

Beverage Container Recycling Fund (0133) Revenue and Expenditures Scenarios at Different Recycling Rates

Tables of scenarios with recycling rates of 70%, 75% and 90%

Containers sold/returned and program revenue and expenditures under current law

Current Law			
Recycling Rate	70%	75%	90%
Containers Sold	25,668,859,275	25,668,859,275	25,668,859,275
Containers Returned	17,968,201,493	19,251,644,456	23,101,973,348
Revenue			
CRV Paid to CalRecycle	\$1,413,319,737	\$1,413,319,737	\$1,413,319,737
Administrative Fee to Distributors	-\$21,199,796	-\$21,199,796	-\$21,199,796
Net CRV Paid to CalRecycle (A)	\$1,392,119,941	\$1,392,119,941	\$1,392,119,941
Expenditures			
CRV Paid Out	\$1,033,397,436	\$1,107,211,538	\$1,328,653,846
Processing Fee Offset Glass	\$63,666,032	\$70,514,844	\$88,583,023
Processing Fee Offset Plastic	\$71,100,271	\$77,271,077	\$96,700,382
Handling Fees	\$39,326,097	\$42,135,104	\$50,562,125
Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Subtotal (B)	\$1,325,492,836	\$1,415,135,563	\$1,682,502,375
Funds Remaining (A - B)	\$66,627,105	(\$23,015,622)	(\$290,382,434)
Processing Fees Paid by Beverage Manufacturers			
Processing Fees Glass	\$12,869,539	\$11,630,411	\$10,391,282
Processing Fees PET	\$10,422,806	\$10,422,806	\$9,293,460
Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
Total	\$31,135,717	\$29,790,358	\$27,315,654

Containers sold/returned and program revenue and expenditures if wine and spirits are added to Beverage Container Recycling Program

Scenario 1: Adding Wine and Spirits to the Beverage Container Recycling Program			
Recycling Rate	70%	75%	90%
Containers Sold	26,781,508,245	26,781,508,245	26,781,508,244
Containers Returned	18,747,055,771	20,086,131,184	24,103,357,420
Revenue			
CRV Paid to CalRecycle	\$1,524,584,634	\$1,524,584,634	\$1,524,584,634
Administrative Fee to Distributors	-\$22,868,770	-\$22,868,770	-\$22,868,770
Net CRV Paid to CalRecycle (A)	\$1,501,715,865	\$1,501,715,865	\$1,501,715,865
Expenditures			
CRV Paid Out	\$1,110,267,409	\$1,189,572,224	\$1,427,486,669
Processing Fee Offset Glass	\$85,346,491	\$94,513,673	\$118,707,984
Processing Fee Offset Plastic	\$71,842,573	\$78,072,143	\$97,685,046
Handling Fees	\$41,030,736	\$43,961,503	\$52,753,804
Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Subtotal (B)	\$1,426,490,209	\$1,524,122,543	\$1,814,636,503
Funds Remaining (A - B)	\$75,225,656	(\$22,406,678)	(\$312,920,638)
Processing Fees Paid by Beverage Manufacturers			
Processing Fees Glass	\$17,843,413	\$16,189,795	\$14,536,177
Processing Fees PET	\$10,503,195	\$10,503,195	\$9,366,541
Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
Total	\$36,189,979	\$34,430,131	\$31,533,630

Containers sold/returned and program revenue and expenditures if 10¢ CRV established for all beverage containers in the Beverage Container Recycling Program

Scenario 2: Establishing 10¢ CRV for all Beverage Containers in Beverage Container Recycling Program			
Recycling Rate	70%	75%	90%
Containers Sold	25,668,859,275	25,668,859,275	25,668,859,275
Containers Returned	17,968,201,493	19,251,644,456	23,101,973,348
Revenue			
CRV Paid to CalRecycle	\$2,566,885,928	\$2,566,885,928	\$2,566,885,928
Administrative Fee to Distributors	-\$38,503,289	-\$38,503,289	-\$38,503,289
Net CRV Paid to CalRecycle (A)	\$2,528,382,639	\$2,528,382,639	\$2,528,382,639
Expenditures			
CRV Paid Out	\$1,841,740,653	\$1,973,293,557	\$2,367,952,268
Processing Fee Offset Glass	\$63,666,032	\$70,514,844	\$88,583,023
Processing Fee Offset Plastic	\$71,100,271	\$77,271,077	\$96,700,382
Handling Fees	\$39,326,097	\$42,135,104	\$50,562,125
Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Subtotal (B)	\$2,133,836,053	\$2,281,217,582	\$2,721,800,797
Funds Remaining (A - B)	\$394,546,586	\$247,165,057	(\$193,418,159)
Processing Fees Paid by Beverage Manufacturers			
Processing Fees Glass	\$12,869,539	\$11,630,411	\$10,391,282
Processing Fees PET	\$10,422,806	\$10,422,806	\$9,293,460
Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
Total	\$31,135,717	\$29,790,358	\$27,315,654

Containers sold/returned and program revenue and expenditures if 10¢ CRV established for all beverage containers and wine and spirits added to the Beverage Container Recycling Program

Scenario 3: Adding Wine and Spirits AND Establishing 10¢ CRV for all Beverage Containers to Program			
Recycling Rate	70%	75%	90%
Containers Sold	26,781,508,245	26,781,508,245	26,781,508,245
Containers Returned	18,747,055,771	20,086,131,184	24,103,357,420
Revenue			
CRV Paid to CalRecycle	\$2,678,150,824	\$2,678,150,824	\$2,678,150,824
Administrative Fee to Distributors	-\$40,172,262	-\$40,172,262	-\$40,172,262
Net CRV Paid to CalRecycle (A)	\$2,637,978,562	\$2,637,978,562	\$2,637,978,562
Expenditures			
CRV Paid Out	\$1,921,573,217	\$2,058,828,446	\$2,470,594,136
Processing Fee Offset Glass	\$85,346,491	\$94,513,673	\$118,707,984
Processing Fee Offset Plastic	\$71,842,573	\$78,072,143	\$97,685,046
Handling Fees	\$41,030,736	\$43,961,503	\$52,753,804
Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Subtotal (B)	\$2,237,796,017	\$2,393,378,765	\$2,857,743,970
Funds Remaining (A - B)	\$400,182,546	\$244,599,797	(\$219,765,407)
Processing Fees Paid by Beverage Manufacturers			
Processing Fees Glass	\$17,843,413	\$16,189,795	\$14,536,177
Processing Fees PET	\$10,503,195	\$10,503,195	\$9,366,541
Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
Total	\$36,189,979	\$34,430,131	\$31,533,630

Beverage Container Recycling Fund (0133) Revenue and Expenditures Scenarios at Different Recycling Rates Assumptions and Sources

Model Assumptions and Data Sources

The sales and returns data in this model (Containers Sold, Containers Returned, CRV-In, CRV-Out, and Handling Fees) is for the time period of July 1, 2019 to June 30, 2020 (data pulled on October 29th, 2020). This data reflects factors occurring in FY 2019-20 that may have affected beverage container sales and returns including COVID-19 and recycling center closures. The model does not predict how potential external factors may affect sales and returns of beverage containers in the future.

CRV Paid Out has the 2.5% Administrative Fee to Recyclers and Processors included.

Processing Fees, Offsets, and Processing Payments were calculated by taking sold and returned container volumes for FY 2019-20 and applying the scrap value and cost of recycling rate effective Oct 1, 2020. Applying the most current rates provides the best cost estimates for a future fiscal year.

Other Program Payments and Expenditures are from the Governor's enacted budget for FY 2020-21:

- Program Administration \$57,528,000
- Curbside Supplemental Payment \$15,000,000
- City/County Payments \$10,500,000
- Quality Incentive Payment \$10,000,000
- Plastic Market Development \$10,000,000
- Local Conservation Corps \$8,475,000
- Public Education \$5,000,000
- Competitive Grants \$1,500,000
- Total \$118,003,000

The overall recycling rate of 70% for FY 2019-20 (as of October 29, 2020) was included to provide a baseline for comparison.

The FY 2019-20 recycling rates for glass and PET were used to project container returns for wine and spirits.

Wine Sales Data Quantity Description Source

- [405,000,000 USA 9L Case Sales \(2018\)](#)
- 4,860,000,000 USA 750ML Containers Sold
- [155,591,000 CA Wine Consumption in Gallons \(2018\)](#)
- 785,300,970 CA 750ML Containers Sold
- 16.2% CA Wine Consumption Share in USA

Spirit Sales Data Quantity Description Source

- [221,000,000 USA 9L Case Sales \(2016\)](#)
- 2,652,000,000 USA 750ML Containers Sold
- [27,279,000 CA 9L Case Sales \(2016\)](#)
- 327,348,000 CA 750ML Containers Sold
- 12.3% CA Spirit Consumption Share in USA

Processing Fee Scale Data Source

Processing fee offsets are payments to recyclers to cover the cost of recycling CRV material and are paid from the Beverage Container Recycling Fund (Fund 0133) which is funded through unredeemed CRV deposits. Processing fee offsets increase as the recycling rate increases and processing fees paid by beverage manufacturers decrease as shown in the table below pursuant to Public Resource Code 14575(e).

Category	Recycling Rate Percentage	Category	Processing Payment Percentage Paid by Beverage Manufacturer
Recycling Rate	Equal to or greater than 75%	Processing Payment Percentage Paid by Beverage Manufacturer	10%
Recycling Rate	65% to 74%	Processing Payment Percentage Paid by Beverage Manufacturer	11%
Recycling Rate	60% to 64%	Processing Payment Percentage Paid by Beverage Manufacturer	12%
Recycling Rate	55% to 59%	Processing Payment Percentage Paid by Beverage Manufacturer	13%
Recycling Rate	50% to 54%	Processing Payment Percentage Paid by Beverage Manufacturer	14%
Recycling Rate	45% to 49%	Processing Payment Percentage Paid by Beverage Manufacturer	15%
Recycling Rate	40% to 44%	Processing Payment Percentage Paid by Beverage Manufacturer	18%
Recycling Rate	30% to 39%	Processing Payment Percentage Paid by Beverage Manufacturer	20%
Recycling Rate	Less than 30%	Processing Payment Percentage Paid by Beverage Manufacturer	65%

Scenarios

The scenarios do not predict how potential external factors may affect sales and returns of beverage containers in the future.

Scenario 1: Adding Wine and Spirits to the Beverage Container Recycling Program

- Processing fee offsets paid from Fund 0133 will increase as processing payments increase to cover the additional volume of glass containers returned. Glass is more expensive to recycle in comparison to aluminum and PET, in part due to its lower scrap value; therefore, it has a higher processing payment per container.
- The proposal requires collecting redemption fees and processing fees from wine and spirit beverage manufacturers and distributors which would require more staff and increase program administration costs.
- Based on current scrap values, costs of recycling, and program administration costs funds remaining in the program equals zero at a 74% recycling rate.

Scenario 2: Establishing 10 cent CRV for all Beverage Containers in the Beverage Container Recycling Program

- The proposal to implement a flat 10 cent CRV does not include anticipated increases in fraud.
- Based on current scrap values, costs of recycling, and program administration costs funds remaining in the program equals zero at an 84% recycling rate.

Scenario 3: Adding Wine and Spirits to the Beverage Container Recycling Program AND Establishing 10 cent CRV for all Beverage Containers in the Beverage Container Recycling Program:

- Based on current scrap values, costs of recycling, and program administration costs funds remaining in the program equals zero at an 82% recycling rate.

Appendix 1 - Scenario Data in Alternative Format

Table 1: Number of containers sold and returned under current law at different recycling rates

Recycling Rate	Containers Sold	Containers Returned
70%	25,668,859,275	17,968,201,493
75%	25,668,859,275	19,251,644,456
90%	25,668,859,275	23,101,973,348

Table 2: Beverage Container Recycling Fund (0133) Revenue and Expenditures Under Current Law at Different Recycling Rates

Type	Budget	70% Recycling Rate	75% Recycling Rate	90% Recycling Rate
Revenue	CRV Paid to CalRecycle	\$1,413,319,737	\$1,413,319,737	\$1,413,319,737
Revenue	Administrative Fee to Distributors	-\$21,199,796	-\$21,199,796	-\$21,199,796
Revenue	Net CRV Paid to CalRecycle (A)	\$1,392,119,941	\$1,392,119,941	\$1,392,119,941
Expenditures	CRV Paid Out	\$1,033,397,436	\$1,107,211,538	\$1,328,653,846
Expenditures	Processing Fee Offset Glass	\$63,666,032	\$70,514,844	\$88,583,023
Expenditures	Processing Fee Offset Plastic	\$71,100,271	\$77,271,077	\$96,700,382
Expenditures	Handling Fees	\$39,326,097	\$42,135,104	\$50,562,125
Expenditures	Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Expenditures	[Expenditure] Subtotal (B)	\$1,325,492,836	\$1,415,135,563	\$1,682,502,375
	Funds Remaining (A - B)	\$66,627,105	-23,015,622	-290,382,434
Processing Fees Paid by Beverage Manufacturers	Processing Fees Glass	\$12,869,539	\$11,630,411	\$10,391,282
Processing Fees Paid by Beverage Manufacturers	Processing Fees PET	\$10,422,806	\$10,422,806	\$9,293,460
Processing Fees Paid by Beverage Manufacturers	Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
	Total	\$31,135,717	\$29,790,358	\$27,315,654

Table 3: Number of containers sold and returned adding Wine and Spirits to the Beverage Container Recycling Program at different recycling rates

Recycling Rate	Containers Sold	Containers Returned
70%	26,781,508,245	18,747,055,771
75%	26,781,508,245	20,086,131,184
90%	26,781,508,244	24,103,357,420

Table 4: Beverage Container Recycling Fund (0133) Revenue and Expenditures Adding Wine and Spirits to the Beverage Container Recycling Program at Different Recycling Rates

Type	Budget	70% Recycling Rate	75% Recycling Rate	90% Recycling Rate
Revenue	CRV Paid to CalRecycle	\$1,524,584,634	\$1,524,584,634	\$1,524,584,634
Revenue	Administrative Fee to Distributors	-\$22,868,770	-\$22,868,770	-\$22,868,770
Revenue	Net CRV Paid to CalRecycle (A)	\$1,501,715,865	\$1,501,715,865	\$1,501,715,865
Expenditures	CRV Paid Out	\$1,110,267,409	\$1,189,572,224	\$1,427,486,669
Expenditures	Processing Fee Offset Glass	\$85,346,491	\$94,513,673	\$118,707,984
Expenditures	Processing Fee Offset Plastic	\$71,842,573	\$78,072,143	\$97,685,046
Expenditures	Handling Fees	\$41,030,736	\$43,961,503	\$52,753,804
Expenditures	Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Expenditures	[Expenditure] Subtotal (B)	\$1,426,490,209	\$1,524,122,543	\$1,814,636,503
	Funds Remaining (A - B)	\$75,225,656	\$22,406,678	-\$312,920,638
Processing Fees Paid by Beverage Manufacturers	Processing Fees Glass	\$17,843,413	\$16,189,795	\$14,536,177
Processing Fees Paid by Beverage Manufacturers	Processing Fees PET	\$10,503,195	\$10,503,195	\$9,366,541
Processing Fees Paid by Beverage Manufacturers	Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
	Total	\$36,189,979	\$34,430,131	\$31,533,630

Table 5: Number of containers sold and returned Establishing 10¢ CRV for all Beverage Containers in Beverage Container Recycling Program at different recycling rates

Recycling Rate	Containers Sold	Containers Returned
70%	25,668,859,275	17,968,201,493
75%	25,668,859,275	19,251,644,456
90%	25,668,859,275	23,101,973,348

Table 6: Beverage Container Recycling Fund (0133) Revenue and Expenditures establishing 10¢ CRV for all Beverage Containers in Beverage Container Recycling Program at Different Recycling Rates

Type	Budget	70% Recycling Rate	75% Recycling Rate	90% Recycling Rate
Revenue	CRV Paid to CalRecycle	\$2,566,885,928	\$2,566,885,928	\$2,566,885,928
Revenue	Administrative Fee to Distributors	-\$38,503,289	-\$38,503,289	-\$38,503,289
Revenue	Net CRV Paid to CalRecycle (A)	\$2,528,382,639	\$2,528,382,639	\$2,528,382,639
Expenditures	CRV Paid Out	\$1,841,740,653	\$1,973,293,557	\$2,367,952,268
Expenditures	Processing Fee Offset Glass	\$63,666,032	\$70,514,844	\$88,583,023
Expenditures	Processing Fee Offset Plastic	\$71,100,271	\$77,271,077	\$96,700,382
Expenditures	Handling Fees	\$39,326,097	\$42,135,104	\$50,562,125
Expenditures	Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Expenditures	[Expenditure] Subtotal (B)	\$2,133,836,053	\$2,281,217,582	\$2,721,800,797
	Funds Remaining (A - B)	\$394,546,586	\$247,165,057	-\$193,418,159
Processing Fees Paid by Beverage Manufacturers	Processing Fees Glass	\$12,869,539	\$11,630,411	\$10,391,282
Processing Fees Paid by Beverage Manufacturers	Processing Fees PET	\$10,422,806	\$10,422,806	\$9,293,460
Processing Fees Paid by Beverage Manufacturers	Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
	Total	\$31,135,717	\$29,790,358	\$27,315,654

Table 7: Amount of containers sold and returned adding Wine and Spirits and establishing 10¢ CRV for all Beverage Containers to Program at different recycling rates

Recycling Rate	Containers Sold	Containers Returned
70%	26,781,508,245	18,747,055,771
75%	26,781,508,245	20,086,131,184
90%	26,781,508,245	24,103,357,420

Table 8: Beverage Container Recycling Fund (0133) Revenue and Expenditures adding Wine and Spirits and establishing 10¢ CRV for all Beverage Containers to Program at Different Recycling Rates

Type	Budget	70% Recycling Rate	75% Recycling Rate	90% Recycling Rate
Revenue	CRV Paid to CalRecycle	\$2,678,150,824	\$2,678,150,824	\$2,678,150,824
Revenue	Administrative Fee to Distributors	-\$40,172,262	-\$40,172,262	-\$40,172,262
Revenue	Net CRV Paid to CalRecycle (A)	\$2,637,978,562	\$2,637,978,562	\$2,637,978,562
Expenditures	CRV Paid Out	\$1,921,573,217	\$2,058,828,446	\$2,470,594,136
Expenditures	Processing Fee Offset Glass	\$85,346,491	\$94,513,673	\$118,707,984
Expenditures	Processing Fee Offset Plastic	\$71,842,573	\$78,072,143	\$97,685,046
Expenditures	Handling Fees	\$41,030,736	\$43,961,503	\$52,753,804
Expenditures	Other Program Payments and Expenditures	\$118,003,000	\$118,003,000	\$118,003,000
Expenditures	[Expenditure] Subtotal (B)	\$2,237,796,017	\$2,393,378,765	\$2,857,743,970
	Funds Remaining (A - B)	\$400,182,546	\$244,599,797	-\$219,765,407
Processing Fees Paid by Beverage Manufacturers	Processing Fees Glass	\$17,843,413	\$16,189,795	\$14,536,177
Processing Fees Paid by Beverage Manufacturers	Processing Fees PET	\$10,503,195	\$10,503,195	\$9,366,541
Processing Fees Paid by Beverage Manufacturers	Processing Fees All Other Materials	\$7,843,371	\$7,737,141	\$7,630,912
	Total	\$36,189,979	\$34,430,131	\$31,533,630