

Executive Summary

The beverage container recycling program (known as the AB 2020 program) has clearly been a success in meeting recycling goals. However, its limited coverage of only some beverage containers has had but a small impact on the State's solid waste stream and the program has not become the cornerstone for a state comprehensive reuse and recycling structure.

The need for major streamlining and simplification of the 2020 program has become apparent, as has a reorganization of the State's fragmented approach to resource reuse and recycling. Improved public education and outreach, as well as reduced costs, will result from a consolidation of all resource reuse and recycling programs under a single point of accountability.

The Little Hoover Commission recommends to the Governor and Legislature that a new comprehensive recycling program be established in Cal-EPA to bring both policy focus and program accountability to the State's recycling efforts. In the interim, numerous program overlaps and areas lacking coordination can be resolved by the Department of Conservation and the Californian Integrated Waste Management Board working together to consolidate successful operations.

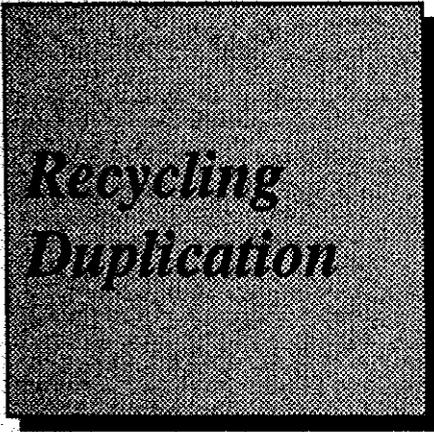
In addition, the Commission believes it is important to improve the processes of the 2020 program before any expansion is considered. It is necessary to streamline the 2020 program, eliminating such expensive nonessentials as the convenience zone mandate and its handling fee, replacing these zones with market-driven decisions or economically viable urban recycling districts. In addition, the complex processing fee can be replaced by moving the program closer to the principles of manufacturer's responsibility with a simpler advance disposal fee to fund collection processes.

With these improvements, the State of California will have in place the necessary structure for a comprehensive recycling program that can stimulate market development and increase reuse of a wide range of materials that must be diverted from the solid waste stream to meet state-mandated goals.

To address these problems and opportunities, the commission focused on two primary issues:

- The separation of responsibility for the State's recycling programs in two different agencies: 1) the Division of Recycling within the Department of Conservation in the Resources Agency and 2) the California Integrated Waste Management Board in the California Environmental Protection Agency.
- The complexity and the narrow focus of the major recycling program established by AB 2020 in 1986, an elaborate, subsidized and selective beverage container collection process that addresses only about 3 percent of the solid waste stream.

These areas are addressed in the two findings and nine recommendations summarized below.



Finding #1: The placement of overlapping recycling mandates in two separate agencies has resulted in duplication of work, public confusion and lost opportunities for maximum effectiveness in implementing state policies.

Because of the existence of multiple laws and two state agencies addressing waste control and/or recycling (with a third responsible for toxics waste management), there is lacking a coordinated, comprehensive approach to waste reduction and resource reuse and recycling in California. The evolution of several different legislative approaches to recycling has splintered the State's policy, created duplication of efforts, and reduced the needed focus on primary objectives, such as ensuring markets are available for increasing amounts of diverted waste materials. In addition, both the Integrated Waste Management Board and the Department of Conservation have organizational deficiencies that limit their potential as lead agencies for a comprehensive recycling program.

Recommendation 1: The Governor and the Legislature should enact legislation establishing a consolidated and comprehensive waste reduction, resource reuse and recycling program within Cal-EPA.

The best approach to reorganizing the State's recycling program is to eliminate the Division of Recycling and the Integrated Waste Management Board, creating in their place a consolidated department under Cal-EPA. Other alternatives also offer improvements, although not of the same magnitude. The grid on the next page shows these options.

OPTIONS FOR CONSOLIDATING WASTE AND RECYCLING PROGRAMS			
Choice	<i>Optimum Recommendation</i>	<i>Alternative A</i>	<i>Alternative B</i>
Overview	Create Department of Solid Waste Management within Cal-EPA to handle all "reduce, reuse, recycle" programs and integrated waste management policies	Create Department of Recycling within Cal-EPA, transferring some functions from the Integrated Waste Management Board	Move all recycling functions to an improved Integrated Waste Management Board
Status of present entities under options	Eliminate the Division of Recycling; eliminate the Integrated Waste Management Board	Eliminate Division of Recycling; retain Integrated Waste Management Board but removes some functions	Eliminate Division of Recycling; reform the Integrated Waste Management Board to a 5-member board
New division of functions	<p>The new department would handle everything now covered by the Division and the Board.</p> <p>An alternative with only minor modifications would shift the Board's current waste facility regulatory and waste transformation functions to the existing Department of Toxic Substances Control (which could be renamed the Department of Toxic and Solid Waste Management), leaving all other functions to the new department (which could be named the Department of Resource Reuse and Recycling).</p>	The new department would incorporate all of the Division and the recycling public information and market development functions of the Board. The Board would continue to have authority over waste plans, solid waste facilities, waste transformation and source reduction.	The Division would be folded into the Board's current operations. The Board would be reformed to make it more accountable and efficient in operation, including reducing the membership from six to five so that deadlocked votes do not occur.

Recommendation 2: Until the consolidation and reorganization occurs, the Governor and the Legislature should enact legislation clarifying that the California Integrated Waste Management Board is the lead agency for all recycling issues outside of toxic substances and beverage containers.

Recommendation 3: The California Integrated Waste Management Board and the Department of Conservation should execute a memorandum of understanding to resolve areas of overlap and duplication.

Recommendation 4: The California Integrated Waste Management Board, the Department of Conservation and the Department of Toxic Substances Control should establish an on-going task force to coordinate all market and technology development activities of the three agencies, with the immediate task of integrating CALMAX (Board), the California Market Watch (Department) and the California Waste Exchange (ToxicSubstances) programs into a single computerized format.



Finding 2: The complexity of the beverage container recycling program hinders its expansion, undermines cost-effective implementation and increases opportunities for fraud.

The 2020 beverage container recycling program is a complex mechanism that the State has

designed to push containers through a collection and reuse system, with financial penalties and incentives -- rather than free-market forces -- prodding participation by consumers and industry alike. The complexity and imperfections of the program have led to continuous criticism and calls for change. The original perception that the program would be a prototype for other recycling efforts has faded, since the effort to efficiently link government regulation and market processes has been viewed by many as a failure. Especially cited for reform attention are costly subsidies for convenience-zone recycling centers and a convoluted, fluctuating processing fee structure. In addition, the program limitation to containers for beverages that are carbonated, while other similar container materials are excluded, is seen as confusing to the public and limiting the recycling program in an illogical way. And the complexity of the program, with large amounts of money passing through multiple hands, continues to cause concern that fraud is possible.

Recommendation 5: The Governor and the Legislature should enact legislation amending the California Beverage Container Recycling Act to abolish the convenience zones mandate and supermarket-site handling fee payments, and to establish an alternative system.

Recommendation 6: The Governor and the Legislature should enact legislation that establishes a new simplified and predictable fee arrangement for subsidizing the 2020 collection system.

Recommendation 7: After reorganization and streamlining of the state's recycling programs have been authorized, the Governor and the Legislature should enact legislation expanding the coverage of the 2020 program to include all beverage containers that can be

accommodated by the recycled materials market.

Recommendation 8: The Governor and the Legislature should enact legislation requiring out-of-state aluminum container and beverage bottling industries to ensure that all CRV-imprinted cans are shipped to California and not to other states.

Recommendation 9: The Governor and the Legislature should enact legislation that allows the Department of Conservation to establish rewards for information leading to the discovery of fraudulent practices by participants in the 2020 program.