

**State Agency
Buy Recycled Campaign
Results for Fiscal Year 2011-2012**



California Department of Resources Recycling and Recovery

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S T A T E O F C A L I F O R N I A

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Overview

Public Resources Code Section 12211 (c) and (d) requires CalRecycle to annually provide an agency-specific report to the Legislature identifying all State Agency Buy Recycled Campaign (SABRC) purchases, reporting figures and, every three years as part of the report, include recommendations for program improvement.

This is a summary of post-consumer recycled-content procurement activity by state agencies, based on their FY 2011/2012 SABRC annual reports. Current law (Public Contract Code Sections 12200-12217) requires state agencies to purchase products made with post-consumer recycled-content (PCRC) and requires state agencies to report annually to CalRecycle the results of their recycled-content purchases within 11 categories of material types.

Products with post-consumer recycled-content provide multiple benefits to California (e.g., increased economic development, reduced pollution and lower greenhouse gases) and by purchasing these products the state is able to support a variety of businesses making PCRC products.

This report summarizes state agencies' recycled-content product purchasing activity, the status of ongoing efforts with the Department of General Services (DGS) and the Air Resources Board (ARB), and steps for program reform. Appendix A provides details on product categories with low purchase rates. Information about agency-specific and statewide compliance is also available on the [CalRecycle Website](#).

Overall, in FY 2011/2012 state agencies spent more than \$185 million within the SABRC purchasing categories. Of that \$185 million, post-consumer recycled-content purchases amounted to \$130 million. This should be considered in the context of the state's overall purchases—SABRC-compliant purchases represent about 8 percent of the approximate \$2.2 billion in state commodity purchases.¹

However, it is unclear how much of this figure covers actual purchase of products, or whether there is a significant lack of post-consumer recycled-content products, under-reporting in SABRC reports, or whether many purchased items are not covered by SABRC categories (such as food, lumber, textiles, concrete, etc.).

Summary of Procurement Results

Participation: This past fiscal year, 211 state agencies, large state facilities, district agricultural associations (fairs), and the state university system were required to report their recycled-content product purchases by October 31, 2012. The number of reporting agencies decreased (compared to FY 2010/2011) due to facility closures, restructuring, mergers, or agency elimination by the Governor's budget. A total of 210 state agencies reported to CalRecycle by mid-February 2013. One agency (the 1-A District Agricultural Association, or Cow Palace) failed to report its purchases even after repeated contact by staff. This agency cited non-submittal due to reduced staff resources and change in personnel; however, this agency was a non-reporter last year as well. CalRecycle staff continues to be in contact

¹ Figure based on IT & Non-IT Goods purchases as reported in eSCPRS (DGS' electronic State Contract and Procurement Registration System).

with the agency, including its director, to provide training assistance on reporting requirements and purchasing policies.

Since existing law does not provide any enforcement or penalty mechanism for non-compliance, the only recourse CalRecycle has for addressing non-submittals is for CalRecycle’s Director to alert the Cow Palace Director of this non-responsive agency. Accordingly, CalRecycle will send the agency a letter requesting submittal of the report by a specified date. This has been successful in the past in getting agencies to submit their reports.

Compliance: Overall, statewide purchasing during the FY 2011/2012 reporting year more closely resembles the trend two years ago in FY 2009/2010. Overall statewide figures were lower in FY 2010/2011, possibly due to budget reductions or turnover in agency reporting staff. The FY 2011/2012 reported results show an increase, which may be due to improved economic conditions and/or improved agency tracking for purchases in each of the 11 SABRC categories. In addition, the overall statewide percentage of post-consumer recycled-content purchases is the highest it has been compared to the last two prior reporting cycles (see Table 1).

Table 1 – Overall Statewide SABRC Purchasing²

Report Year	Total SABRC Reportable Dollars	Total SABRC Compliant Dollars	% SABRC Compliant Spending
2011/2012	\$185 million	\$130 million	70 %
2010/2011	\$139 million	\$84 million	60 %
2009/2010	\$190 million	\$127 million	66 %

Some SABRC product categories consistently show either high or low compliant spending. Table 2 documents the statewide percentage of compliant purchasing for FY 2011/2012 by category. Notably, six of the 11 product categories show compliance rates of 50 percent or higher.

In particular, two categories improved greatly over the previous year.

Compost, co-compost, and mulch are at 98 percent, which increased from 43 percent last year. This is largely due to increased purchase of compost and tracking by Caltrans, an agency that CalRecycle targeted for additional assistance in 2011.

Lubricating oils is at 49 percent, which increased significantly from 8 percent in FY 2010/2011. This category shows an increase primarily because Caltrans spent three times more this year with 51percent compliance (versus 35 percent compliance last year); DGS reported 100 percent compliance this year; and the California Prison Industry Authority spent twice as much this year with 13 percent compliance (versus zero percent compliance last year).

Table 2 also illustrates several product categories that show low spending compliance, such as paint, tires, and antifreeze. These categories have been historically low. A number of factors can influence lower compliance rates, including: state agency staff turnover, SABRC not being a priority for state agency management, limited vendor education, unavailable products in some categories, inaccurate reporting, and commodity-specific factors (e.g., see Appendix A regarding antifreeze). In addition, as noted above,

² Figures based on state spend as reported by state agencies in the SABRC Annual Report System.

delegated purchasing authority allows some agencies to purchase commodities and services independently of DGS' Procurement Division. Appendix A provides additional explanation regarding the low compliance for these categories and CalRecycle staff's plans to help address some of the barriers.

Table 2 – Statewide SABRC Purchasing by Product Category³

Product Category	Total SABRC Reportable Dollars	Total SABRC Compliant Dollars	% SABRC Compliant Spending	No. of Agencies Reporting in each Category
Antifreeze	\$239,900	\$18,254	7%	37
Compost, Co-compost Mulch	1,930,803	1,896,039	98%	39
Glass Products	1,557,086	929,060	59%	76
Lubricating Oils	1,605,675.51	743,858.94	46%	77
Metal Products	96,413,159	83,289,646	86%	168
Paint	935,361	113,949	12%	89
Paper Products	19,264,038	11,092,601	57%	192
Plastic Products	22,075,743	12,037,875	54%	190
Printing and Writing Paper	29,384,140	17,226,379	58%	201
Tire-Derived Products	1,774,311	1,393,552	78%	41
Tires	9,976,596	1,157,368	11%	77
Totals	\$185,156,813	\$129,898,583	70%	

Assistance to State Agencies

Last year CalRecycle worked with the following agencies to discuss their purchasing practices (in certain categories): 22nd District Agricultural Association (San Diego County), 31st District Agricultural Association (Ventura County), Atascadero State Hospital, California High Speed Rail Authority, California Men's Colony, California State University system (focus on individual campuses), and Prison Industry Authority. As a result of this follow-up with each targeted agency, CalRecycle has gained insight into each agency's purchasing needs, and has assisted these agencies with education and improved SABRC tracking.

As a follow-up to the FY 2011/2012 reporting, staff will be targeting the following agencies to discuss their purchasing practices, address any reporting issues, and identify opportunities to increase SABRC compliant purchases: California Exposition and State Fair, California Department of Transportation, California National Guard, Porterville Developmental Hospital, Sonoma Developmental Center, Valley State Prison for Women, and California State University Chancellor's Office and its 23 campuses.

³ Figures based on state spend as reported by state agencies in the SABRC Annual Report System.

Ongoing Work with DGS

The SABRC program is nearly 25 years old and its governing statutes have not been revised since 2005. As with any program, CalRecycle is examining ways in which the program can, or should be, adapted or modified to continue to meet its statutory objectives. As noted above, reporting agencies spent more than \$185 million within the 11 SABRC purchasing categories, with post-consumer recycled-content purchases amounting to \$130 million. However, these compliant SABRC purchases are only an estimated 8 percent of the approximate \$2.2 billion in state commodity purchases.⁴

CalRecycle and DGS are exploring whether this represents a significant lack of procurement of some post-consumer recycled-content products, under-reporting in SABRC reports (or different reporting, e.g., state agencies submitting their SABRC reports to CalRecycle may include additional expenditures that are not reported within the DGS' electronic State Contract and Procurement Registration System), or whether many items purchased are not covered by SABRC, such as food, lumber, textiles, and concrete.

Furthermore, the passage of AB 341 (Chesbro, Chapter 476, Statutes of 2011) will increase the focus on markets for post-consumer recycled-content products. As part of the mandated report that will detail how the state can accomplish 75 percent recycling, CalRecycle and DGS are exploring opportunities to bring heightened awareness to post-consumer recycled-content purchasing.

CalRecycle is currently working in concert with ARB on the waste sector component of the AB 32 Scoping Plan update, which will include procurement. To further this objective, CalRecycle and ARB have been meeting with DGS to further define how the state can enhance procurement of post-consumer recycled content in a manner that would result in significant greenhouse gas reductions.

Potential opportunities include:

- Supporting DGS' enhanced annual delegation application process, under which a state agency's compliance status with respect to SABRC targets would be used to identify agencies that need additional outreach and training for meeting the targets. Over one-half of state purchases are conducted outside of DGS' Procurement Division. Agencies with delegated and/or statutory authority may purchase goods and services independently, including through service contracts where agencies may not report these expenditures separately from the services rendered.
 - This could include CalRecycle identifying agencies not meeting their SABRC requirements, reporting that information to DGS, and working with DGS to target additional outreach, assistance, and training to those agencies.
- Exploring potential legislative and administrative reforms and updates to SABRC with respect to minimum content percentages, category definitions, and agency coverage:
 - For example, some categories require less recycled content than actual national averages (e.g., metal has a 10 percent requirement but steel typically averages 35 percent); some requirements allow an easy opt-out (e.g., only 50 percent of paper needs to be purchased with a relatively low 30 percent PCRC standard, even though 100 percent recycled-content paper is readily available, and certified janitorial paper products can easily achieve more than 30 percent PCRC); and minimum purchasing percentages also are low for antifreeze, glass, oil,

⁴ Figure based on IT & Non-IT Goods purchases as reported in eSCPRS (DGS' Electronic State Contract and Procurement Registration System).

- and retreads. As an example, low expenditures also may be attributed to reduced product needs as a result of industry extending the useful life of a product (e.g., for lubricating oil).
- Current SABRC categories are material-based, which makes it difficult to determine how products made with multiple materials, such as computers, should be classified.
 - SABRC currently does not cover some important materials and products such as lumber and concrete.
 - SABRC covers the California State University system, but does not include the California Community College and University of California systems.
 - Mandating that manufacturers disclose their product's environmental information so specification writers, contract managers, and buyers have readily available access to basic information on environmental performance.
 - CalRecycle assisting DGS in redefining SABRC categories based on each product's United Nations Standard Products and Services Code (these codes are currently referenced in state contracts as well as purchasing specifications) and, as part of the AB 32 Scoping Plan update, establishing greenhouse gas emission metrics for key products.
- Researching the viability of adopting higher product-specific, post-consumer recycled-content requirements.
 - DGS already incorporates federal, industry, and global standards within many of its current specifications, which are written to address multiple environmental impacts and prioritize those of most importance. DGS must set limits within the specification to ensure that competitiveness is present in the bidding system.
 - However, DGS' Procurement Division does not develop specifications for all products that are used by state facilities, especially those purchased through service providers. For example, paint, carpet, and many building materials are purchased through construction-related services. In addition to its ongoing work with the DGS' Procurement Division, CalRecycle also will work with the DGS Real Estate Services Division and DGS' Sustainability Manager to identify further opportunities to purchase recycled-content products that meet price, performance, and availability considerations.
 - Continuing to increase DGS/CalRecycle's targeted education and outreach with respect to meeting SABRC requirements to:
 - Agency/department leadership and purchasing and operations personnel, particularly at key agencies that are high users of SABRC category products.
 - California recycled product manufacturers on how to sell products to state and federal agencies. For example, CalRecycle provides guidance on its website on how to sell to state government and conducted a webinar in April 2013 on how to sell products to the federal government.
 - Increasing the quantity and quality of data collection and tracking for state procurement by seeking inclusion of SABRC provisions in statewide procurement systems such as FISCal (see next section).
 - Collaborating with DGS on implementing Governor Brown's Executive Order (B-18-12) related to existing buildings, which will result in proposed revisions to the State Administrative Manual and State Contracting Manual. CalRecycle is leading the Recycling and Waste Diversion workgroup and participating in workgroups related to building and grounds and environmentally preferable purchasing.

Financial Information System for California (FI\$Cal) and SABRC Integration

Over the past year, in a greater effort to track the procurement of SABRC products, CalRecycle has been working with DGS to seek inclusion of such data in the Financial Information System for California (FI\$Cal, <http://www.fiscal.ca.gov/>).

FI\$Cal is intended to enable the State of California to combine accounting, budgeting, cash management, and procurement operations into a single financial management system.

This will replace many independent legacy systems and department-specific applications that now support the internal financial management operations of the state. Most of these systems and applications do not communicate with each other and have exceeded their useful lives.

In March 2013, the FI\$Cal team notified CalRecycle that SABRC requirements will be included within the FI\$Cal system, with a test phase scheduled to begin in 2014.

The Legislature, DGS, and more than 200 state agencies will benefit greatly from the incorporation of SABRC requirements and related information and guidelines into the FI\$Cal system. Some of the important benefits include:

- Supporting the intent of the Legislature and corresponding statute that DGS, CalRecycle, and state agencies ensure the purchase of recycled-content products, as well as developing specifications to maximize state purchases of recycled-content products.
- Minimizing the time for DGS and CalRecycle to train state employee purchasers, by instead incorporating SABRC information into the FI\$Cal system. An automated system will also eliminate the need for estimating purchases by capturing the necessary data for each purchase in the FI\$CAL system.
- Saving state agency employees time by eliminating paper or separate internal SABRC purchase tracking and streamlining the method for all agencies to track SABRC reporting data. More specifically, this would eliminate the time that is currently required for agency staff to backtrack through hardcopy purchase orders, invoices, or contracts to compile the reportable purchases for SABRC.
- Facilitating easy data transfer to CalRecycle's electronic SABRC reporting system, which will save CalRecycle time and resources. For example, information could be provided electronically via a FI\$Cal report instead of CalRecycle staff soliciting reports from individual state agencies.
- Enhancing statistical information for the annual SABRC program evaluation prepared by CalRecycle for the Legislature.
- Saving time for DGS in providing the required annual report of reportable recycled-content products pursuant to Public Contract Code (PCC) Section 12211 by automating this reporting information. DGS could also utilize FI\$Cal to capture data that it needs to meet its requirements in PCC Section 12217 to review purchasing specifications.

Appendix A: Categories with Low Purchasing Rates

This section addresses the three categories with low SABRC compliant procurement rates and why the rates are low.

- **Antifreeze**—This category has consistently been below expectations for compliance rates, and reached only 7 percent in FY 2011/2012. The previous two years also had low rates of compliance, 5 percent and 3 percent, respectively. State agencies can buy this commodity on their own and there is no statewide contract. At issue is the fact that recycled antifreeze is hard to find, and agencies cannot control the choice of products sold or used by vendors with which they contract. The largest purchaser of antifreeze was the California Department of Transportation (with 1 percent compliance out of total purchase of \$195,000).

The Department of Transportation's overall purchase represents 81 percent of the money spent in this product category. Therefore, this alters the statewide ratio of compliance, despite the other agencies that purchased antifreeze. A plausible explanation for the low purchasing amount may be that state cars are sold before the antifreeze needs to be changed. Many vehicle manufacturers recommend 100,000 miles before antifreeze change-out and current state vehicle policy has a replacement schedule for vehicles at 100,000 miles. Market research is needed to determine existing availability of recycled antifreeze, and to consider its current applicability and relevance as a SABRC category.

- **Paint**—The statewide compliance rate for post-consumer recycled-content latex paint reached 12 percent in FY 2011/12, although overall state spending for paint decreased to \$935,360, compared to \$1,200,980 the year before. The reduced spending could be attributed to budget reductions for different agencies. It might also be attributed to the lapse, during the FY 2011/2012 reporting year, in the statewide contract for post-consumer recycled paint, which may have had an adverse impact on recycled paint purchases. Regardless, the overall compliance rate for recycled paint has been low for many years, including the two years prior to this reporting year (10 percent and 3 percent, respectively), in part because some of the largest spending agencies are not buying recycled-content paint.

The California State University Chancellor's Office spent the highest dollar amount of \$337,621 with only \$8,410 in SABRC-compliant purchases (2 percent). CalRecycle began outreach in 2011 to the CSU Chancellor's Office, which compiles data from all campuses. CalRecycle will continue to follow up to determine which California State University campuses are having the most impact on these statistics.

Other agencies commented in their reports that recycled paint is hard to find and not available locally, or not available in smaller quantities, and that recycled paint does not come in the colors needed. It also is possible that a large volume of paint is purchased as part of service contracts, under which paint type has generally not been prescribed and rather the choice of paint has been left to the painting contractor. Thus, a primary issue in increasing SABRC-compliant purchasing has been ongoing state agency and contractor education. Agencies and contractors need to be made aware of recycled paint manufacturers, as well as the cost-saving benefits of buying recycled paint.

DGS recently published recycled paint purchasing specifications whereby recycled paint must meet the same performance specifications as virgin paint, which should help. This is reflected in the statewide recycled latex paint contract that was renewed in October 2012, for exterior paint. (DGS

provides the public with information, specifications, and links to paint contracts on its Buying Green website). To further promote the new contract, CalRecycle emailed information to all SABRC Report Coordinators. CalRecycle will continue this year to inform agencies about the availability of the state paint contract via email and provide a link to DGS' Buying Green website regarding the state contract, as well as educating state procurement staff about the benefits of using recycled paint.

These efforts could also be supported through policy changes (for example, in the State Administrative Manual) that require consideration of recycled paint by contractors and subcontractors when used in state facilities. This type of policy would supplement outreach and education with a compliance approach and would likely increase the quantity of recycled paint purchased annually.

- **Retread Tires**—The overall purchasing compliance rate is 11 percent, which is a 2 percent improvement over last year. However, the overall compliance rate has remained low primarily due to the fact that some of the highest-spending agencies are not buying retreads (such as the California Highway Patrol and California Department of Food and Agriculture). This again, alters the overall statewide compliance for all other reporting agencies. Some state agencies pointed out that retreads could not be used for certain vehicles; they referred to California law restricting the placement of retreaded tires (namely Public Resource Code Section 42400 et seq.) on emergency vehicles.

Also, in the past, some tire data collection was inadequate internally or tire data was indiscernible from other vehicle maintenance accounting. Improvement in tracking has been notable, specifically for the Department of Transportation and Department of Water Resources.

However, other agencies noted that retreads overall are hard to find or not available, especially for passenger vehicles. Market availability for retreaded passenger tires remains extremely low in California and retreads for other vehicles may be compromised by new low-rolling restraint tire regulations by the California Air Resources Board.

The Retread and Repair Information Bureau does not list any California companies that retread *passenger* tires. This suggests that it will be difficult to increase state purchases of these tires, and consideration should be given to the current applicability as a SABRC category.

Should the market improve, staff would work with the CalRecycle Tire Business Assistance Program staff to increase education to state agencies.