



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

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**April 1, 2010
NOTICE**

TO: All Program Participants

Subject: Status of the Recycling Fund

As required by Public Resources Code (PRC) Section 14581 (c)(1), the Department of Resources Recycling and Recovery (CalRecycle) has completed a review of actual and projected revenues and expenditures and provides the following status report about the adequacy of funds to make payments specified in PRC 14581 as well as making processing fee reductions required by PRC 14575. This review is current through the reporting filed with the department by the end of February, 2010.

For the remainder of FY 2009-10: The enactment of Chapter 5 of the Eighth Extraordinary Session, Statutes of 2009 (AB 7 (8X)), has increased anticipated revenues from California Refund Value (CRV) payments during this period by accelerating distributor reporting by 30 days. This change effectively provides a thirteenth monthly payment into the Recycling Fund in the current fiscal year. This one-time payment, along with a partial repayment of prior year loans from the Beverage Container Recycling Fund, will provide necessary additional revenue to the Beverage Container Recycling Program. AB 7 (8X) reduced expenditures by suspending several grant and public outreach efforts, as well as by capping the amount of unredeemed deposit money that can be used to reduce manufacturer-paid processing fees. The overall effect for the remainder of FY 2009-10 is that all expenditures authorized under the terms of AB 7 (8X) will be made in full through the end of the fiscal year.

For FY 2010-11: The provisions of AB 7 (8X) suspend certain programs and limit the amount that can be used to reduce processing fees continue through FY 2010-11. Continued repayment of prior year loans will be required to maintain a prudent reserve of at least 5 percent. The need for loan repayment revenues is largely the ongoing product of statutorily-set expenditures that the Recycling Fund cannot support as long as the program enjoys high recycling rates. With the loan repayment scheduled for FY 2010-11 as included in the Governor's January 8, 2010 budget proposal, the Recycling Fund likely can support the expenditure levels authorized by AB 7 (8X). While sales and returns values cannot be projected beyond the end of FY 2010-11, it appears that the current level of expenditure cannot be sustained in future years without continued loan repayments.

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