CRIIS) program.**
- **The Fund Balance** is expected to decrease year over year, this could lead to a recommended consumer fee increase in FY 2027-28 or FY 2028-29 to maintain financial stability.