

Semi-Annual Report on the Status of the Beverage Container Recycling Fund

(July-December 2020)

September 17, 2021



California Department of Resources Recycling and Recovery

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Executive Summary

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) Semi-Annual Report (Report). The 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).

On September 29, 2020, Governor Newsom signed into law AB 107 (Committee on Budget, Chapter 264, Statutes of 2020) which, among other things, changed the frequency of reporting on the status of the Fund from every three months to every six months. This edition reports on the first half of Fiscal Year (FY) 2020-21 and reflects data for sales and returns of beverage containers from July through December 2020 and reflects:

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

FY 2020-21 budget information included in this Report reflects the latest available projections. Final data will be available in subsequent reports.

In brief, this Report projects a \$143.7 million structural surplus for FY 2020-21. This is a \$172.3 million change from the previous projection of a structural deficit of \$28.5 million in the FY 2019-20 Fourth Quarter Report.¹ This swing from a structural deficit to a structural surplus is primarily due to a projected \$127.3 million increase in CRV-in and a \$40.4 million decrease in CRV-out.

In FY 2021-22 and FY 2022-23, CRV-in is projected to decrease, resulting in an \$72.3 million structural surplus and \$74.1 million structural surplus, respectively.

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 \$14.9 million. Alternatively, a 1 percent increase or decrease in CRV-out would result in a corresponding change in the Fund balance of approximately \$10.4 million.

In response to the COVID-19 pandemic, on April 22, 2020, Governor Newsom issued Executive Order (EO) N-54-20, which temporarily halted enforcement of the beverage

container take-back requirements at retailers and allowed greater flexibility in the hours of operation requirements for recycling centers. The EO was extended on June 22, 2020, for 60 days with EO N-70-20 and expired on August 21, 2020.

The COVID-19 pandemic has impacted sales and returns of beverage containers. Consumers, on average, purchased 8 percent more beverages and redeemed 5 percent less containers between March and December 2020 compared to the same period in 2019. Beverage container redemption decreased 15 percent between March and June 2020, but increased by 1.5 percent between July and December 2020 when compared to the same period in 2019.

CalRecycle projects the overall recycling rate inferred from CRV-in and CRV-out (excluding administrative fees) to be 67.2 percent for FY 2020-21.² This projection is a 9.1 percent decrease from the previous report.

Based on data through December 2020, CalRecycle projects that the Fund should have adequate cash resources to support payments through FY 2022-23.

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

I. Fund Condition Statement

Pursuant to Public Resources Code (PRC) Section 14556(a)(1), this section provides an updated fund condition statement,³ 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 2021-22 Governor's Budget and forecasted values. Tables 1c and 1d compare expenditures and the overall projected fund balance for FY 2019-20, FY 2020-21, and FY 2021-22. For more information on fund condition statements for the processing fee and penalty accounts, see Appendix I.

Table 2a presents revenues, transfers, total resources for July through December 2020, and projections for January through June 2021. In contrast, Table 2b presents expenditures for the same time period. 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 are low because these transactions are generally applicable to the previous fiscal year. Accordingly, end-of-year activity is high because the period includes actual expenditures and accruals. In other words, actual data show transactions CalRecycle made up to June 30 and transactions CalRecycle expects to be realized after June 30.

Pursuant to PRC Section 14556(a)(7), the total grants awarded during the 2020-2021 fiscal year was \$14,844,000.

**Table 1a: Beverage Container Recycling Fund (BCRF) 0133 Fund Condition Statement 2021-22
Enacted Budget (July 1, 2021) — Revenues, Transfers, and Total Resources**

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$308,895,000	\$274,320,000	\$195,502,000
Resources	Prior Year Adjustment	Not Applicable (N/A) ⁴	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$308,895,000	\$274,320,000	\$195,502,000
Revenue - 4120000	Beverage Container Redemption Fees (CRV-in)	\$1,330,220,000	\$1,291,947,000	\$1,266,289,000
Revenue - 4163000	Income from Surplus Money Investments	\$3,869,000	\$3,869,000	\$3,869,000
Revenue - 4171400	Escheat of Unclaimed Checks and Warrants	\$32,000	\$32,000	\$32,000
Revenue - 4172500	Option B Payments	\$3,229,000	\$3,229,000	\$3,229,000
Revenue - 4173500	Settlements and Judgements	\$82,000	\$82,000	\$82,000
Revenue - 417300	Penalty Assessments	\$61,000	\$61,000	\$61,000
Revenue	Total Revenue	\$1,337,493,000	\$1,299,220,000	\$1,273,562,000
Transfers	To Glass Processing Fee Account (Fund 0269), Processing Fee Offset	-\$62,003,000	-\$70,148,000	-\$70,148,000
Transfers	To Plastic Processing Fee Account (Fund 0278), Processing Fee Offset	-\$63,752,000	-\$73,446,000	-\$73,446,000
Transfers	Total Transfers	-\$125,755,000	-\$143,594,000	-\$143,594,000
Revenues and Transfers	Totals, Revenues and Transfers	\$1,211,738,000	\$1,155,626,000	\$1,129,968,000
Resources	Total Resources	\$1,520,633,000	\$1,429,946,000	\$1,325,470,000

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

Category	Description	FY 2019-20 Projected ⁵	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$308,895,000	\$278,320,000	\$427,969,380
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$308,895,000	\$278,320,000	\$427,969,380
Revenue - 4120000	Beverage Container Redemption Fees (CRV-in)	\$1,330,220,000	\$1,493,504,734	\$1,428,842,811
Revenue - 4163000	Income from Surplus Money Investments	\$3,869,000	\$3,869,000	\$3,869,000
Revenue - 4171400	Escheat of Unclaimed Checks and Warrants	\$32,000	\$74,000	\$32,000
Revenue - 4172500	Option B Payments	\$3,229,000	\$3,229,000	\$3,229,000
Revenue - 4173500	Settlements and Judgements	\$82,000	\$82,000	\$82,000
Revenue - 417300	Penalty Assessments	\$61,000	\$66,000	\$61,000
Revenue	Total Revenue	\$1,337,493,000	\$1,500,824,734	\$1,436,115,811
Transfers	To Glass Processing Fee Account (Fund 0269), Processing Fee Offset	-\$62,003,000	-\$58,367,884	-\$56,633,612
Transfers	To Plastic Processing Fee Account (Fund 0278), Processing Fee Offset	-\$63,752,000	-\$75,140,174	-\$81,654,129
Transfers	Total Transfers	-\$125,755,000	-\$133,508,058	-\$138,287,741
Revenues and Transfers	Totals, Revenues and Transfers	\$1,211,738,000	\$1,367,316,676	\$1,297,828,069
Resources	Total Resources	\$1,520,633,000	\$1,645,636,676	\$1,725,797,449

Table 1c: BCRF 0133 Enacted Budget (July 1, 2021) — Expenditures & Fund Balance

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Expenditures - (3970-001-0133)	Beverage Container Recycling Program Administration	\$59,419,000	\$55,050,000	\$59,085,000
Expenditures - (3970-601-0133)	Handling Fees	\$46,268,000	\$46,997,000	\$46,997,000
Expenditures - (3970-603-0133)	CRV-out	\$1,071,678,000	\$1,070,524,000	\$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	\$10,000,000	\$10,000,000	\$10,000,000
Expenditures - (3970-606-0133)	Grants - Local	\$8,475,000	\$8,475,000	\$8,475,000
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	\$10,000,000
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	\$0	\$0	\$0
Expenditures	Assessment for Secretary of Environmental Protection	\$36,000	\$0	\$0
Expenditures	Assessment for Financial Information System for California (Fi\$Cal)	-\$66,000	\$0	\$0
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$2,408,000	\$303,000	\$0
Expenditures	Assessment for Supplemental Pension Payments	\$1,095,000	\$1,095,000	\$1,095,000
Expenditures	Total Expenditures	\$1,246,313,000	\$1,234,444,000	\$1,248,176,000
Resources	Total Resources	\$1,520,633,000	\$1,429,946,000	\$1,325,470,000
Resources	Ending Fund Balance	\$274,320,000	\$195,502,000	\$77,294,000

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

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Expenditures - (3970-001-0133)	Beverage Container Recycling Program Administration	\$59,419,000	\$55,050,000	\$58,454,000
Expenditures - (3970-601-0133)	Handling Fees	\$46,268,000	\$46,705,772	\$46,906,318
Expenditures - (3970-603-0133)	CRV-out	\$1,071,678,000	\$1,044,169,524	\$1,040,888,507
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 - (3970-606-0133)	Grants - Local	\$8,475,000	\$9,344,000	\$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	\$1,000,000	\$4,000,000	\$10,000,000
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	\$0	\$5,000,000	\$0
Expenditures	Assessment for Secretary of Environmental Protection	\$36,000	\$0	\$0
Expenditures	Assessment for Financial Information System for California (Fi\$Cal)	-\$66,000	\$0	\$0
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$2,408,000	\$303,000	\$0
Expenditures	Assessment for Supplemental Pension Payments	\$1,095,000	\$1,095,000	\$1,095,000
Expenditures	Total Expenditures	\$1,242,313,000	\$1,217,667,296	\$1,219,343,826
Resources	Total Resources	\$1,520,633,000	\$1,645,636,676	\$1,725,797,449
Resources	Ending Fund Balance	\$278,320,000	\$427,969,380	\$506,453,624

Table 2a: FY 2020-21 Fund Condition Breakout by 6-Month Period — Revenues, Transfers, and Total Resources

Category	Description	FY 2020-21 Activity	6-Month Period Ending 12/31/2020 Actuals	6-Month Period Ending 6/30/2021 Projections	Total
Revenue - 4120000	Beverage Container Redemption	\$1,493,504,734	\$560,260,200	\$933,244,535	\$1,493,504,734
Revenue - 4163000	Income from Surplus Money Investments	\$3,869,000	\$492,472	\$3,376,528	\$3,869,000
Revenue - 4171400	Escheat of Unclaimed Checks and Warrants	\$74,132	\$74,132	\$0	\$74,132
Revenue - 4172500	Option B Payments	\$3,229,000	\$1,897,450	\$1,331,550	\$3,229,000
Revenue - 4173500	Settlements and Judgements	\$82,000	\$0	\$82,000	\$82,000
Revenue - 4173000	Penalty Assessment	\$66,026	\$66,026	\$0	\$66,026
Revenue	Total Revenue	\$1,500,824,892	\$562,790,279	\$938,034,613	\$1,500,824,892
Transfers	Transfers To Glass Processing Fee Account (Glass 0269), Processing Fee Offset	-\$58,367,884	-\$34,490,760	-\$23,877,124	-\$58,367,884
Transfers	Transfers To Plastic Processing Fee Account (Plastic 0278), Processing Fee Offset	-\$75,140,174	-\$35,867,102	-\$39,273,072	-\$75,140,174
Transfers To	Total Transfers To	-\$133,508,058	-\$70,357,862	-\$63,150,196	-\$133,508,058
Resources	Total Resources	\$1,367,316,834	\$492,432,417	\$874,884,417	\$1,367,316,834

Note: Final values for continuous appropriations in the Governor’s Budget will not equal the semi-annual breakout as they do not include activity from previous years and the semi-annual breakout is specifically for FY 2020-21.

Table 2b: FY 2020-21 Fund Condition Breakout by 6-Month Period —Total Expenditures

Category	Description	FY 2020-21 Activity	6-Month Period Ending 12/31/2020 Actuals	6-Month Period Ending 6/30/2021 Projections	Total
Expenditures – (3970-001-0133)	Beverage Container Recycling Program Administration	\$55,050,000	\$50,657,642	\$4,392,358	\$55,050,000
Expenditures – (3970-603-0133)	CRV-out	\$1,044,169,524	\$537,397,050	\$506,772,474	\$1,044,169,524
Expenditures – (3970-601-0133)	Handling Fees	\$46,705,772	\$17,491,402	\$29,214,370	\$46,705,772
Expenditures – (3970-606-0133)	Grants - Local	\$9,344,000	\$9,343,121	\$879	\$9,344,000
Expenditures – (3970-609-0133)	Grants - Other	\$1,500,000	\$0	\$1,500,000	\$1,500,000
Expenditures – (3970-604-0133)	Curbside Supplemental Payments	\$15,000,000	\$0	\$15,000,000	\$15,000,000
Expenditures – (3970-608-0133)	City/County Payments	\$10,500,000	\$0	\$10,500,000	\$10,500,000
Expenditures – (3970-610-0133)	Public Education and Information	\$5,000,000	\$4,627,272	\$372,728	\$5,000,000
Expenditures – (3970-605-0133)	Plastic Market Development Payments	\$10,000,000	\$0	\$10,000,000	\$10,000,000
Expenditures – (3970-611-0133)	Quality Incentive Payment	\$10,000,000	\$0	\$10,000,000	\$10,000,000
Expenditures – (3970-620-0133)	Pilot Project Grants ⁶	\$4,000,000	\$1,000,000	\$3,000,000	\$4,000,000
Expenditures – (3970-621-0133)	Supplemental Payments for Low Volume Recyclers ⁷	\$5,000,000	\$0	\$5,000,000	\$5,000,000
Expenditures	Total Expenditures	\$1,216,269,296	\$620,516,487	\$595,752,809	\$1,216,269,296

II. Adequate Funds Determination

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 CRV refunds and continue to operate the BCRP⁸.

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. Information on projected sales, returns, and payments can be found in Section IV.

1. Fiscal Year 2020-21 Projected Structural Surplus

As outlined in Table 3, for FY 2020-21 CalRecycle projects an increase of \$172.3 million in the structural surplus from a projected structural deficit of \$28.5 million compared to the previous projection for the same time period. This increase equates to a surplus of \$143.7 million and is primarily attributable to a projected \$127.3 million increase in CRV-in and a \$40.4 million decrease in CRV-out.

2. Fiscal Year 2021-22 Projected Structural Surplus

For FY 2021-22, CalRecycle projects a increase in the structural surplus from a projected surplus of \$11 million to a surplus of \$72.3 million compared to the previous projection for the same time period, an increase of \$71.3 million. This increase is primarily attributable to a projected \$55.3 million increase in CRV-in and an \$8.7 million decrease in CRV-out.

3. Fiscal Year 2022-23 Projected Structural Surplus

For FY 2022-23, CalRecycle projects a structural surplus of \$74.1 million. CRV-in is projected to decrease by \$16.5 million and CRV-out is projected to decrease by \$5.4 million compared to projections for FY 2021-22.

Table 3: BCRF 0133: Structural Deficit / Surplus

Category	Description	FY 2020/21	FY 2021/22	FY 2022/23
Revenue - 4120000	CRV-in	\$1,493,504,734	\$1,428,842,811	\$1,412,393,820
Expenditures - (3970-603-0133)	CRV-out	-\$1,044,169,524	-\$1,040,888,507	-\$1,035,503,500
Expenditures - (3970-001-0133)	Program Administration	-\$55,050,000	-\$58,454,000	-\$58,454,000
Expenditures -(3970-606-0133)	Grants - Local	-\$9,344,000	-\$10,000,000	-\$10,000,000
Resources	Total Available for 14581 Programs	\$384,941,210	\$319,500,303	\$308,436,320
Expenditures -(3970-615-0133)	Proc Fee Offset - Glass	-\$58,367,884	-\$56,633,612	-\$53,137,746
Expenditures - (3970-616-0133)	Proc Fee Offset - Plastic	-\$75,140,174	-\$81,654,129	-\$82,503,428
Expenditures - (3970-601-0133)	Handling Fees	-\$46,705,772	-\$46,906,318	-\$46,634,317
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	-\$4,000,000	-\$10,000,000	\$0
Expenditures - (3970-621-0133)	Supplemental Payments for Low Volume Recyclers	-\$5,000,000	\$0	\$0
Resources	Total 14581 Programs	-\$241,213,830	-\$247,194,060	-\$234,275,492
Resources	Total Structural Deficit / Surplus	\$143,727,380	\$72,306,244	\$74,160,828

4. Cash Balance and Forecast

The cash balance is the primary factor for assessing the adequacy of resources in the Fund to make mandated payments and to support the administration of the BCRP. The cash balance forecast is used to determine if there are sufficient program funds to maintain BCRP and administrative operations.

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 \$14.9 million change to the Fund balance. Additionally, a 1 percent change in CRV-out would change the balance by approximately \$10.4 million.

The Fund's cash balance (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 container⁹. Payments out of the Fund (refunds, administration fees, and processing payments) are typically paid within the month of the transaction or, on average, two weeks after the end of the month¹⁰. Other expenditures and payments under PRC Section 14581 are paid according to specific schedules. Handling fee payments, for example, are paid monthly¹¹.

Table 4: Cash Balance Summary (As of December 30, 2020)

Fiscal Year	Month	Amount
2019/20	July (Actual)	\$159,188,292
2019/20	Aug (Actual)	\$142,850,863
2019/20	Sept (Actual)	\$162,071,810
2019/20	Oct (Actual)	\$173,933,445
2019/20	Nov (Actual)	\$196,909,106
2019/20	Dec (Actual)	\$252,764,917
2019/20	Jan (Actual)	\$233,490,648
2019/20	Feb (Actual)	\$194,778,640
2019/20	Mar (Actual)	\$216,221,957
2019/20	April (Actual)	\$210,001,252
2019/20	May (Actual)	\$241,609,569
2019/20	June (Actual)	\$300,621,042
2020/21	July (Actual)	\$281,698,197
2020/21	Aug (Actual)	\$301,486,854
2020/21	Sept (Actual)	\$325,323,486
2020/21	Oct (Actual)	\$281,445,464
2020/21	Nov (Actual)	\$324,455,475
2020/21	Dec (Actual)	\$358,306,905
2020/21	Jan (Projected) ¹²	\$327,258,197
2020/21	Feb (Projected)	\$350,748,864
2020/21	Mar (Projected)	\$361,064,983
2020/21	April (Projected)	\$345,943,951
2020/21	May (Projected)	\$407,953,304
2020/21	June (Projected)	\$423,172,689
2021/22	July (Projected)	\$260,998,390
2021/22	Aug (Projected)	\$268,820,120
2021/22	Sept (Projected)	\$293,795,402
2021/22	Oct (Projected)	\$271,733,407
2021/22	Nov (Projected)	\$293,859,143
2021/22	Dec (Projected)	\$317,598,730
2021/22	Jan (Projected)	\$283,079,313
2021/22	Feb (Projected)	\$314,464,283
2021/22	Mar (Projected)	\$334,261,700
2021/22	April (Projected)	\$313,811,949
2021/22	May (Projected)	\$366,413,210
2021/22	June (Projected)	\$387,088,800

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 2020-21 and FY 2021-22¹³. 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 distributors¹⁴. 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 2020-21 is 67.2 percent. This projection is a 9.1 percent decrease from the previous report.

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

Material Type	FY 2020-21	FY 2021-22
Aluminum	73.2%	79.2%
Glass	59.1%	58.8%
PET Plastic	71.1%	73.0%
HDPE Plastic	60.4%	58.1%
Overall	69.9%	72.8%

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

Material Type	FY 2020-21	FY 2021-22
Aluminum	70.3%	76.1%
Glass	56.8%	56.5%
PET Plastic	68.3%	70.2%
HDPE Plastic	58.1%	55.9%
Overall	67.2%	70.0%

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. Projected Sales, Returns, and Payments

Pursuant to PRC Sections 14556(a)(4) et seq., this section provides information for projected sales, handling fee payments, and processing payments for FY 2020-21 and FY 2021-22.

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. In contrast, 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 returned for recycling in the state. The container counts shown in Tables 6 and 7 will not align exactly with the recycling rates reported in Tables 5a and 5b, which are based on CRV-in and CRV-out.

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

Material Type	Size	FY 2020-21	FY 2021-22
Aluminum	< 24 oz.	10,061,548,401	8,856,369,291
Aluminum	≥ 24 oz.	674,576,755	634,750,865
Aluminum	All sizes	10,736,125,157	9,491,120,156
Glass	< 24 oz.	2,972,516,223	2,894,235,137
Glass	≥ 24 oz.	208,517,773	205,645,879
Glass	All sizes	3,181,033,996	3,099,881,016
PET Plastic	< 24 oz.	11,631,717,018	11,860,271,001
PET Plastic	≥ 24 oz.	1,651,042,080	1,575,033,743
PET Plastic	All sizes	13,282,759,098	13,435,304,745
HDPE Plastic	< 24 oz.	99,413,766	91,853,679
HDPE Plastic	≥ 24 oz.	97,717,303	88,686,282
HDPE Plastic	All sizes	197,131,069	180,539,961
Bimetal and Other Plastics	< 24 oz.	250,471,690	248,331,648
Bimetal and Other Plastics	≥ 24 oz.	22,797,151	26,371,233
Bimetal and Other Plastics	All sizes	273,268,840	274,702,881
All Material Types	< 24 oz.	25,015,667,099	23,951,060,756
All Material Types	≥ 24 oz.	2,654,651,062	2,530,488,003
Total, All Materials	All Sizes	27,670,318,160	26,481,548,759

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

Material Type	FY 2020-21	FY 2021-22
Aluminum	7,210,200,599	6,919,290,100
Glass	1,867,319,583	1,809,838,257
PET Plastic	8,978,593,161	9,271,305,942
HDPE Plastic	97,444,897	85,441,746
Bimetal and Other Plastics	44,682,071	48,541,093
Total	18,198,240,311	18,134,417,138

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 handling fee per container rate for FY 2020-21 is \$0.00934 and is based on the 2019 Handling Fee Cost Survey effective July 1, 2020, plus a cost-of-living adjustment¹⁵.

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

Handling Fees	FY 2020-21	FY 2021-22
Handling Fee Payments	\$46,705,772	\$46,906,318
Fee per Container	\$0.00934	\$0.00934
Estimated Number of Containers	5,000,617,988	5,022,089,750

C. Projected Processing Payments

This section includes actual and projected processing fee offsets, processing fees, and processing payments by beverage container material type¹⁶.

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

FY	Material Type	Processing Fees	Processing Fee Offsets	Processing Payments
FY 2020-21	Glass	\$14,600,946	\$58,367,884	\$74,972,881
FY 2020-21	PET plastic	\$11,888,069	\$71,281,473	\$85,161,956
FY 2020-21	HDPE plastic	\$1,681,528	\$3,858,702	\$5,540,230
FY 2020-21	All Other Plastics and Bimetal	\$8,269,695	\$0	\$1,151,187
FY 2020-21	Total	\$36,440,238	\$133,508,058	\$166,826,254
FY 2021-22	Glass	\$14,197,455	\$56,633,612	\$72,845,990
FY 2021-22	PET plastic	\$12,763,540	\$78,305,076	\$93,083,912
FY 2021-22	HDPE plastic	\$1,554,449	\$3,349,053	\$4,903,502
FY 2021-22	All Other Plastics and Bimetal	\$8,578,082	\$0	\$1,190,496
FY 2021-22	Total	\$37,093,525	\$138,287,741	\$172,023,899

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 10 percent for all recyclers for CY 2020 and 2021.

Projections for processing fees, processing payments, and processing fee offsets are based on the rates in effect when the projections were made.

The sum of the processing fees and processing fee offsets do not equal processing payments due to multiple factors:

- 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.
- Processing fees for Bimetal and All Other Plastics (Plastics #3 – #7) are greater than processing payments due to low redemption volume.
- Quarterly transfers from the Fund to the processing fee accounts (offsets for the quarter) are based on estimates of fees and payments for the upcoming calendar year.
- Processing payments may fluctuate due to quarterly changes in scrap value.
- Transfers to processing fee accounts are required to maintain a minimum balance of 5 percent of expenditures for the last fiscal year.

V. Significant Changes

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 Report.

There have been no significant methodological changes in the forecasting methodology since the Fourth Quarter FY 2019-2020 Report. The forecasting methodology in previous Quarterly Reports (Q2 and Q3 for FY 2019-20) included assumptions for CRV-out for April 2020 through July 2020 based on preliminary data to model the fiscal impact of the COVID-19 pandemic and subsequent economic disruptions on the Fund. The projections in this Report do not reflect those assumptions which have been superseded by actual data.

Appendix I. Updated Fund Condition Reports 2021-2022 Governor's Budget

This section contains the fund condition statements for the remaining four BCRP accounts covering FYs 2019-20 through 2021-22. The values are based on the FY 2021-22 Governor's Budget except for updated values derived from subsequent forecasts.

Below is a brief description of each of the accounts:

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

Plastic Processing Fee Account, Fund 0278 —This account 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 account is the source for paying processing payments to certified recyclers for handling empty plastic beverage containers.

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

Penalty Account, Fund 0276 —This account serves as a depository for civil penalties and fines. The purpose of this account 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: Enacted Budget (July 1, 2021) — Glass Processing Fee Fund Condition Statement (Fund 0269)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$24,407,000	\$27,782,000	\$41,174,000
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$24,407,000	\$27,782,000	\$41,174,000
Revenue - 4120000	Beverage Container Redemption Fees	\$8,642,000	\$8,642,000	\$8,642,000
Revenue - 4163000	Income from Surplus Money Investments	\$587,000	\$587,000	\$587,000
Revenue - 4171400	Escheat of Unclaimed Checks, Warrants, Bonds and Coupon	\$0	\$0	\$0
Revenue	Total Revenue	\$9,229,000	\$9,229,000	\$9,229,000
Transfers	From Beverage Container Fund (BCRF)	\$62,003,000	\$70,148,000	\$70,148,000
Transfers	Total Transfers	\$62,003,000	\$70,148,000	\$70,148,000
Revenues and Transfers	Totals, Revenues and Transfers	\$71,232,000	\$79,377,000	\$79,377,000
Resources	Total Resources	\$95,639,000	\$107,159,000	\$120,551,000
Expenditures - (3970-601-0269)	Processing Payments	\$67,862,000	\$65,985,000	\$65,985,000
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	-\$5,000	\$0	\$0
Expenditures	Total Expenditures	\$67,857,000	\$65,985,000	\$65,985,000
Resources	Ending Fund Balance	\$27,782,000	\$41,174,000	\$54,566,000

Table 10b: 2020-21 Forecasted Values — Glass Processing Fee Fund Condition Statement (Fund 0269)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$24,407,000	\$27,782,000	\$26,364,949
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$24,407,000	\$27,782,000	\$26,364,949
Revenue - 4120000	Beverage Container Redemption Fees	\$8,642,000	\$14,600,946	\$14,197,455
Revenue - 4163000	Income from Surplus Money Investments	\$587,000	\$587,000	\$587,000
Revenue - 4172500	Escheat of Unclaimed Checks, Warrants, Bonds and Coupon	\$0	\$0	\$0
Revenue	Total Revenue	\$9,229,000	\$15,187,946	\$14,784,455
Transfers	From BCRF	\$62,003,000	\$58,367,884	\$56,633,612
Transfers	Total Transfers	\$62,003,000	\$58,367,884	\$56,633,612
Revenues and Transfers	Totals, Revenues and Transfers	\$71,232,000	\$73,555,830	\$71,418,067
Resources	Total Resources	\$95,639,000	\$101,337,830	\$97,783,016
Expenditures - (3970-601-0269)	Processing Payments	\$67,862,000	\$74,972,881	\$72,845,990
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	-\$5,000	\$0	\$0
Expenditures	Total Expenditures	\$67,857,000	\$74,972,881	\$72,845,990
Resources	Ending Fund Balance	\$27,782,000	\$26,364,949	\$24,937,026

Table 11a: Enacted Budget (July 1, 2021) — Plastic Processing Fee Fund Condition Statement (Fund 0278)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$25,070,000	\$39,392,000	\$64,289,000
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$25,070,000	\$39,392,000	\$64,289,000
Revenue - 4120000	Beverage Container Redemption Fees	\$12,663,000	\$12,556,000	\$12,556,000
Revenue - 4163000	Income from Surplus Money Investments	\$544,000	\$544,000	\$544,000
Revenue	Total Revenue	\$13,207,000	\$13,100,000	\$13,100,000
Transfers	From BCRF	\$63,752,000	\$73,446,000	\$73,446,000
Transfers	Total Transfers	\$63,752,000	\$73,446,000	\$73,446,000
Revenues and Transfers	Totals, Revenues and Transfers	\$76,959,000	\$86,546,000	\$86,546,000
Resources	Total Resources	\$102,029,000	\$125,938,000	\$150,835,000
Expenditures - (3970-601-0278)	Processing Payments	\$62,640,000	\$61,649,000	\$61,649,000
Expenditures	Assessment for Financial Information System for California (Fi\$Cal)	-\$3,000	\$0	\$0
Expenditures	Total Expenditures	\$62,637,000	\$61,649,000	\$61,649,000
Resources	Ending Fund Balance	\$39,392,000	\$64,289,000	\$89,186,000

Table 11b: 2020-21 Forecasted Values — Plastic Processing Fee Fund Condition Statement (Fund 0278)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$25,070,000	\$39,392,000	\$43,656,942
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$25,070,000	\$39,392,000	\$43,656,942
Revenue - 4120000	Beverage Container Redemption Fees	\$12,663,000	\$20,051,321	\$21,045,556
Revenue - 4163000	Income from Surplus Money Investments	\$544,000	\$544,000	\$544,000
Revenue	Total Revenue	\$13,207,000	\$20,595,321	\$21,589,556
Transfers	From BCRF	\$63,752,000	\$75,140,174	\$81,654,129
Transfers	Total Transfers	\$63,752,000	\$75,140,174	\$81,654,129
Revenues and Transfers	Totals, Revenues and Transfers	\$76,959,000	\$95,735,495	\$103,243,686
Resources	Total Resources	\$102,029,000	\$135,127,495	\$146,900,627
Expenditures - (3970-601- 0278)	Processing Payments	\$62,640,000	\$91,470,553	\$98,781,629
Expenditures	Assessment for Fi\$Cal	-\$3,000	\$0	\$0
Expenditures	Total Expenditures	\$62,637,000	\$91,470,553	\$98,781,629
Resources	Ending Fund Balance	\$39,392,000	\$43,656,942	\$48,118,998

Table 12a: Enacted Budget (July 1, 2021) — Bimetal Processing Fee Fund Condition Statement (Fund 0277)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$24,055,000	\$25,672,000	\$27,287,000
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$24,055,000	\$25,672,000	\$27,287,000
Revenue - 4120000	Beverage Container Redemption Fees	\$1,387,000	\$1,387,000	\$1,387,000
Revenue - 4163000	Income from Surplus Money Investments	\$483,000	\$483,000	\$483,000
Revenue	Total Revenue	\$1,870,000	\$1,870,000	\$1,870,000
Revenues and Transfers	Totals, Revenues and Transfers	\$1,870,000	\$1,870,000	\$1,870,000
Resources	Total Resources	\$25,925,000	\$27,542,000	\$29,157,000
Expenditures - (3970-601-0277)	Processing Payments	\$253,000	\$255,000	\$255,000
Expenditures	Total Expenditures	\$253,000	\$255,000	\$255,000
Resources	Ending Fund Balance	\$25,672,000	\$27,287,000	\$28,902,000

Table 12b: 2020-21 Forecasted Values — Bimetal Processing Fee Fund Condition Statement (Fund 0277)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$24,055,000	\$25,672,000	\$27,560,152
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$24,055,000	\$25,672,000	\$27,560,152
Revenue - 4120000	Beverage Container Redemption Fees	\$1,387,000	\$1,787,971	\$1,850,514
Revenue - 4163000	Income from Surplus Money Investments	\$483,000	\$483,000	\$483,000
Revenue	Total Revenue	\$1,870,000	\$2,270,971	\$2,333,514
Revenues and Transfers	Totals, Revenues and Transfers	\$1,870,000	\$2,270,971	\$2,333,514
Resources	Total Resources	\$25,925,000	\$27,942,971	\$29,893,666
Expenditures - (3970-601-0277)	Processing Payments	\$253,000	\$382,819	\$396,280
Expenditures	Total Expenditures	\$253,000	\$382,819	\$396,280
Resources	Ending Fund Balance	\$25,672,000	\$27,560,152	\$29,497,386

Table 13a: Enacted Budget (July 1, 2021) — Penalty Account Fund Condition Statement (Fund 0276)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$6,541,000	\$1,802,000	\$2,063,000
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$6,541,000	\$1,802,000	\$2,063,000
Revenue - 4163000	Income from Surplus Money Investments	\$106,000	\$106,000	\$106,000
Revenue - 4173000	Penalty Assessments	\$170,000	\$170,000	\$170,000
Revenue	Total Revenue	\$276,000	\$276,000	\$276,000
Revenues and Transfers	Totals, Revenues and Transfers	\$276,000	\$276,000	\$276,000
Resources	Total Resources	\$6,817,000	\$2,078,000	\$2,339,000
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$0	\$0	\$0
Expenditures	Assessment for Supplemental Pension Payments	\$15,000	\$15,000	\$15,000
Expenditures - (3970-001-0276)	State Operations	\$0	\$0	\$0
Expenditures - (3970-601-0276-2019)	Temporary Assistance	\$5,000,000	\$0	\$0
Expenditures	Total Expenditures	\$5,015,000	\$15,000	\$15,000
Resources	Ending Fund Balance	\$1,802,000	\$2,063,000	\$2,324,000

Table 13b: 2020-21 Forecasted Values — Penalty Account Fund Condition Statement (Fund 0276)

Category	Description	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected
Resources	Beginning Fund Balance	\$6,541,000	\$1,802,000	\$2,063,000
Resources	Prior Year Adjustment	N/A	N/A	N/A
Resources	Adjusted Beginning Fund Balance	\$6,541,000	\$1,802,000	\$2,063,000
Revenue - 4163000	Income from Surplus Money Investments	\$106,000	\$106,000	\$106,000
Revenue - 4173000	Penalty Assessments	\$170,000	\$170,000	\$170,000
Revenue	Total Revenue	\$276,000	\$276,000	\$276,000
Revenues and Transfers	Totals, Revenues and Transfers	\$276,000	\$276,000	\$276,000
Resources	Total Resources	\$6,817,000	\$2,078,000	\$2,339,000
Expenditures	Assessment for Statewide General Administrative Expenditures (Pro Rata)	\$0	\$0	\$0
Expenditures	Assessment for Supplemental Pension Payments	\$15,000	\$15,000	\$15,000
Expenditures - (3970-001-0276)	State Operations	\$0	\$0	\$0
Expenditures - (3970-601-0276-2019)	Temporary Assistance	\$5,000,000	\$0	\$0
Expenditures	Total Expenditures	\$5,015,000	\$15,000	\$15,000
Resources	Ending Fund Balance	\$1,802,000	\$2,063,000	\$2,324,000

Appendix II. Public Resources Code (PRC) References

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

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

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

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

CRV-out: PRC Section 14580

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

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

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

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

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

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

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

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

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

Supplemental Payments for Low Volume Recyclers: Section 5 of AB 54 (Ting, Chapter 793, Statutes of 2019)

Appendix III. Endnotes

- ¹ Quarterly Report Fourth Quarter:
<https://www2.calrecycle.ca.gov/Publications/>
- ² This Report discusses 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/117417>
- ³ The updated fund condition statement may differ from the 2021-22 Governor's Budget Fund condition statement. See Appendix I for an explanation of differences between the Governor's Budget and this Report.
- ⁴ The prior year adjustment amounts for Fiscal Years 2019-20 and 2020-21 have yet to be calculated.
- ⁵ Fiscal year 2020-21 budget information reflects the latest available projections pending final completion of the year-end financial reports.
- ⁶ In FY 2019-20, \$5 million was appropriated, but CalRecycle only encumbered \$1 million. Therefore, \$4 million is carried over to FY 2020-21.
- ⁷ AB 54 (Ting, Chapter 793, Statutes of 2019) allocated \$5 million for Low-Volume Recyclers
- ⁸ PRC Section 14581(c)
- ⁹ PRC Section 14574(a)(2)
- ¹⁰ PRC Section 14573 requires CalRecycle to pay the processor upon presentation of a completed processor invoice accompanied by a shipping report from the supplier of the material.
- ¹¹ PRC Section 14585(a)(1)
- ¹² The Cash Balance Summary is based on data received between July – December 2020.
- ¹³ Statute requires this 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.
- ¹⁴ PRC Section 14574(a)(1)
- ¹⁵ Handling Fee changes and reports can be found on CalRecycle's website at: <https://www.calrecycle.ca.gov/BevContainer/Notices/#HandlingFees>
- ¹⁶ 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>