

# Quarterly Report on the Status of the Beverage Container Recycling Fund

(FY 2019-20 – First Quarter)

July 31, 2020



California Department of Resources Recycling and Recovery

# **State of California**

Gavin Newsom  
Governor

## **California Environmental Protection Agency**

Jared Blumenfeld  
Secretary

## **Department of Resources Recycling and Recovery (CalRecycle)**

Ken DaRosa  
Acting Director

### **Public Affairs Office**

1001 I Street (MS 22-B)

P.O. Box 4025

Sacramento, CA 95812-4025

<https://www2.calrecycle.ca.gov/Publications/>

1-800-RECYCLE (California only) or (916) 341-6300

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# Executive Summary

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Consistent with statutory requirements and the Department of Resources Recycling and Recovery's (CalRecycle) commitment to transparency, CalRecycle presents the Beverage Container Recycling Fund (Fund) Quarterly Status Report (Quarterly Report). The Quarterly Report reviews the Fund's adequacy to make Beverage Container Recycling Program (BCRP) payments. The Fund is the BCRP's primary financial account and is the depository of California Refund Value (CRV).

This edition reports on the first quarter (Q1) for Fiscal Year (FY) 2019-20 (July through September 2019) and reflects:

- A fund condition statement, including revenues, transfers, and expenditures;
- Assessments of the Fund's structural deficit and/or surplus and ability to make BCRP payments;
- Recycling rates inferred from revenues;
- Significant changes between current and previous projections and the methodology used for forecasting; and
- Projected sales, returns, handling fee and processing payments, and grants awarded.

According to 2019-20 first quarter data, factors affecting the BCRP include increased sales and returns of CRV beverage containers and increased program payments, resulting in a structural deficit.

In brief, this Quarterly Report projects a \$45.2 million structural deficit for FY 2019-20. This is a \$2.1 million change in the Fund status from the previous projection of a \$47.3 million structural deficit for the same period reflected in the [FY 2018-19 Fourth Quarter Quarterly Report](#).<sup>1</sup>

Based on the 2019-20 first quarter data, CalRecycle projects both CRV-in and CRV-out to increase in FY 2020-21, resulting in a \$45.9 million deficit. For FY 2021-22, sales are projected to decrease by \$2 million while returns of beverage containers are projected to increase by \$3 million, resulting in a \$54.5 million structural deficit.

Further details on the factors contributing to structural deficits and surpluses can be found in Section II. Included in those factors are CRV-in and CRV-out. Currently, a 1 percent increase or decrease in CRV-in would result in a corresponding change to the Fund balance of approximately \$13.3 million. Alternatively, a 1 percent increase or decrease in CRV-out would result in a corresponding change in the Fund balance of approximately \$10.8 million.

CalRecycle projects the overall recycling rate inferred from CRV-in and CRV-out (excluding administrative fees) to be 77.5 percent for FY 2019-20.<sup>2</sup> This projection is a 0.3 percent decrease from the Q4 projection.

Based off of Q1 data, CalRecycle projected that the Fund should have adequate cash resources to support payments through FY 2021-22.

The numbers contained in this report are based on actual data through September 2019 and projections as of October 2019. As such, the data in this report reflects the August 2019 recycling centers closures. Though consumer convenience has been affected in some regions of California, there was not a statistically significant decrease in CRV redemption based off of Q1 data.

While this report, and the fund projections contained therein, are based on first quarter data (July 2019 through September 2019), CalRecycle is cognizant that the significant economic disruptions related to the COVID-19 pandemic may have impacts to the BCRF both in 2020-21 and beyond. CalRecycle will continue to work with stakeholders to understand the impacts.

CalRecycle welcomes your feedback. Please send questions and comments to [opa@calrecycle.ca.gov](mailto:opa@calrecycle.ca.gov) or contact the Office of Public Affairs at (916) 341-6300.

# I. Fund Condition Statement

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Pursuant to Public Resources Code (PRC) Section 14556(a)(1), this section provides an updated fund condition statement,<sup>3</sup> which includes revenues, transfers, and expenditures into and out of the Fund. The primary revenues and expenditures from the Fund, the BCRP's primary financial account, are CRV-in (paid by beverage distributors when selling beverages within the state) and CRV-out (refunds paid for the collection of beverage containers).

The fund condition statements in this report include accrued revenues (i.e., revenues recognized before cash is received) and accrued expenses (i.e., expenses recognized before cash is paid out) at the end of each fiscal year.

Tables 1a and 1b compare the revenues, transfers, and total resources between the 2020-21 Governor's Budget and forecasted values. Tables 1c and 1d compare expenditures and the overall fund balance for FY 2018-19 and projections for FY 2019-20 and FY 2020-21. For more information on fund condition statements for the processing fee and penalty accounts, see Appendix I.

Table 2 presents more detailed information regarding the status of Q1. CalRecycle collects and pays expenditures in arrears and practices the accrual method of accounting. As such, receipt and expenditure activities in the first two months of the new fiscal year (i.e., within Q1) are low because these transactions are generally applicable to the previous fiscal year. Accordingly, Q4 activity is high because the period includes projected (or assumed) expenditures and accruals. In other words, projections show transactions CalRecycle expects to be processed before June 30 and transactions CalRecycle expects to be realized after June 30.

**Table 1a: Beverage Container Recycling Fund (BCRF) 0133 Fund Condition Statement 2019-20 (January 10, 2020) Governor's Budget—Revenues, Transfers, and Total Resources**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$297,528,000</b>	<b>\$308,689,000</b>	<b>\$283,984,000</b>
Resources	Prior Year Adjustment	\$14,200,000	N/A <sup>4</sup>	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$311,728,000</b>	<b>\$308,689,000</b>	<b>\$283,984,000</b>
Revenue - 4120000	Beverage Container Redemption Fees (CRV-in)	\$1,323,898,000	\$1,330,220,000	\$1,320,282,000
Revenue - 4163000	Income from Surplus Money Investments	\$4,659,000	\$3,807,000	\$3,807,000
Revenue - 4170400	Capital Asset Sales Proceeds	\$7,000	\$0	\$0
Revenue - 4171400	Escheat of Unclaimed Checks and Warrants	\$22,000	\$32,000	\$32,000
Revenue - 4172500	Option B Payments	\$6,396,000	\$3,229,000	\$3,229,000
Revenue - 4173500	Settlements and Judgements	\$46,000	\$82,000	\$82,000
Revenue - 417300	Penalty Assessments	\$177,000	\$61,000	\$61,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$1,335,205,000</b>	<b>\$1,337,431,000</b>	<b>\$1,327,493,000</b>
Transfers	To Glass Processing Fee Account (Fund 0269), Processing Fee Offset	-\$51,698,000	-\$57,897,000	-\$57,654,000
Transfers	To Plastic Processing Fee Account (Fund 0278), Processing Fee Offset	-\$55,782,000	-\$52,587,000	-\$52,215,000
Transfers	To Glass Processing Fee Account (Fund 0269), 3-Year Reconciliation Payback	-\$7,392,000	\$0	\$0
Transfers	To Plastic Processing Fee Account (Fund 0278), 3-Year Reconciliation Payback	-\$3,256,000	\$0	\$0
<b>Transfers</b>	<b>Total Transfers</b>	<b>-\$118,128,000</b>	<b>-\$110,484,000</b>	<b>-\$109,869,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$1,217,077,000</b>	<b>\$1,226,947,000</b>	<b>\$1,217,624,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$1,528,805,000</b>	<b>\$1,535,636,000</b>	<b>\$1,501,608,000</b>

**Table 1b: BCRF 0133 Forecasted Values—Revenues, Transfers, and Total Resources**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$297,528,000</b>	<b>\$308,689,000</b>	<b>\$270,098,000</b>
Resources	Prior Year Adjustment	\$14,200,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$311,728,000</b>	<b>\$308,689,000</b>	<b>\$270,098,000</b>
Revenue - 4120000	Beverage Container Redemption Fees (CRV-in)	\$1,323,898,000	\$1,332,582,000	\$1,342,640,000
Revenue - 4163000	Income from Surplus Money Investments	\$4,659,000	\$3,807,000	\$3,807,000
Revenue - 4170400	Capital Asset Sales Proceeds	\$7,000	\$0	\$0
Revenue - 4171400	Escheat of Unclaimed Checks and Warrants	\$22,000	\$32,000	\$32,000
Revenue - 4172500	Option B Payments	\$6,396,000	\$6,396,000	\$6,396,000
Revenue - 4173500	Settlements and Judgements	\$46,000	\$82,000	\$82,000
Revenue - 417300	Penalty Assessments	\$177,000	\$61,000	\$61,000
Revenue	Total Revenue	\$1,335,205,000	\$1,342,960,000	\$1,353,018,000
Transfers	To Glass Processing Fee Account (Fund 0269), Processing Fee Offset	-\$51,698,000	-\$62,003,000	-\$70,028,000
Transfers	To Plastic Processing Fee Account (Fund 0278), Processing Fee Offset	-\$55,782,000	-\$63,752,000	-\$73,367,000
Transfers	To Glass Processing Fee Account (Fund 0269), 3-Year Reconciliation Payback	-\$7,392,000	\$0	\$0
Transfers	To Plastic Processing Fee Account (Fund 0278), 3-Year Reconciliation Payback	-\$3,256,000	\$0	\$0
<b>Transfers</b>	<b>Total Transfers</b>	<b>-\$118,128,000</b>	<b>-\$125,755,000</b>	<b>-\$143,395,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$1,217,077,000</b>	<b>\$1,217,205,000</b>	<b>\$1,209,623,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$1,528,805,000</b>	<b>\$1,525,894,000</b>	<b>\$1,479,721,000</b>

**Table 1c: BCRF 0133 (January 10, 2020) Governor’s Budget—Expenditures & Fund Balance**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
Expenditures - (3970-001-0133)	Beverage Container Recycling Program Administration	\$48,036,000	\$59,419,000	\$57,528,000
Expenditures - (3970-601-0133)	Handling Fees	\$44,396,000	\$46,268,000	\$46,997,000
Expenditures - (3970-603-0133)	CRV-out	\$1,066,573,000	\$1,071,678,000	\$1,070,524,000
Expenditures - (3970-604-0133)	Curbside Supplemental Payments	\$15,000,000	\$15,000,000	\$15,000,000
Expenditures - (3970-605-0133)	Plastic Market Development Payments	\$15,000,000	\$10,000,000	\$10,000,000
Expenditures - (3970-606-0133)	Grants - Local	\$7,723,000	\$8,475,000	\$8,475,000
Expenditures - (3970-608-0133)	City/County Payments	\$9,175,000	\$10,500,000	\$10,500,000
Expenditures - (3970-609-0133)	Grants - Other	\$1,371,000	\$1,500,000	\$1,500,000
Expenditures - (3970-610-0133)	Public Education and Information	\$0	\$5,000,000	\$5,000,000
Expenditures - (3970-611-0133)	Quality Incentive Payment	\$9,862,000	\$10,000,000	\$10,000,000
Expenditures - (3970-620-0133)	Pilot Project Grants	\$0	\$5,000,000	\$0
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	\$0	\$5,000,000	\$0
Expenditures	Assessment for Secretary of Environmental Protection	\$375,000	\$375,000	\$0
Expenditures	Assessment for Financial Information System for California (Fi\$Cal)	\$6,000	-\$66,000	\$0
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$2,109,000	\$2,408,000	\$303,000
Expenditures	Assessment for Supplemental Pension Payments	\$490,000	\$1,095,000	\$1,095,000
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$1,220,116,000</b>	<b>\$1,251,652,000</b>	<b>\$1,236,922,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$1,528,805,000</b>	<b>\$1,535,636,000</b>	<b>\$1,501,608,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$308,689,000</b>	<b>\$283,984,000</b>	<b>\$264,686,000</b>



**Table 1d: BCRF 0133 Forecasted Values—Expenditures & Fund Balance**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
Expenditures - (3970-001-0133)	Beverage Container Recycling Program Administration	\$48,036,000	\$59,325,000	\$57,528,000
Expenditures - (3970-601-0133)	Handling Fees	\$44,396,000	\$43,892,000	\$44,852,000
Expenditures - (3970-603-0133)	CRV-out	\$1,066,573,000	\$1,078,292,000	\$1,082,332,000
Expenditures - (3970-604-0133)	Curbside Supplemental Payments	\$15,000,000	\$15,000,000	\$15,000,000
Expenditures - (3970-605-0133)	Plastic Market Development Payments	\$15,000,000	\$10,000,000	\$10,000,000
Expenditures - (3970-606-0133)	Grants - Local	\$7,723,000	\$8,475,000	\$8,475,000
Expenditures - (3970-608-0133)	City/County Payments	\$9,175,000	\$10,500,000	\$10,500,000
Expenditures - (3970-609-0133)	Grants - Other	\$1,371,000	\$1,500,000	\$1,500,000
Expenditures - (3970-610-0133)	Public Education and Information	\$0	\$5,000,000	\$5,000,000
Expenditures - (3970-611-0133)	Quality Incentive Payment	\$9,862,000	\$10,000,000	\$10,000,000
Expenditures - (3970-620-0133)	Pilot Project Grants	\$0	\$5,000,000	\$0
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	\$0	\$5,000,000	\$0
Expenditures	Assessment for Secretary of Environmental Protection	\$375,000	\$375,000	\$0
Expenditures	Assessment Fi\$Cal	\$6,000	-\$66,000	\$0
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$2,109,000	\$2,408,000	\$303,000
Expenditures	Assessment for Supplemental Pension Payments	\$490,000	\$1,095,000	\$1,095,000
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$1,220,116,000</b>	<b>\$1,255,796,000</b>	<b>\$1,246,585,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$1,528,805,000</b>	<b>\$1,525,894,000</b>	<b>\$1,479,721,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$308,689,000</b>	<b>\$270,098,000</b>	<b>\$233,136,000</b>

**Table 2a: FY 2019-20 Fund Condition Breakout by Quarter—Revenues, Transfers, and Total Resources**

Category	Description	FY 2019-20 Activity	Q1 Actual	Q2 Projection	Q3 Projection	Q4 Projection	Total
Revenue - 4120000	Beverage Container Redemption Fees (CRV-in)	\$1,332,582,000	\$146,899,019	\$395,227,660	\$395,227,660	\$395,227,660	\$1,332,582,000
Revenue - 4163000	Income from Surplus Money Investments	\$3,807,000	\$0	\$1,269,000	\$1,269,000	\$1,269,000	\$3,807,000
Revenue - 4171400	Escheat of Unclaimed Checks and Warrants	\$32,000	\$13,716	\$6,095	\$6,095	\$6,095	\$32,000
Revenue - 4172500	Option B Payments	\$6,396,000	\$638,600	\$1,919,133	\$1,919,133	\$1,919,133	\$6,396,000
Revenue - 4173500	Settlements and Judgements	\$82,000	\$0	\$27,333	\$27,333	\$27,333	\$82,000
Revenue - 4173000	Penalty Assessment	\$61,000	\$21,423	\$13,192	\$13,192	\$13,192	\$61,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$1,342,960,000</b>	<b>\$147,572,758</b>	<b>\$398,462,414</b>	<b>\$398,462,414</b>	<b>\$398,462,414</b>	<b>\$1,342,960,000</b>
Transfers	Transfers To Glass Processing Fee Account (Fund 0269), Processing Fee Offset	-\$62,003,000	-\$14,654,868	-\$15,782,711	-\$15,782,711	-\$15,782,711	-\$62,003,000
Transfers	Transfers To Plastic Processing Fee Account (Fund 0278), Processing Fee Offset	-\$63,752,000	-\$13,421,227	-\$16,776,924	-\$16,776,924	-\$16,776,924	-\$63,752,000
<b>Transfers To</b>	<b>Total Transfers To</b>	<b>-\$125,755,000</b>	<b>-\$28,076,095</b>	<b>-\$32,559,635</b>	<b>-\$32,559,635</b>	<b>-\$32,559,635</b>	<b>-\$125,755,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$1,217,205,000</b>	<b>\$119,496,663</b>	<b>\$365,902,779</b>	<b>\$365,902,779</b>	<b>\$365,902,779</b>	<b>\$1,217,205,000</b>

Note: Final values for continuous appropriations in the Governor’s Budget will not equal the quarter breakout as they do not include activity from previous years and the quarter breakout is specifically for FY 2019-20.

**Table 2b: FY 2019-20 Fund Condition Breakout by Quarter—Total Expenditures**

Category	Description	FY 2019-20 Activity	Q1 Actual	Q2 Projection	Q3 Projection	Q4 Projection	Total
Expenditures - (3970-001-0133)	Beverage Container Recycling Program Administration	\$59,325,000	\$8,784,855	\$16,846,715	\$16,846,715	\$16,846,715	\$59,325,000
Expenditures - (3970-603-0133)	CRV-out	\$1,078,292,000	\$254,978,279	\$274,437,907	\$274,437,907	\$274,437,907	\$1,078,292,000
Expenditures - (3970-601-0133)	Handling Fees	\$43,892,000	\$4,340,651	\$13,183,783	\$13,183,783	\$13,183,783	\$43,892,000
Expenditures - (3970-606-0133)	Grants - Local	\$8,475,000	\$0	\$2,825,000	\$2,825,000	\$2,825,000	\$8,475,000
Expenditures - (3970-609-0133)	Grants - Other	\$1,500,000	\$0	\$500,000	\$500,000	\$500,000	\$1,500,000
Expenditures - (3970-604-0133)	Curbside Supplemental Payments	\$15,000,000	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$15,000,000
Expenditures - (3970-608-0133)	City/County Payments	\$10,500,000	\$0	\$3,500,000	\$3,500,000	\$3,500,000	\$10,500,000
Expenditures - (3970-610-0133)	Public Education and Information	\$5,000,000	\$0	\$1,666,667	\$1,666,667	\$1,666,667	\$5,000,000
Expenditures - (3970-605-0133)	Plastic Market Development Payments	\$10,000,000	\$0	\$3,333,333	\$3,333,333	\$3,333,333	\$10,000,000
Expenditures - (3970-611-0133)	Quality Incentive Payment	\$10,000,000	\$0	\$3,333,333	\$3,333,333	\$3,333,333	\$10,000,000
Expenditures - (3970-620-0133)	Pilot Project Grants	\$5,000,000	\$0	\$1,666,667	\$1,666,667	\$1,666,667	\$5,000,000
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	\$5,000,000	\$0	\$1,666,667	\$1,666,667	\$1,666,667	\$5,000,000
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$1,251,984,000</b>	<b>\$268,103,784</b>	<b>\$327,960,072</b>	<b>\$327,960,072</b>	<b>\$327,960,072</b>	<b>\$1,251,984,000</b>

## **II. Adequate Funds Determination**

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In accordance with PRC Section 14556(c), this section explains whether there are adequate funds to make all BCRP payments. If there are insufficient funds, CalRecycle shall proportionally reduce specified payments to ensure it is able to provide consumers their CRV refunds and to continue to operate the BCRP<sup>5</sup>.

### ***Structural Deficit and Surplus***

BCRP operations are funded by unclaimed CRV. As the recycling rate increases, less funding is available to make all of the budgeted payments prescribed in statute, including CRV-out, BCRP administration, local conservation corps grants, and payments and transfers outlined in PRC Section 14581. A structural deficit occurs when expenditures exceed revenues in the same period. Alternatively, as expenditures decrease (due to a reduction of CRV-out) and revenues increase (due to an increase of CRV-in) the deficit will shrink and lead to a structural surplus.

As outlined in Table 3, CalRecycle projects a structural deficit of \$45.2 million for FY 2019-20 due to changes in revenue and expenditures. Previous projections for the same period projected a structural deficit of \$47.3 million; a \$2.1 million change from Q4.

In FY 2020-21, CalRecycle forecasts a \$45.9 million structural deficit. Previous projections for the same period projected a structural deficit of \$75.3 million; a \$29.4 million change from Q4. This \$29.4 million change is primarily attributable to a projected \$38.7 million increase in CRV-in and a \$11.5 million increase in CRV-out. These factors result in a net increase of \$27.2 million in funds available for program payments. In FY 2020-21, processing payments are projected to increase by approximately \$17.6 million further contributing to the deficit.

For FY 2021-22, CalRecycle projects that CRV-in will decrease, while CRV-out and processing payments will increase, resulting in a \$54.5 million structural deficit. More information on processing payments can be found on Page 17.

**Table 3: BCRF 0133: Structural Deficit / Surplus**

Category	Description	FY 2019/20	FY 2020/21	FY 2021/22
Revenue - 4120000	CRV-in	\$1,332,582,000	\$1,342,640,000	\$1,340,838,000
Expenditures - (3970-603-0133)	CRV-out	-\$1,078,292,000	-\$1,082,332,000	-\$1,085,436,000
Expenditures - (3970-001-0133)	Program Administration	-\$59,325,000	-\$57,528,000	-\$57,420,000
Expenditures -(3970-606-0133)	Grants - Local	-\$8,475,000	-\$8,475,000	-\$8,475,000
<b>Resources</b>	<b>Total Available for 14581 Programs</b>	<b>\$186,490,000</b>	<b>\$194,305,000</b>	<b>\$189,507,000</b>
Expenditures -(3970-615-0133)	Proc Fee Offset - Glass	-\$62,003,000	-\$70,028,000	-\$71,075,000
Expenditures - (3970-615-0133)	Proc Fee Offset - Glass 3-Year Reconciliation Payback	\$0	\$0	\$0
Expenditures - (3970-616-0133)	Proc Fee Offset - Plastic	-\$63,752,000	-\$73,367,000	-\$75,000,000
Expenditures - (3970-616-0133)	Proc Fee Offset - Plastic 3-Year Reconciliation Payback	\$0	\$0	\$0
Expenditures - (3970-601-0133)	Handling Fees	-\$43,892,000	-\$44,852,000	-\$45,883,000
Expenditures - (3970-604-0133)	Curbside Supplemental Payments	-\$15,000,000	-\$15,000,000	-\$15,000,000
Expenditures - (3970-605-0133)	Plastic Market Development Payments	-\$10,000,000	-\$10,000,000	-\$10,000,000
Expenditures - (3970-608-0133)	City/County Payments	-\$10,500,000	-\$10,500,000	-\$10,500,000
Expenditures - (3970-609-0133)	Grants - Other	-\$1,500,000	-\$1,500,000	-\$1,500,000
Expenditures - (3970-610-0133)	Public Education and Information	-\$5,000,000	-\$5,000,000	-\$5,000,000
Expenditures - (3970-611-0133)	Quality Incentive Payment	-\$10,000,000	-\$10,000,000	-\$10,000,000
Expenditures - (3970-620-0133)	Pilot Project Grants	-\$5,000,000	\$0	\$0
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	-\$5,000,000	\$0	\$0
<b>Resources</b>	<b>Total 14581 Programs</b>	<b>-\$231,647,000</b>	<b>-\$240,247,000</b>	<b>-\$243,958,000</b>
<b>Resources</b>	<b>Total Structural Deficit / Surplus</b>	<b>-\$45,157,000</b>	<b>-\$45,942,000</b>	<b>-\$54,451,000</b>

Given the impact of minor CRV-in and CRV-out changes on revenue and expenditures, it is critical to evaluate the timing of actual revenue and disbursements to assess the risk of an insufficient cash balance to maintain uninterrupted BCRP and administrative operations. A careful analysis of cash flow and cash balances indicates if CalRecycle needs to invoke measures to ensure cash solvency.

A cash forecast is used to manage cash flow, track revenue and expenditures, and estimate when the cash balance will be below the required minimum reserve. CalRecycle projects sufficient cash reserves to support BCRP payments through the forecast period. However, minor changes in sales and returns can translate to significant effects on cash reserves. Currently, a 1 percent change in CRV-in would result in an approximately \$13.3 million change to the Fund balance. Additionally, a 1 percent change in CRV-out would change the balance by approximately \$10.8 million.

The cash balance of the Fund (Table 4) is impacted by different timing of receipts and payments for any given month. Receipts into the Fund made by distributors must be made no later than the last day of the month following the sale of the beverage container.<sup>6</sup> Payments out of the Fund (refunds, administration fees, and processing payments) are paid typically within the month of the transaction or, on average, two weeks after the end of the month.<sup>7</sup> Other expenditures and payments under PRC Section 14581 are paid according to specific schedules. Handling fee payments, for example, are paid monthly.<sup>8</sup>

**Table 4: Cash Balance Summary (As of October 31, 2019)**

<b>Fiscal Year</b>	<b>Month</b>	<b>Amount</b>
2018 /19 1st Quarter	Jul (Actual)	\$192,560,411
2018 /19 1st Quarter	Aug (Actual)	\$214,382,892
2018 /19 1st Quarter	Sept (Actual)	\$193,242,126
2018 /19 2nd Quarter	Oct (Actual)	\$205,812,701
2018 /19 2nd Quarter	Nov (Actual)	\$240,451,340
2018 /19 2nd Quarter	Dec (Actual)	\$228,664,826
2018/19 3rd Quarter	Jan (Actual)	\$213,410,488
2018 /19 3rd Quarter	Feb (Actual)	\$207,349,601
2018 /19 3rd Quarter	Mar (Actual)	\$218,061,884
2018 /19 4th Quarter	April (Actual)	\$217,569,682
2018/19 4th Quarter	May (Actual)	\$174,539,331
2018 /19 4th Quarter	June (Actual)	\$215,362,601
2019/20 1st Quarter	Jul (Actual)	\$159,188,292
2019/20 1st Quarter	Aug (Actual)	\$142,850,863
2019/20 1st Quarter	Sept (Actual)	\$162,071,810
2019/20 2nd Quarter	Oct (Actual)	\$173,933,445
2019/20 2nd Quarter	Nov (Projected)	\$196,909,106
2019/20 2nd Quarter	Dec (Projected)	\$210,476,802
2019/20 3rd Quarter	Jan (Projected)	\$181,292,676
2019/20 3rd Quarter	Feb (Projected)	\$200,976,893
2019/20 3rd Quarter	Mar (Projected)	\$213,499,264
2019/20 4th Quarter	April (Projected)	\$162,000,102
2019/20 4th Quarter	May (Projected)	\$165,297,033
2019/20 4th Quarter	June (Projected)	\$175,285,696
2020/21 1st Quarter	July (Projected)	\$163,474,511
2020/21 1st Quarter	Aug (Projected)	\$173,006,867
2020/21 1st Quarter	Sept (Projected)	\$191,750,273
2020/21 2nd Quarter	Oct (Projected)	\$179,081,520
2020/21 2nd Quarter	Nov (Projected)	\$199,642,385
2020/21 2nd Quarter	Dec (Projected)	\$224,096,746
2020/21 3rd Quarter	Jan (Projected)	\$162,498,283
2020/21 3rd Quarter	Feb (Projected)	\$179,314,024
2020/21 3rd Quarter	Mar (Projected)	\$190,923,058
2020/21 4th Quarter	April (Projected)	\$137,579,227
2020/21 4th Quarter	May (Projected)	\$145,949,797
2020/21 4th Quarter	June (Projected)	\$175,285,696

### III. Recycling Rates Inferred from CRV Revenues and Expenditures

In accordance with PRC Section 14556(a)(2), this section provides information regarding the recycling rates inferred from CRV-in and CRV-out for FY 2019-20 and FY 2020-21<sup>9</sup>. Table 5a displays the ratio of CRV expenditures to CRV revenues, net of both the administrative fee (2.5 percent of CRV-out) paid by CalRecycle to processors and recyclers by law, and of the administrative fee (1.5 percent of CRV-in) retained by distributors.<sup>10</sup> In contrast, Table 5b excludes those administrative fees and just displays the ratio of CRV expenditures to CRV revenues.

The projected overall recycling rate (excluding administrative fees) for all beverage container material types combined for FY 2019-20 is 77.5 percent. This projection is a 0.3 percent increase from the previous projection in Q4.

**Table 5a: Recycling Rates Inferred from CRV Revenues and Expenditures (Including Administrative Fees)**

Material Type	FY 2019-20	FY 2020-21
Aluminum	86.7%	82.9%
Glass	72.8%	72.9%
PET Plastic	79.5%	82.5%
HDPE Plastic	75.5%	77.9%
<b>Overall</b>	<b>80.6%</b>	<b>81.0%</b>

**Table 5b: Recycling Rates Inferred from CRV Revenues and Expenditures (Excluding Administrative Fees)**

Material Type	FY 2019-20	FY 2020-21
Aluminum	83.3%	79.6%
Glass	69.9%	70.1%
PET Plastic	76.4%	79.3%
HDPE Plastic	72.6%	74.9%
<b>Overall</b>	<b>77.5%</b>	<b>77.8%</b>

Note: Other beverage container materials (bimetal and other plastics) are included in the overall rate but not shown on their own lines because they are sold and recycled in small volumes. This table satisfies the statutory requirement for “recycling rates” inferred from revenues.



## IV. Projections and Estimates

Pursuant to PRC Sections 14556(a)(4) et seq., this section provides information for projected sales, handling fee payments, and processing payments for FY 2019-20 and FY 2020-21.

### A. Sales and Returns by Material Type

Tables 6 and 7 reflect California sales and returns of beverage containers by material and size.

Sold container counts are derived from reports that beverage distributors send directly to CalRecycle, whereas recycled container counts are calculated from the redemption weight reported on shipping reports, multiplied by the current container per pound rate. The container per pound rate is regularly adjusted to reflect changes in the mix of beverage containers in the state. As such, the calculated number of returns will not align exactly with the recycling rates reported above.

**Table 6: Sales in Containers by Material and Size, Actuals and Forecasts**

Material Type	Size	FY 2019-20	FY 2020-21
Aluminum	< 24 oz.	8,255,698,145	8,101,571,329
Aluminum	≥ 24 oz.	668,501,785	667,718,276
Aluminum	All sizes	<b>8,924,199,929</b>	<b>8,769,289,605</b>
Glass	< 24 oz.	2,671,808,731	2,798,892,446
Glass	≥ 24 oz.	200,874,401	200,018,484
Glass	All sizes	<b>2,872,683,132</b>	<b>2,998,910,931</b>
PET Plastic	< 24 oz.	10,749,853,706	10,806,398,170
PET Plastic	≥ 24 oz.	1,665,743,378	1,645,976,848
PET Plastic	All sizes	<b>12,415,597,084</b>	<b>12,452,375,019</b>
HDPE Plastic	< 24 oz.	58,917,185	82,600,261
HDPE Plastic	≥ 24 oz.	83,277,738	94,902,098
HDPE Plastic	All sizes	<b>142,194,923</b>	<b>177,502,359</b>
Bimetal and Other Plastics	< 24 oz.	194,133,004	204,197,760
Bimetal and Other Plastics	≥ 24 oz.	28,970,266	25,418,290
Bimetal and Other Plastics	All sizes	<b>223,103,270</b>	<b>229,616,050</b>
All Material Types	< 24 oz.	21,930,410,771	21,993,659,966
All Material Types	≥ 24 oz.	2,647,367,566	2,634,033,998
<b>Total, All Materials</b>	<b>All Sizes</b>	<b>24,577,778,337</b>	<b>24,627,693,964</b>

**Table 7: Returns in Containers by Material, Actuals and Forecast**

<b>Material Type</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
Aluminum	7,106,997,267	6,905,746,754
Glass	2,074,043,947	1,990,009,320
PET Plastic	9,570,443,599	9,914,432,635
HDPE Plastic	113,920,154	99,443,313
Bimetal and Other Plastics	44,787,794	49,344,974
<b>Total</b>	<b>18,910,192,761</b>	<b>18,958,976,995</b>

## ***B. Projected Handling Fee Payments***

This section includes handling fee payments, the fee per container, and the number of beverage containers projected to be eligible for a handling fee payment. The total annual amount of handling fees authorized fluctuates annually based upon the per container handling fee rate and the total number of containers returned at eligible recycling centers.

The projected handling fees are calculated based on a handling fee per container rate of \$0.00860 derived from the cost survey effective July 1, 2019, plus a cost of living adjustment.<sup>11</sup>

**Table 8: Handling Fee Payments, Rates, and Containers, Actuals and Forecasts**

<b>Handling Fees</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
Handling Fee Payments	\$43,891,996	\$44,852,263
Fee per Container	\$0.00860	\$0.00860
<b>Estimated Number of Containers</b>	<b>5,103,720,465</b>	<b>5,215,379,472</b>

## C. Projected Processing Payments

This section includes actual and projected processing fee offsets, processing fees, and processing payments by beverage container material type.<sup>12</sup>

**Table 9: Processing Fees, Processing Payments, and Processing Offsets by Material Type, Actuals and Forecasts**

Fiscal Year	Material Type	Processing Fees	Processing Fee Offsets	Processing Payments
FY 2019-20	Glass	\$10,470,128	\$62,002,654	\$74,468,601
FY 2019-20	PET Plastic	\$7,102,504	\$59,214,779	\$68,293,632
FY 2019-20	HDPE Plastic	\$863,231	\$4,537,596	\$5,400,827
FY 2019-20	All Other Plastics and Bimetal	\$7,076,326	\$0	\$1,000,768
FY 2019-20	<b>Total</b>	<b>\$25,512,189</b>	<b>\$125,755,029</b>	<b>\$149,163,828</b>
FY 2020-21	Glass	\$12,101,631	\$70,028,409	\$84,125,858
FY 2020-21	PET Plastic	\$8,399,483	\$67,504,868	\$77,880,700
FY 2020-21	HDPE Plastic	\$1,115,840	\$5,862,166	\$6,978,005
FY 2020-21	All Other Plastics and Bimetal	\$8,512,244	\$0	\$1,204,522
FY 2020-21	<b>Total</b>	<b>\$30,129,198</b>	<b>\$143,395,442</b>	<b>\$170,189,085</b>

Note: Processing fee and payment values reflect new cost of recycling measurements for calendar year (CY) 2020 and 2021 and a “reasonable financial return” (an element in the processing payment calculation) of 16.6 percent for rural recycling centers and 11.5 percent for all other recyclers for CY 2019 and 10 percent for all recyclers for CY 2020 and 2021.

Projections for processing fees, processing payments, and processing fee offsets for this report are based on the rates in effect at the time the projections were made. The sum of the processing fees and processing fee offsets do not equal processing payments. This discrepancy is due to two factors.

First, beverage manufacturers receive \$2 million in discounts (direct reductions of manufacturers’ processing fee liabilities taken from the processing fee accounts) for glass and polyethylene terephthalate (PET) plastic processing fees. The processing fee amounts for glass and PET displayed in Table 9 reflect these discounts.

Second, the processing fee offset (transfers from the Fund to the processing fee accounts) includes an annual reconciliation covering the most recent calendar year. Reconciliation is on a calendar year basis, while this report displays fiscal year amounts. This accounts for the discrepancy between the processing payments and the sum of the offsets and processing fees.

Overall, the following factors impact the processing fee offset:

- Quarterly transfers from the Fund to the processing fee accounts (offsets for the quarter) based on estimates of fees and payments for the upcoming calendar year
- Changes to the processing payments due to quarterly changes in scrap value
- Transfers to processing fee accounts as required to maintain a minimum balance of 5 percent of expenditures for the last fiscal year.

## **V. Significant Changes**

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Pursuant to PRC Section 14556 (a) and (c), this section details changes to the methodology used for forecasting the fund condition statement and any other significant changes to the fund condition statement from the previous Quarterly Report.

Since the FY 2018-19 Q4 report (May 2020), there have been no significant methodological changes.

# Appendix I. Updated Fund Condition Report 2019-2020 Governor's Budget

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This section contains the fund condition statements for the remaining four BCRP funds covering FYs 2018-19 through 2020-21. The values are based on the FY 2020-21 Governor's Budget except for updated values derived from subsequent forecasts. Below is a brief description of each of the funds:

**Glass Processing Fee Account, Fund 0269**—This fund serves as a depository for glass processing fees paid by beverage manufacturers who package products in glass bottles. This fund is the source for paying processing payments to certified recyclers for handling empty glass beverage containers.

**Plastic Processing Fee Account, Fund 0278**—This fund serves as a depository for plastic processing fees paid by beverage manufacturers who package products in any type of plastic bottle with a scrap value that is less than the cost of recycling. This fund is the source for paying processing payments to certified recyclers for handling empty plastic beverage containers.

**Bimetal Processing Fee Account, Fund 0277**—This fund serves as a depository for bimetal processing fees paid by beverage manufacturers who package products in bimetal cans. This fund is the source for paying processing payments to certified recyclers for handling empty bimetal beverage containers.

**Penalty Account, Fund 0276**—This fund serves as a depository for civil penalties and fines. The purpose of this fund is to assist in carrying out the activities specified in the Beverage Container Recycling and Litter Reduction Act as specified in PRC Section 14580(d).

**Table 10a: (January 10, 2020) Governor’s Budget—Glass Processing Fee Fund Condition Statement (Fund 0269)**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$19,097,000</b>	<b>\$24,407,000</b>	<b>\$23,638,000</b>
Resources	Prior Year Adjustment	\$322,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$19,419,000</b>	<b>\$24,407,000</b>	<b>\$23,638,000</b>
Revenue - 4120000	Beverage Container Redemption Fees	\$8,935,000	\$8,642,000	\$8,642,000
Revenue - 4163000	Income from Surplus Money Investments	\$536,000	\$549,000	\$549,000
Revenue - 4171400	Escheat of Unclaimed Checks, Warrants, Bonds and Coupon	-\$40,000	\$0	\$0
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$9,431,000</b>	<b>\$9,191,000</b>	<b>\$9,191,000</b>
Transfers	From CA Beverage Container Fund (CBCRF)	\$51,698,000	\$57,897,000	\$57,654,000
Transfers	From CBCRF, 3-Year Reconciliation Payback	\$7,392,000	\$0	\$0
<b>Transfers</b>	<b>Total Transfers</b>	<b>\$59,090,000</b>	<b>\$57,897,000</b>	<b>\$57,654,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$68,521,000</b>	<b>\$67,088,000</b>	<b>\$66,845,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$87,940,000</b>	<b>\$91,495,000</b>	<b>\$90,483,000</b>
Expenditures - (3970-601-0269)	Processing Payments	\$63,533,000	\$67,862,000	\$65,985,000
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$0	-\$5,000	\$0
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$63,533,000</b>	<b>\$67,857,000</b>	<b>\$65,985,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$24,407,000</b>	<b>\$23,638,000</b>	<b>\$24,498,000</b>

**Table 10b: 2019-20 Q1 Forecasted Values—Glass Processing Fee Fund Condition Statement (Fund 0269)**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$19,097,000</b>	<b>24,407,000</b>	<b>\$22,965,000</b>
Resources	Prior Year Adjustment	\$322,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$19,419,000</b>	<b>24,407,000</b>	<b>\$22,965,000</b>
Revenue - 4120000	Beverage Container Redemption Fees	\$8,935,000	10,470,000	\$12,102,000
Revenue - 4163000	Income from Surplus Money Investments	\$536,000	549,000	\$549,000
Revenue - 4172500	Escheat of Unclaimed Checks, Warrants, Bonds and Coupon	-\$40,000	\$0	\$0
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$9,431,000</b>	<b>\$11,019,000</b>	<b>\$12,651,000</b>
Transfers	From CBCRF	\$51,698,000	62,003,000	\$70,028,000
Transfers	From CBCRF, 3-Year Reconciliation Payback	\$7,392,000	0	\$0
<b>Transfers</b>	<b>Total Transfers</b>	<b>\$59,090,000</b>	<b>\$62,003,000</b>	<b>\$70,028,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$68,521,000</b>	<b>\$73,022,000</b>	<b>\$82,679,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$87,940,000</b>	<b>\$97,429,000</b>	<b>\$105,644,000</b>
Expenditures - (3970-601-0269)	Processing Payments	\$63,533,000	74,469,000	\$84,126,000
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$0	-5,000	\$0
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$63,533,000</b>	<b>\$74,464,000</b>	<b>\$84,126,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$24,407,000</b>	<b>\$22,965,000</b>	<b>\$21,518,000</b>

**Table 11a: (January 10, 2020) Governor's Budget—Plastic Processing Fee Fund Condition Statement (Fund 0278)**

<b>Category</b>	<b>Description</b>	<b>FY 2018-19 Actual</b>	<b>FY 2019-20 Projected</b>	<b>FY 2020-21 Projected</b>
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$18,376,000</b>	<b>\$25,069,000</b>	<b>\$28,198,000</b>
Resources	Prior Year Adjustment	\$0	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$18,376,000</b>	<b>\$25,069,000</b>	<b>\$28,198,000</b>
Revenue - 4120000	Beverage Container Redemption Fees	\$11,326,000	\$12,663,000	\$12,556,000
Revenue - 4163000	Income from Surplus Money Investments	\$408,000	\$516,000	\$516,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$11,734,000</b>	<b>\$13,179,000</b>	<b>\$13,072,000</b>
Transfers	From CBCRF	\$55,782,000	\$52,587,000	\$52,215,000
Transfers	From CBCRF, 3-Year Reconciliation Payback	\$3,256,000	\$0	\$0
<b>Transfers</b>	<b>Total Transfers</b>	<b>\$59,038,000</b>	<b>\$52,587,000</b>	<b>\$52,215,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$70,772,000</b>	<b>\$65,766,000</b>	<b>\$65,287,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$89,148,000</b>	<b>\$90,835,000</b>	<b>\$93,485,000</b>
Expenditures - (3970-601-0278)	Processing Payments	\$64,079,000	\$62,640,000	\$61,649,000
Expenditures	Assessment for Financial Information System for California (Fi\$Cal)	\$0	-\$3,000	\$0
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$64,079,000</b>	<b>\$62,637,000</b>	<b>\$61,649,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$25,069,000</b>	<b>\$28,198,000</b>	<b>\$31,836,000</b>



**Table 11b: 2019-20 Q1 Forecasted Values—Plastic Processing Fee Fund Condition Statement (Fund 0278)**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$18,376,000</b>	<b>\$25,069,000</b>	<b>\$28,492,000</b>
Resources	Prior Year Adjustment	\$0	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$18,376,000</b>	<b>\$25,069,000</b>	<b>\$28,492,000</b>
Revenue - 4120000	Beverage Container Redemption Fees	\$11,326,000	\$13,521,000	\$16,208,000
Revenue - 4163000	Income from Surplus Money Investments	\$408,000	\$516,000	\$516,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$11,734,000</b>	<b>\$14,037,000</b>	<b>\$16,724,000</b>
Transfers	From CBCRF	\$55,782,000	\$63,752,000	\$73,367,000
Transfers	From CBCRF, 3-Year Reconciliation Payback	\$3,256,000	\$0	\$0
<b>Transfers</b>	<b>Total Transfers</b>	<b>\$59,038,000</b>	<b>\$63,752,000</b>	<b>\$73,367,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$70,772,000</b>	<b>\$77,789,000</b>	<b>\$90,091,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$89,148,000</b>	<b>\$102,858,000</b>	<b>\$118,583,000</b>
Expenditures - (3970-601-0278)	Processing Payments	\$64,079,000	\$74,369,000	\$85,674,000
Expenditures	Assessment for (Fi\$Cal)	\$0	-\$3,000	\$0
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$64,079,000</b>	<b>\$74,366,000</b>	<b>\$85,674,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$25,069,000</b>	<b>\$28,492,000</b>	<b>\$32,909,000</b>

**Table 12a: (January 10, 2020) Governor’s Budget—Bimetal Processing Fee Fund Condition Statement (Fund 0277)**

<b>Category</b>	<b>Description</b>	<b>FY 2018-19 Actual</b>	<b>FY 2019-20 Projected</b>	<b>FY 2020-21 Projected</b>
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$22,184,000</b>	<b>\$24,055,000</b>	<b>\$25,709,000</b>
Resources	Prior Year Adjustment	\$106,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$22,290,000</b>	<b>\$24,055,000</b>	<b>\$25,709,000</b>
Revenue - 4120000	Beverage Container Redemption Fees	\$1,542,000	\$1,387,000	\$1,387,000
Revenue - 4163000	Income from Surplus Money Investments	\$484,000	\$520,000	\$520,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$2,026,000</b>	<b>\$1,907,000</b>	<b>\$1,907,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$2,026,000</b>	<b>\$1,907,000</b>	<b>\$1,907,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$24,316,000</b>	<b>\$25,962,000</b>	<b>\$27,616,000</b>
Expenditures - (3970-601-0277)	Processing Payments	\$261,000	\$253,000	\$255,000
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$261,000</b>	<b>\$253,000</b>	<b>\$255,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$24,055,000</b>	<b>\$25,709,000</b>	<b>\$27,361,000</b>

**Table 12b: 2019-20 Q1 Forecasted Values—Bimetal Processing Fee Fund Condition Statement (Fund 0277)**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$22,184,000</b>	<b>\$24,055,000</b>	<b>\$25,771,000</b>
Resources	Prior Year Adjustment	\$106,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$22,290,000</b>	<b>\$24,055,000</b>	<b>\$25,771,000</b>
Revenue - 4120000	Beverage Container Redemption Fees	\$1,542,000	\$1,522,000	\$1,820,000
Revenue - 4163000	Income from Surplus Money Investments	\$484,000	\$520,000	\$520,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$2,026,000</b>	<b>\$2,042,000</b>	<b>\$2,340,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$2,026,000</b>	<b>\$2,042,000</b>	<b>\$2,340,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$24,316,000</b>	<b>\$26,097,000</b>	<b>\$28,111,000</b>
Expenditures - (3970-601-0277)	Processing Payments	\$261,000	\$326,000	\$390,000
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$261,000</b>	<b>\$326,000</b>	<b>\$390,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$24,055,000</b>	<b>\$25,771,000</b>	<b>\$27,721,000</b>

**Table 13a: (January 10, 2020) Governor’s Budget—Penalty Account Fund Condition Statement (Fund 0276)**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$5,605,000</b>	<b>\$6,541,000</b>	<b>\$1,829,000</b>
Resources	Prior Year Adjustment	\$194,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$5,799,000</b>	<b>\$6,541,000</b>	<b>\$1,829,000</b>
Revenue - 4163000	Income from Surplus Money Investments	\$123,000	\$133,000	\$133,000
Revenue - 4173000	Penalty Assessments	\$647,000	\$170,000	\$170,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$770,000</b>	<b>\$303,000</b>	<b>\$303,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$770,000</b>	<b>\$303,000</b>	<b>\$303,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$6,569,000</b>	<b>\$6,844,000</b>	<b>\$2,132,000</b>
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$22,000	\$0	\$0
Expenditures	Assessment for Supplemental Pension Payments	\$6,000	\$15,000	\$15,000
Expenditures - (3970-001-0276)	State Operations	\$0	\$0	\$0
Expenditures - (3970-601-0276-2019)	Temporary Assistance	\$0	\$5,000,000	\$0
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$28,000</b>	<b>\$5,015,000</b>	<b>\$15,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$6,541,000</b>	<b>\$1,829,000</b>	<b>\$2,117,000</b>

**Table 13b: 2019-20 Q1 Forecasted Values—Penalty Account Fund Condition Statement (Fund 0276)**

Category	Description	FY 2018-19 Actual	FY 2019-20 Projected	FY 2020-21 Projected
<b>Resources</b>	<b>Beginning Fund Balance</b>	<b>\$5,605,000</b>	<b>\$6,541,000</b>	<b>\$1,829,000</b>
Resources	Prior Year Adjustment	\$194,000	N/A	N/A
<b>Resources</b>	<b>Adjusted Beginning Fund Balance</b>	<b>\$5,799,000</b>	<b>\$6,541,000</b>	<b>\$1,829,000</b>
Revenue - 4163000	Income from Surplus Money Investments	\$123,000	\$133,000	\$133,000
Revenue - 4173000	Penalty Assessments	\$647,000	\$170,000	\$170,000
<b>Revenue</b>	<b>Total Revenue</b>	<b>\$770,000</b>	<b>\$303,000</b>	<b>\$303,000</b>
<b>Revenues and Transfers</b>	<b>Totals, Revenues and Transfers</b>	<b>\$770,000</b>	<b>\$303,000</b>	<b>\$303,000</b>
<b>Resources</b>	<b>Total Resources</b>	<b>\$6,569,000</b>	<b>\$6,844,000</b>	<b>\$2,132,000</b>
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$22,000	\$0	\$0
Expenditures	Assessment for Supplemental Pension Payments	\$6,000	\$15,000	\$15,000
Expenditures - (3970-001-0276)	State Operations	\$0	\$0	\$0
Expenditures - (3970-601-0276-2019)	Temporary Assistance	\$0	\$5,000,000	\$0
<b>Expenditures</b>	<b>Total Expenditures</b>	<b>\$28,000</b>	<b>\$5,015,000</b>	<b>\$15,000</b>
<b>Resources</b>	<b>Ending Fund Balance</b>	<b>\$6,541,000</b>	<b>\$1,829,000</b>	<b>\$2,117,000</b>

# Appendix II. Public Resources Code (PRC) References

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**California Beverage Container Recycling Fund:** PRC 14581 (a)

**Glass Processing Fee Account:** PRC 14581 (a)(5)(A)

**Plastic Processing Fee Account:** PRC 14581 (a)(5)(A)

**Handling Fees:** PRC 14581 (a)(1)

**CRV-out:** PRC 14580

**Curbside Supplemental Payments:** PRC 14581 (a)(2)

**Plastic Market Development Payments:** PRC 14581 (a)(8)(A)

**Grants - Local Conservation Corps (CCCs):** PRC 14581.1

**City/County Payments:** PRC 14581 (a)(3)(A)

**Grants - Other:** PRC 14581 (a)(4)

**Public Education and Information:** PRC 14581 (a)(6)

**Quality Incentive Payment:** PRC 14581 (a)(7)

**Pilot Project Grants:** PRC 14581 (a)(9)(A)

**Supplemental Payments for Low Volume Recyclers:** Assembly Bill 54 (Ting, Chapter 793, Statutes of 2019)

**Temporary Assistance:** Item 3970-101-0276 of Section 2.00 of the Budget Act of 2019 (Chapters 23 and 55, Statutes of 2019)

# Appendix III. Endnotes

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<sup>1</sup>Quarterly Report Fourth Quarter:

<https://www2.calrecycle.ca.gov/Publications/Details/1665>

<sup>2</sup> Quarterly Reports discuss the Fund's financial status. For recycling rates based on container counts and the numbers of pounds of material redeemed, please consult CalRecycle's Biannual Reports: <https://www2.calrecycle.ca.gov/Docs/Web/116139>

<sup>3</sup> The updated fund condition statement may differ from the 2020-21 Governor's Budget Fund condition statement. See Appendix I for an explanation of differences between The Governor's Budget and BCRF Quarterly Reports.

<sup>4</sup> The prior year adjustment amounts for Fiscal Years 2019-20 and 2020-21 have yet to be calculated.

<sup>5</sup> PRC Section 14581(c)

<sup>6</sup> PRC Section 14574(a)(2)

<sup>7</sup> PRC Section 14573 requires the CalRecycle to pay the processor upon presentation of a completed processor invoice accompanied by a shipping report from the supplier of the material.

<sup>8</sup> PRC Section 14585(a)(1)

<sup>9</sup> Statute requires the Quarterly Report to include a recycling rate inferred from revenues, which is calculated by dividing CRV-out by CRV-in. The recycling rates displayed in CalRecycle's Biannual Report of Beverage Container Sales, Returns, Redemption, and Recycling Rates (Biannual Report) are based on formulas stipulated in PRC Section 14551 used to calculate the percentage of containers recycled.

<sup>10</sup> PRC Section 14574(a)(1)

<sup>11</sup> The Handling Fee Cost Survey Final Report can be found on the CalRecycle website at <https://www2.calrecycle.ca.gov/Publications/Download/1389>.

<sup>12</sup> Processing Payments are adjusted based on the cost of recycling and average scrap value for each beverage container material type. Processing Payment information is available on the CalRecycle website at <https://www.calrecycle.ca.gov/BevContainer/Notices/#Processing>.