California Carpet Stewardship Program

2023 Annual Report

Submitted to CalRecycle September 1, 2024

California Carpet Stewardship Program

An initiative of CARE: Carpet America Recovery Effort

Acknowledgments

CARE gratefully acknowledges the many colleagues and stakeholders who have contributed their time and talent to make the California Carpet Stewardship Program successful. We appreciate and thank you for your tireless energy and patience as the Program continues to grow in a dynamic market environment.

- CalRecycle staff members
- California Carpet Advisory Committee members
- CARE staff, both California and national
- CARE contractors: Aprio; Abbie Beane; Buchalter Law Firm; Carr, Riggs & Ingram, LLC; Cascadia Consulting Group; Circlepoint; Crowe LLP; Gigantic Idea Studio; Guiding Green LLC; Marketing Collaborative LLC; The Minor Firm; Nichols, Cauley & Associates; Regenerate LLC; Teddy Stray; White Brenner LLP
- CARE Stewardship Planning Committee (SPC) and Sustainable Fund Oversight Committee (SFOC)
- The Carpet and Rug Institute (CRI)
- Dr. Matthew Realff, Georgia Institute of Technology

Table of Contents

Acknowledgments		**ii**
1	Contact Information	**1**
2	Executive Summary	**2**
2.1	Introduction & Program Goals	2
2.2	Recycling Rate	3
2.3	Program Evaluation & Performance Improvements	4
2.4	Report Organization	9
3	Scope Changes	**10**
4	Collection & Recycling (Program Outline)	**12**
4.1	Collection & Recycling Program Overview	12
4.2	Public Drop-off Sites	14
4.3	Private Pick-up Service	22
4.4	Collectors/Sorters	23
4.5	Tier 1 Processors	25
4.6	Tier 2 Manufacturers	29
4.7	Throughput & Disposition	31
5	Goals & Activities	**33**
5.1	Performance Goals, Baseline, and Status in 2023	34
5.2	Carpet Sales	38
5.3	Carpet Discards	38
5.4	Increasing Source Reduction	40
5.5	Increasing Gross Collection	41
5.6	Disposition of Post-Consumer Carpet	42
5.7	Increasing Recyclability and Recycling Efficiency	43
5.8	Increasing Recycled Output (Including Reuse)	48
5.9	Increasing Overall Diversion	51
5.10	Environmental Impacts	52
5.11	Increasing Market Growth of Secondary Products	53
5.12	Creating Green Jobs	54
5.13	Measurement Methodology & Data Sources	55
6	Grants	**56**
6.1	Grants Overview	56
6.2	Grant Selection & Management	58
6.3	Capital Improvement Grants	58
6.4	Product Testing Grants	60
6.5	Micro-Grants for Collection & Reuse	61
6.6	Innovation & Design Grants	63
6.7	New Collection Strategies/Small Infrastructure Award Pilot Program	63
6.8	Additional Grant Activities in 2023	64
7	Market Development	**65**

	7.1	Market Development Overview	65
	7.2	Technical Assistance & Outreach	67
	7.3	Market Development Policy Support	68
	7.4	Measuring Market Development	68
	7.5	Product Development & Available Recycled Products	70
	7.6	Conferences & Market Development	71
8	Financing Mechanisms		**72**
	8.1	Total Program Cost	73
	8.2	Cost per Capita	76
	8.3	Cost per Pound Collected	76
	8.4	Education & Communications Costs	77
	8.5	End-of-Life Materials Management Costs	77
	8.6	Program Administration Costs	81
	8.7	Governance Costs	82
	8.8	Total Cost to Local Government	82
	8.9	Assessment Amounts & Evaluation	83
	8.10	Surplus Funding, Fund Balance & Reserve	87
9	Education & Outreach		**89**
	9.1	Retailers	91
	9.2	Installers	92
	9.3	Drop-off Sites Engagement	94
	9.4	Consumer Outreach	96
	9.5	Regional Approach	96
	9.6	Local and State Government Outreach	97
	9.7	Marketing Assistance for Market Development	100
	9.8	Reuse	101
	9.9	General Outreach	101
10	Audits		**104**
11	Appendices		**105**
	11.1	Participating Carpet Mills, Subsidiaries & Brands	106
	11.2	Public Drop-off Sites & Locations	118
	11.3	Public Drop-off Sites and Convenient Collection Status by County	129
	11.4	Disposition Facility Addresses	132
	11.5	Definitions	135
	11.6	Subsidies & Incentive Payouts Summary	144
	11.7	Accessible Data Sources for Figures	156
	11.8	Examples of Education & Outreach Materials	159
	11.9	Annual Report Review Checklist	181
	11.10	California Differential Assessment Analysis in 2023	192
	11.11	CARE Response to Advisory Committee Feedback on Annual Report	195
	11.12	Audited Financial Statements	203

List of Figures

Figure 2-1. Annual Recycling Rate 4
Figure 2-2. Program Highlights for 2023 5
Figure 4-1. Carpet Materials Conceptual Flow Diagram 14
Figure 4-2. Hauling, Storage, and Carpet Recycling Costs for Public Drop-off Sites 20
Figure 4-3. Collector/Sorter (CSE) Payouts Over Time (millions of dollars) 25
Figure 4-4. Tier 1 Processor Payouts Over Time (millions of dollars) 26
Figure 4-5. Processor Capacity on the West Coast (millions of pounds) 28
Figure 4-6. Processor Capacity in California (millions of pounds) 29
Figure 4-7. Tier 2 Manufacturer Payouts Over Time (millions of dollars) 30
Figure 5-1. Gross Collection and Recycled Output Over Time 42
Figure 5-2. Recycling Efficiency Rate (Yield) 47
Figure 5-3. Recycled Output Over Time (millions of pounds) 49
Figure 5-4. Carpet Reuse Over Time (millions of pounds) 50
Figure 5-5. Estimated Greenhouse Gas Emissions Reductions (metric tons CO_2e) 53
Figure 5-6. Total Full-Time Equivalent (FTE) Jobs Reported (at year end) 55
Figure 7-1. Product Output Categories in 2023 69
Figure 8-1. Program Remittances, Expenditures, and Balance by Quarter for 2023 75
Figure 8-2. Program Expenditure Ratios in 2023 (millions of dollars) 78
Figure 8-3. Summary of Subsidy Funds Paid to Participants by Type Over Time 79
Figure 8-4. Annual and Cumulative Subsidy Payouts Over Time (millions of dollars) 80

List of Tables

Table 2-1. Summary of 2023 Program Performance Metrics 6
Table 2-2. Recycled Output by Type 8
Table 2-3. Non-Subsidized Diversion by Type and Carpet Cushion/Pad 8
Table 4-1. Post-Consumer Carpet Collection Points as of 2023 (Quarter 4) 13
Table 4-2. Public Drop-off Site Counts Over Time 17
Table 4-3. New Public Drop-off Sites Added in 2023 18
Table 4-4. Collectors/Sorters Requesting Subsidies in 2023 24
Table 4-5. Tier 1 Processors Requesting Subsidies in 2023 26
Table 4-6. Tier 2 Manufacturers Requesting Subsidies in 2023 30
Table 4-7. Throughput and Disposition in Pounds per Quarter in 2023 32
Table 5-1. Summary of Program Performance Goals, Baseline, and 2023 Status 36
Table 5-2. Discards Methodology Variables, 2023 40
Table 5-3. Reported Diversion by Type 52
Table 6-1. Summary of Grant Funding in 2023 57
Table 8-1. Total Program Expenditures in 2022 and 2023 74
Table 8-2. Differential Assessment per Square Yard of Carpet Sales (April 2023) 84
Table 9-1. Local Government Collateral Metrics 99
Table 9-2. Website Metrics 102

1 Contact Information

CCR 18944(a)(1) Contact information. *Identify the manufacturer or stewardship organization responsible for the annual report submittal.*

Carpet America Recovery Effort (CARE) is a 501(c)(3) organization that serves as the designated Carpet Stewardship Organization (CSO) responsible for managing the California Carpet Stewardship Program (the Program) and for submitting this annual report. CARE is responsible for implementing the Program in compliance with Carpet Stewardship Law and the approved Stewardship Plan, with regulatory oversight by CalRecycle. The mission of CARE is to advance market-based solutions that increase landfill diversion and recycling of post-consumer carpet, encourage design for recyclability by Carpet Mills, and support Manufacturers in using recycled materials in secondary products. Program contact information is provided below.

National CARE Contact
Robert Peoples, Ph.D.
Executive Director
Carpet America Recovery Effort (CARE)
100 S. Hamilton St., Dalton, GA 30722
Phone: (214) 300-5206
bpeoples@carpetrecovery.org

CARE California Program Contact
Thomas Coates
California Program Director
California Carpet Stewardship Program
Carpet America Recovery Effort
Phone: (714) 390-3993
tcoates@carpetrecovery.org

The Carpet Stewardship Program is open to all Carpet Mills that make, sell, or distribute carpet products and to distributors that import carpet into California from domestic or international sources. Appendix 11.1 includes a current list of participating Carpet Mills (Manufacturers) with their contact information. The **Compliant Manufacturers List** is updated quarterly on the CalRecycle website.

2 Executive Summary

> ***CCR 18944(a)(2) Executive Summary.*** *Provide an evaluation of the effectiveness of the carpet stewardship plan, and anticipated steps, if needed, to improve performance.*

This executive summary chapter includes the following sections:

- 2.1. Introduction & Program Goals
- 2.2. Recycling Rate
- 2.3. Program Evaluation & Performance Improvements
- 2.4. Report Organization

2.1 Introduction & Program Goals

At the end of 2023, the California Carpet Stewardship Program completed 12.5 years of operation. This 2023 Annual Report covers activities under the Program's new five-year **Carpet Stewardship Plan 2023–2027**, which CalRecycle approved in April 2023. This Annual Report is the first submitted under the new Plan.

This report presents progress in achieving the following performance goals to address the requirements embodied in Assembly Bill 2398, AB 1158, and AB 729—collectively known as California's Carpet Stewardship Law. This list reflects updates made in CalRecycle's **"Program Goals" RFA** signed May 2022 and incorporated into the updated Plan. Section 5.1 summarizes the goals in the new Plan and 2023 progress.

1. Increase the recyclability of carpet.
2. Expand and incentivize markets for products made from post-consumer carpet.
3. Increase the reuse of post-consumer carpet.
4. Increase the weight of post-consumer carpet that is recycled.
5. Reduce the disposal of post-consumer carpet.
6. Increase the collection convenience for the recycling of post-consumer carpet and increase the collection of post-consumer carpet for recycling.
7. Increase Processor capacity, including Processor capacity in California.
8. Achieve a 31% recycling rate for post-consumer carpet in 2023, increasing annual goals in each year of the Plan, and 45% recycling by December 31, 2027.

9. Achieve a recycling efficiency rate of 75% annually for 2023 through 2027.
10. Achieve a collection rate of 41% in 2023, increasing annual goals in each year of the Plan, and 60% collection by December 31, 2027.
11. Increase public access to drop-off sites with a minimum of one per county and one site per 500,000 residents in 2023, increasing annual goals, and one site per 375,000 residents by December 31, 2027.
12. Increasing flooring professional proximity such that 75% of residents are within 15 miles of a public drop-off site in 2023, increasing annual goals, and 90% by December 31, 2027.

The Program is also committed to the following requirements:

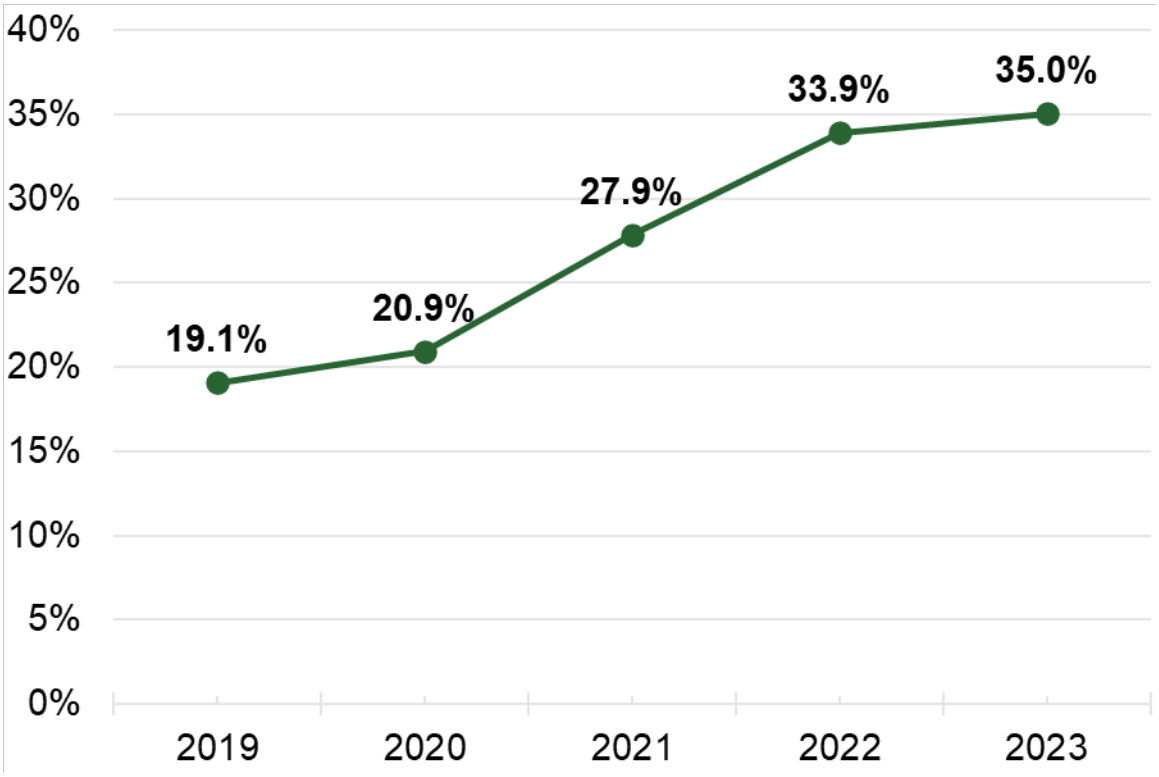
- Provide incentives or grants to state-approved apprenticeship programs for training apprentice- and journey-level installers in proper carpet recycling practices.
- Structure grants and subsidies to incentivize Highest Recyclability.
- Ensure that assessment fee funds shall not be expended on penalties or litigation against the state.
- Ensure that no subsidies are provided for Carpet As Alternative Fuel (CAAF), Kiln fuel, or Waste-to-Energy (WTE).

The Program's enhanced subsidies and other recycling supports, adopted in its March 2020 **COVID-19 Action Plan**, remain part of its ongoing recycling efforts in California and were restructured as supplemental subsidies.

2.2 Recycling Rate

In 2023, the Program achieved an all-time high annual Recycling Rate of 35%, exceeding the 31% annual goal set in the Plan and reflecting continued year-over-year growth. Figure 2-1 shows the Program's recycling rate growth for the last five years and reflects a continuous upward trend, more than double the rate in 2018 (15%).

Figure 2-1. Annual Recycling Rate



2.3 Program Evaluation & Performance Improvements

Table 2-1 on the following pages presents key Program metrics to support evaluation of the effectiveness of the 2023–2027 Plan and the Program's performance. As described in Chapter 3, *Scope Changes*, the Program in 2023 continued to expand its key activities to support performance improvements.

In 2023, CARE substantially expanded its public Drop-off Sites, adding 18 new sites and reaching a total of 147. The Program continued to serve all of California's 58 counties and met the convenient collection goal of providing at least one site for every 500,000 people in each county. The Program also exceeded its goals for carpet reuse and the number of products made from post-consumer carpet, while reducing carpet disposal. Overall, the Program had a successful 2023, reaching its highest annual Recycling Rate to date of 35%—exceeding the annual goal of 31%—and meeting or exceeding all but one performance goal (see Table 5.1). For Recycling Efficiency Rate, CARE achieved 95% of the goal due to market conditions in late 2023, as described in the *Recycling Efficiency Rate* section beginning on page 47.

Figure 2-2. Program Highlights for 2023

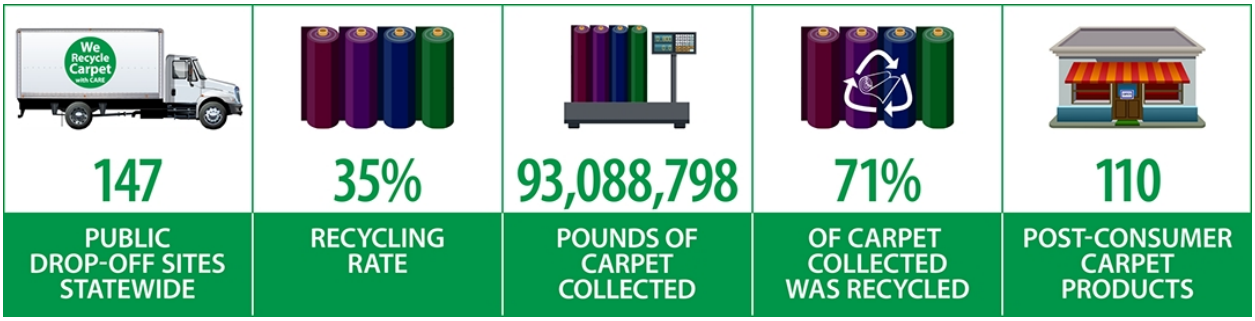


Table 2-1. Summary of 2023 Program Performance Metrics *(see Table Notes below table for numbered items)*

Metric	Unit	Baseline (2021)[1]	2022	2023
Carpet Sold in California	Square yards	67,339,933	61,910,759	53,791,865
Assessment Paid (total dollars)	Million dollars	$23.6	$22.6	$29.3
Assessment (dollars per square yard)	Dollars	$0.35	$0.35	$0.56–$0.73
Total Program Costs	Million dollars	$29.8	$31.6	$29.9
Post-Consumer Carpet (PCC) Discards	Pounds	242,780,121	217,232,471	188,744,894
Gross Collection	Pounds	88,465,787	93,278,385	93,088,798
Recycling Efficiency Rate [2]	Percent	76.4%	79.0%	71.0%
Recycled Output [3]	Pounds	67,622,801	73,643,883	66,122,328
Recycling Rate	Percent	27.9%	33.9%	35.0%
Reuse	Pounds	829,815	2,158,843	2,394,487
Carpet As Alternative Fuel (CAAF) [4]	Pounds	0	0	0
Kiln [4]	Pounds	1,200	0	62,543
Waste-to-Energy (WTE) [4]	Pounds	0	0	16,083
Incineration [4]	Pounds	0	0	0
Source Reduction, per square yard	Pounds	4.11	4.00	4.00
Process Waste to Landfill [5]	Pounds	8,957,936	9,268,115	6,891,999
Total PCC Waste Disposal to Landfill [6]	Pounds	163,272,270	133,222,201	102,548,095

Table Notes: Metric definitions are current as of 2023 but have evolved over time and may have been different in the past.

*[1] **Baseline** year is 2021, per the adopted Carpet Stewardship Plan 2023–2027.*

[2] ***Recycling Efficiency Rate*** *reflects the efficiency of converting collected post-consumer carpet in the form of Gross Collection into Recycled Output and was reported as* ***Yield*** *prior to the Carpet Stewardship Plan 2023–2027 update.*

[3] ***Recycled Output (RO)*** *includes Reuse, Recycled Carpet Tile, Fiber, Depolymerization, PC4, Filler, and Carcass.*

[4] ***CAAF and Kiln*** *were not subsidized in 2018 and beyond.* ***WTE*** *and* ***Incineration*** *have never been subsidized.*

[5] ***Process Waste to Landfill*** *refers to waste generated during processing, also referred to as processing waste.*

[6] ***Total PCC Waste Disposal to Landfill*** *refers to all PCC waste disposed of in a landfill, inclusive of process waste. It is calculated as the difference between PCC Discards minus Net Diversion; does not count as Recycled Output.*

Per the request of the Advisory Committee, the following supplemental tables are presented. Table 2-2 tabulates the subsidized components that compose the overall Recycled Output. Table 2-3 denotes the additional Program components that are counted toward Diversion yet receive no subsidy. Cushion/Pad is tracked separately and is not included in Gross Collection, Recycled Output, or Reported Diversion. Pad recycling keeps additional material out of the landfill as a co-benefit of the Program.

Table 2-2. Recycled Output by Type (pounds)

Recycled Output (RO) Components	2021	2022	2023
Reuse	829,815	2,158,843	2,394,487
Recycled Carpet Tile	770,086	650,835	730,243
Fiber	48,958,227	50,513,918	46,505,196
PC4	17,064,673	20,320,287	16,492,402
Depolymerization	0	0	0
Filler	0	0	0
Carcass	0	0	0
Total Recycled Output	**67,622,801**	**73,643,883**	**66,122,328**

Table 2-3. Non-Subsidized Diversion by Type and Carpet Cushion/Pad (pounds)

Non-Subsidized Diversion by Type	2021	2022	2023
Carpet As Alternate Fuel (CAAF)	0	0	0
Kiln	1,200	0	62,543
Waste-to-Energy (WTE)	0	0	16,083
Exports	39,621	0	0
Pad/Cushion (not counted as Diversion)	12,661,617	14,310,604	12,506,982

In 2023, CARE achieved outstanding results, meeting or exceeding all but one of its goals. The Recycling Efficiency Rate came in at 95% of the target due to market conditions that increased collections, expanded the denominator, and temporarily reduced the rate. However, this was primarily driven by redirecting collected materials to inventory due to a lack of market demand, which skewed the Recycling Efficiency Rate downward. This situation reversed in Q1 2024 as sales increased, demonstrating the Program's resilience and adaptability to changing market dynamics.

2.4 Report Organization

This Annual Report is organized into the following chapters, following the requirements of the Carpet Stewardship Law:

1. **Contact Information**
2. **Executive Summary**
3. **Scope Changes**, indicating any changes from the approved Stewardship Plan
4. **Collection & Recycling** (called “Program Outline” in Carpet Stewardship Law)
5. **Goals & Activities**, summarizing key Program metrics
6. **Grants** (a new chapter not named in the law; grants were included in the *Market Development* chapter prior to the 2021 Annual Report)
7. **Market Development**
8. **Financing Mechanisms**
9. **Education & Outreach**
10. **Audits**
11. **Appendices**

The *Annual Report Review Checklist* in Appendix 11.9 lists the statutory and regulatory requirements that this Annual Report addresses and identifies where in the document they are covered.

3 Scope Changes

> ***CCR 18944(a)(3) Scope.*** *The program described in the stewardship plan accepts and manages all applicable post-consumer carpet.*
>
> *(A) Indicate any changes in the program scope from the approved stewardship plan.*
>
> *(B) Indicate the scope is unchanged, if no changes have occurred during the reporting period.*

This 2023 Annual Report presents progress on the activities and goals described in the CARE California Carpet Stewardship Program's **Carpet Stewardship Plan 2023–2027**, which CalRecycle approved in April 2023. The new Plan builds on lessons learned over the course of the prior Plan (2018–2022) to strengthen the Program and improve results. These updates include enhanced subsidies and recycling supports enacted in the Program's **COVID-19 Action Plan** (March 2020) that remain part of ongoing carpet recycling activities. The overall Program scope did not change from the approved Plan during the reporting period, though the following adjustments were made:

- **Differential Assessment.** In September 2023, CARE submitted a **Differential Assessment Plan Amendment**, which CalRecycle approved in November 2023. Modifications were proposed to the initial assessment levels (as of April 1, 2023), to meet the reserve fund levels agreed to in the new Plan.
- **California Collection and Processors.** CARE notified carpet recyclers that effective October 1, 2023, all carpet collected at CARE-supported public Drop-off Sites will be restricted to California-based processors. Effective April 1, 2024, out-of-state supplemental processing subsidies (for Type 1 Recycled Output) will be reduced by 50 percent (a 33 percent reduction in overall Type 1 Recycled Output subsidy, applying to PET and PP only), and all supplemental collection subsidies will be eliminated for any post-consumer carpet shipped out of California (a 50 percent reduction in overall collection subsidies). Carpet tile was and remains exempt from this change.
- **Contingency Plan.** As required under Carpet Stewardship Law (Public Resources Code Section 42972.7), the Carpet Stewardship Plan 2023–2027 includes a Contingency Plan. At the direction of CalRecycle, CARE's Contingency Plan was modified and submitted to CalRecycle for approval by CARE's Executive Director in October 2023. The modified plan includes changes resulting from lessons learned during the enacted Contingency Plan

(January–April 2023) as designed in the previous plan. The modified Contingency Plan was conditionally approved by CalRecycle on April 4, 2024.

This 2023 Annual Report is the first yearly report submitted under the new **Carpet Stewardship Plan 2023–2027**. Program reports are accessible and available through CalRecycle.

4 Collection & Recycling (Program Outline)

> ***CCR 18944(a)(4) Program Outline.*** *Describe the carpet stewardship program, including information on the following topics:*
>
> *(A) Types of collections sites and basic information about recycling facilities in California, e.g., how carpet is collected, number and location of processors, throughput and capacity of recycling facilities.*
>
> *(B) Include facility name(s) and address(es) for each method of disposition.*

This chapter describes the Program's collection and recycling efforts, including Drop-off Sites, pick-up service, Collector/Sorters, Processors, Manufacturers, and throughput and disposition of carpet materials. As noted above, the Carpet Stewardship Law refers to this chapter as the "Program Outline." It includes the following sections:

- 4.1. Collection & Recycling Program Overview
- 4.2. Public Drop-off Sites
- 4.3. Private Pick-up Service
- 4.4. Collector/Sorters
- 4.5. Tier 1 Processors
- 4.6. Tier 2 Manufacturers
- 4.7. Throughput & Disposition

4.1 Collection & Recycling Program Overview

Post-consumer carpet (PCC) is collected at drop-off sites or through private collection and then is sorted and processed for recycling. Collection includes the following types, with counts of collection points for each type included in Table 4-1:

- **Public Drop-off Sites** are primarily located at permitted solid waste and recycling facilities such as transfer stations, construction and demolition (C&D) recovery facilities, landfills, and material recovery facilities (MRFs). Public Drop-off Sites have also been established at carpet retailers and flooring installers. Some sites also offer private onsite pick-up services for flooring retailers.

- **Semi-Public Drop-off Sites** are open to flooring professionals and/or will-call customers only. The current sites are located at carpet Regional Distribution Centers.
- **Private Collection**, including **Onsite Pick-up Service**, is offered by Collector/Sorters and independent collectors. Collector/Sorters offer drop-off and private pick-up service throughout California for generators of PCC. Many large-volume carpet/pad generators used Collector/Sorter private onsite pick-up services. In addition, independent collectors, including some public Drop-off Sites, provided onsite private pick-up service to additional locations.

Table 4-1. Post-Consumer Carpet Collection Points as of 2023 (Quarter 4)

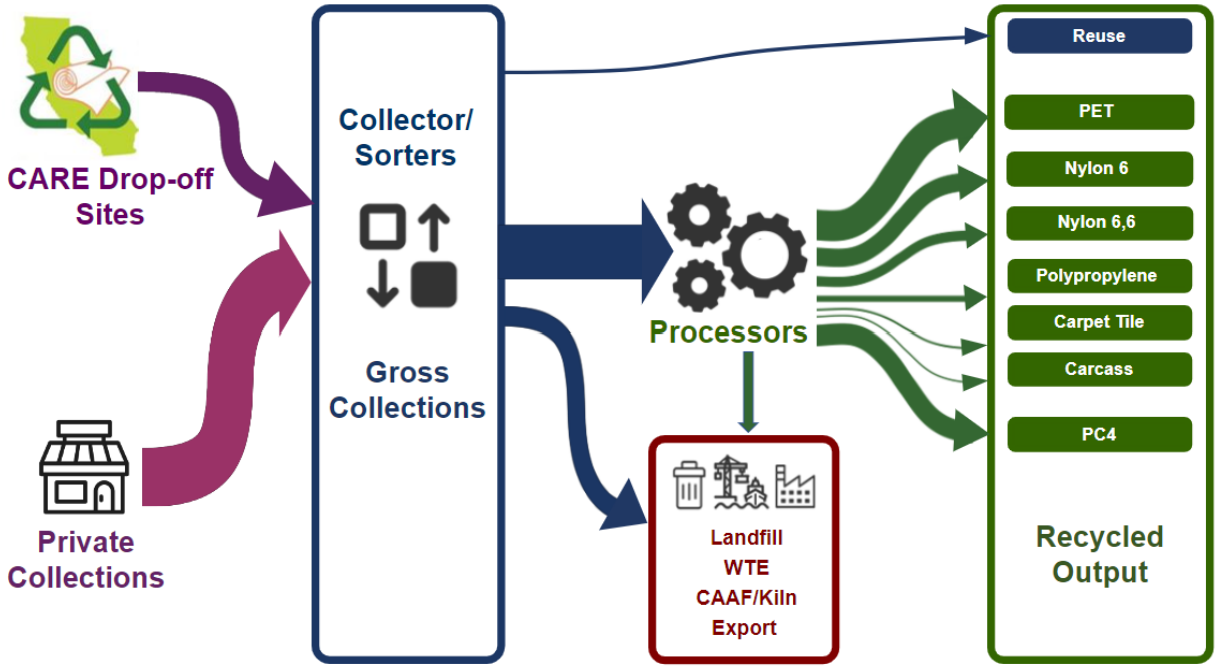
Collection Type	Collection Points
Public Drop-off Sites	147
Semi-Public Drop-off Sites (open to flooring professionals and/or will-call customers)	3
Onsite Private Pick-up Service (serviced by Public Drop-off Sites or independent collectors)	31
Onsite Private Pick-up Service (serviced by Collector/Sorters)	175
Total Collection Points	**356**

The collected post-consumer carpet is handled for recycling through the following businesses participating in the Program:

- **Collector/Sorters** provide carpet recycling collection services for retailers, disposal sites, or other sites. *Collector/Sorters* (sometimes referred to as *CSEs,* for *Collector/Sorter Entrepreneurs*) sort PCC by material type for third-party reuse or wholesale to Tier 1 Processors for recycling. They do not convert material into Recycled Output, unless they are also Processors as noted below.
- **Tier 1 Processors** use a process such as shredding, grinding, or shearing to convert discarded whole carpet into finished Recycled Output ready to be used as an input for manufacturing products. Some processors may also function as Collector/Sorters or Tier 2 Manufacturers.
- **Tier 2 Manufacturers** receive finished (Type 1) Recycled Output from Tier 1 Processors and use this material to make finished secondary products with PCC content.

Figure 4-1 illustrates the conceptual flow of carpet materials through the Program from collection, through sorting and processing, to the final subsidized Recycled Output category (Reuse, PET, Nylon, Polypropylene, Carpet Tile, Carcass, or PC4) or other disposition (Landfill, WTE, CAAF/Kiln, or Export). Annual changes in inventory are also taken into account (beginning January 1st and ending December 31st). The remainder of this chapter describes the Program's collection and recycling activities, participating companies, and carpet throughput and disposition.

Figure 4-1. Carpet Materials Conceptual Flow Diagram



4.2 Public Drop-off Sites

Overview & Benefits of Public Drop-off Sites

The Program has established and supported public Drop-off Sites since 2012. Public Drop-off Sites are typically located at traditional disposal and recycling facilities such as transfer stations, landfills, material recovery facilities (MRFs), or construction and demolition (C&D) recovery facilities. Public Drop-off Sites have also been established at carpet retailers and flooring installers. These locations allow installation contractors (flooring professionals), do-it-yourself (DIY) individuals, and businesses to drop off source-separated and properly prepared post-consumer carpet for recycling.

The Program allows each Drop-off Site to set carpet recycling fees to allow for their regional materials-handling cost recovery. Through its offerings of no-cost transportation, materials processing, and other benefits to participating Drop-off Sites as noted below, the Program strongly encourages sponsored sites to offer reduced tip fees for source-separated carpet to promote landfill diversion.

The Program provides convenient PCC collection for flooring professionals, contractors, and residents and the following benefits and services at no cost to the host facility:

- Collection containers and swap-out service.
- Logistical support and in-depth technical assistance through Program staff, biannual webinars, sharing best practices, and regular Drop-off Site engagements.
- Signage, regular communications, promotion, customized marketing materials, education, and outreach (see Chapter 9, *Education & Outreach*, for more details).
- Inclusion in the **Drop-off Site map on CARE's California Program website**, including locations, site hours, fees, and other facility details.
- Transportation of PCC to Collector/Sorters.
- Ready access to Micro-Grant funds up to $15,000 to support carpet recycling through equipment (e.g., container covers, stairs, loaders) and/or site improvements, such as all-weather pads and weather covers.
- Opportunity to apply for larger Capital Improvement Grants, typically used for covered collection containers for expanded collection service opportunities.
- Focused promotional campaigns for new Drop-off Sites when they start operations.

Convenient Collection & Drop-off Sites

As of year-end 2023, there were 356 Drop-off Sites and private pick-up service locations in California, and of those the Program sponsored 147 public Drop-off Sites, as shown in Table 4-1. Post-Consumer Carpet Collection Points as of 2023 (Quarter 4). The Program met the goal of having at least one public Drop-off Site in each of the state's 58 counties, with at least one operational Program-sponsored public Drop-off Site. Accordingly, 100% of the state's population lives within a county with access to one or more public carpet recycling sites, and 95% of residents are within 15 miles of a site. In addition, the Program reached the goal of establishing at least one public Drop-off Site per 500,000 residents in each county.

The Program updates its map of collection sites regularly, and the current **California Public Drop-off Site Map** is available on CARE's California website.

In 2023, 18 new public Drop-off Sites were established, as shown in Table 4-2 and Table 4-3, with 12 in Northern California and 6 in Southern California. Two public Drop-off Sites left the Program: Benton Crossing Landfill (Mono County) carpet operations were relocated to Pumice Valley Landfill, and Holdorff's Recycling (Modoc County) carpet operations ceased following the passing of the owner. This resulted in a net gain of 16 new public Drop-off Sites. In addition, the Program supported 3 semi-public Drop-off Sites open to flooring professionals and/or will-call customers at carpet Regional Distribution Centers in Union City, Fontana, and Cypress. The semi-public site at DC16 Union Training Center ceased collection in mid-2023 at the request of DC16.

In 2023, the Program continued to meet its goal of having at least one public Drop-off Site in every California county.

The Program reached the goal of providing at least one public Drop-off Site per 500,000 residents in each county.

For more information on the approach, criteria, and decision-making protocol that CARE uses when establishing new public Drop-off Sites and directing post-consumer carpet loads from public sites to Collector/Sorters or Processors, please see **CARE Protocol: CARE Public Drop-off Site Selection and Load Routing** (2021) on CARE's website. This protocol guides CARE's work on site selection and load routing. CARE remains committed to making updates as market dynamics and needs change over time.

Table 4-2. Public Drop-off Site Counts Over Time

Year	Total Public Drop-off Sites	New Sites	Closed Sites	Net Added	Counties Serviced	Annual % Increase in Sites
2012	6	N/A	0	N/A	6	N/A
2013	6	0	0	0	6	0%
2014	14	+8	0	+8	13	+133%
2015	23	+9	0	+9	23	+64%
2016	33	+10	0	+10	33	+43%
2017	44	+12	−1	+11	41	+33%
2018	53	+11	−2	+9	47	+20%
2019	73	+22	−2	+20	50	+38%
2020	83	+10	0	+10	54	+14%
2021	94	+15	–4	+11	All 58	+13%
2022	131	+39	−2	+37	All 58	+39%
2023	**147**	**+18**	**−2**	**+16**	**All 58**	**+12%**

Table Note: As of 2023, public Drop-off Site locations were established in both Sutter and Alpine counties. Previously, Sutter County was served by the Drop-off Site in Yuba County, and Alpine County preferred to locate their site near other services in South Lake Tahoe (El Dorado County), with these arrangements proposed by county representatives and approved by CalRecycle.

Table 4-3. New Public Drop-off Sites Added in 2023

Count	County	City	Facility Name
1	Alameda	San Leandro	Davis Street Transfer Station
2	Alpine	Markleeville	Hung A Lel Ti Woodfords Community Council
3	Calaveras	Angel's Camp	Pinnell's Carpet One Floor & Home
4	Lake	Clearlake	Eastlake Landfill
5	Los Angeles	Agoura	Calabasas Landfill
6	Los Angeles	La Mirada	Event Carpet Pros
7	Madera	Madera	J&M Floor Covering
8	Modoc	Alturas	Blue Water Recycling
9	Mono	Vining	Pumice Valley Landfill
10	Orange	Stanton	CR Transfer Station and MRF
11	Riverside	Menifee	Belott Floor Covering
12	San Bernardino	Bloomington	HM Flooring Group
13	Santa Clara	San Jose	AMS Flooring
14	Sonoma	Healdsburg	Healdsburg Transfer Station
15	Sonoma	Santa Rosa	Global Materials Recovery Facility
16	Sonoma	Sonoma	Sonoma Transfer Station
17	Sonoma	Petaluma	Central Landfill
18	Sutter	Yuba City	Yuba Sutter Household Hazardous Waste Facility

In 2023, CARE met the Convenient Collection goal of one public Drop-off Site per 500,000 residents in each of California's 58 counties. As requested by CalRecycle and confirmed in the 2023–2027 Carpet Stewardship Plan, this benchmark is calculated based on population data from the 2020 U.S. Census. Appendix 11.3 shows the number of Drop-off Sites needed to meet the convenience goal of one site per 500,000 residents in each county, the number of sites as of year-end 2023, and any additional sites needed. The convenience goal was achieved in 2023, and no additional sites were needed.

Most public Drop-off Sites are open to the public during regular business hours, though some offer a more limited public schedule, and a small number accept carpet by appointment. One example is in Alpine County, which was one of the last counties to have a public Drop-off Site. The site, located at the Woodfords Washoe Community Council, is open to all Alpine County residents on Mondays and Wednesdays from 10:00 a.m. to 7:00 p.m. by phone appointment (regular hours may change based on need).[1]

Public Drop-off Site locations, days and hours of operation, any fees associated with carpet drop-off, and other details are included for each public Drop-off Site on the **CARE California website map**.

Program staff continued to promote Drop-off Sites with local governments, solid waste task force groups, waste and recycling agencies, facility operators, and retailers throughout the state. Negotiations to establish new Drop-off Sites can take months, and sometimes years, to bring online. The following section addresses *Challenges & Successes of Recruiting & Retaining Drop-off Sites*.

Program-sponsored Drop-off Sites submit quarterly reports and attend webinars covering best practices, Program updates, and troubleshooting common issues. Beginning in 2023, these webinars shifted to biannual frequency instead of quarterly, based in part on survey responses and feedback from participating Drop-off Sites.

Program staff provided ongoing technical assistance to existing sites through troubleshooting support in the form of regular calls, emails, and virtual and in-person meetings. Outreach is conducted to Drop-off Sites on a quarterly basis to support relationship-building, consistent feedback systems, and reliable site operations.

The Program manages the dispatch of third-party haulers to pick up PCC from sponsored Drop-off Sites and coordinates the delivery of materials to Collector/Sorters. The public Drop-off Site collection program reported 17.9 million pounds of collection in 2023, a 5% increase over the previous year.

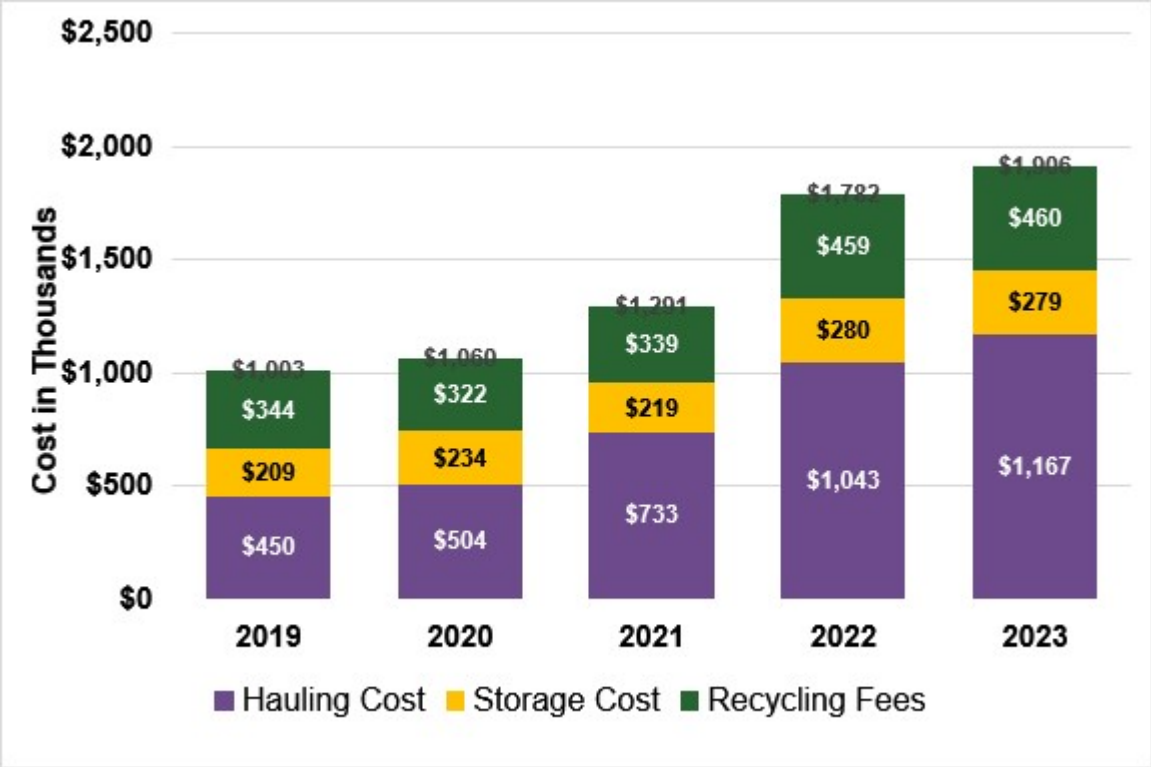
[1] This information was presented to CalRecycle to ensure that this policy meets the requirements of the Public Access to Drop-off Sites goal. Cynthia Dunn, Product Stewardship Manager at CalRecycle, confirmed in an email on October 12, 2023, “This appears to be consistent with our discussion and the requirements of the Public Access to Drop-off Sites goal established by CalRecycle.” CARE thanks Ms. Dunn and CalRecycle staff for their ongoing communication on Drop-off Sites and other topics.

Private collection handled approximately 78% of all Gross Collection pounds, and 22% was collected though Program-sponsored public Drop-off Sites.

Program-sponsored public Drop-off Sites collected 17.9 million pounds of PCC in 2023.

Figure 4-2 shows the rising costs of hauling, storage, and carpet recycling for public Drop-off Sites in recent years, with hauling representing the majority of those costs.

Figure 4-2. Hauling, Storage, and Carpet Recycling Costs for Public Drop-off Sites



Challenges & Successes of Recruiting & Retaining Drop-off Sites

As requested by the Advisory Committee, the following section provides information on challenges and successes related to the recruitment and retention of Drop-off Sites and is intended to share lessons learned to support continuous improvement of collection. Recycling programs for active carpet collection can be challenging, successful, or both, driven by various factors influencing participation, efficiency, and overall program effectiveness. The following outlines common challenges and successes associated with recruiting carpet collection sites and improving the collection program.

Challenges

- **Logistical Complexities.** Setting up recycling sites requires careful planning to ensure efficient transportation, storage, and processing of collected carpets. The logistics can be complex, involving coordination with multiple stakeholders, such as collection site owners, transportation companies, and recycling facilities.
- **Site Engagement.** Convincing businesses and individuals to become active collection sites can be challenging. Some may resist due to space, liability, or inconvenience concerns. Overcoming these barriers requires effective communication and education about the benefits of recycling and its positive impact on the environment and community.
- **Awareness and Education.** Lack of awareness about carpet recycling and its environmental benefits can hinder recruitment efforts. Education campaigns are essential to inform the public about the importance of recycling carpets, the process involved, and the potential for building a circular economy.
- **Quality Control.** Ensuring the quality of collected carpets is crucial. Contaminants such as dirt, debris, or other non-recyclable materials can reduce the efficiency of the recycling process. Maintaining high-quality collections requires ongoing monitoring and education of site managers and participants.
- **Economic Viability.** The economic feasibility of carpet recycling can be a challenge. If recycling costs outweigh the monetary value of recycled materials, the costs can discourage both collection site operators and recycling companies. Finding ways to make recycling more cost-effective can help address this barrier.

Successes

- **Environmental Impact.** One of the most significant successes of active carpet collection recycling sites is the positive environmental impact. Recycling carpet diverts waste from landfills, reduces resource consumption, and decreases the need for new carpet production, which can involve resource-intensive processes.
- **Community Engagement.** Successful recycling programs foster a sense of community engagement and responsibility. Individuals and businesses participating in recycling feel a sense of pride in their contribution to sustainability, which can lead to increased participation.
- **Partnerships.** Collaboration with local governments, businesses, and nonprofits can significantly enhance the success of carpet recycling programs. Partnering with waste management companies and recycling facilities can streamline the collection process and reduce operational challenges.

- **Incentive Programs.** Implementing incentive programs, such as discounts on new carpets or other rewards, can encourage more businesses and individuals to become active collection sites. These programs can enhance motivation to participate and help overcome initial hesitations.
- **Smaller Container Availability and Expansion of Hauling Services.** In 2023, CARE continued to partner with additional regional hauling companies that provided smaller volume container-types. This enabled CARE to establish public Drop-off Sites at unserved retailers and locations where space constraints prevented placement of larger containers.
- **Innovation in Recycling Technology.** Advancements in recycling technology have made it more feasible to process and recycle carpets efficiently. Innovative techniques, such as separating carpet components for specialized recycling, can improve the overall viability of carpet recycling programs.
- **Job Creation.** Successful carpet recycling programs can lead to job creation within the recycling industry, from collection site management to recycling facility operations. Such efforts contribute to local economic growth and sustainability.

The challenges and successes of recruiting active carpet collection recycling sites are intertwined with logistics, awareness, education, economic viability, and partnerships. Overcoming these challenges through effective communication, education, incentives, and technological advancements can lead to successful carpet recycling programs with significant environmental and community benefits. Program staff work closely with existing and potential sites to address challenges to maintain and expand collection.

4.3 Private Pick-up Service

Private PCC recycling pick-up service is offered to commercial businesses, primarily at carpet retailers and flooring contractors. Carpet is collected using container pick-up service offered by a Collector/Sorter or a Program-sponsored Drop-off Site (local waste/recycling hauler). These retail and flooring contractor businesses provide installation and PCC tear-out services for their customers purchasing new carpet or other flooring. Installation contractors may return PCC to the retailer for recycling or, in the case of flooring contractors (such as installers for big-box retailers, large multifamily flooring specialists, or union or non-union commercial flooring contractors), to their warehouse or workshop location. To provide more information for convenient collection analysis, the Program requires Collector/Sorters to report monthly on the number of sites to which they provide regular ongoing service.

As of year-end 2023, 175 businesses and contractors received regular PCC recycling pick-up service statewide from a Collector/Sorter, and 31 businesses received regular pick-up service from an independent collector. Each service provider negotiates rates and container service types directly with each private generator of PCC, generally based on volume, space constraints, and transport distances. Due to the Program's collector subsidy support, this container recycling service is generally priced lower than regular disposal services. Recognizing the customized, economical, and convenient onsite services that Collector/Sorters provide, the Program strives to avoid setting up services that might undermine the private collection networks.

4.4 Collectors/Sorters

Collector/Sorters, also called CSEs (for Collector/Sorter Entrepreneurs), are key participants in the carpet recycling process. These entities collect used carpet (and pad) and sort it by fiber type in preparation to sell/transfer to Processors, which then recycle the material into usable Recycled Output. Collector/Sorters collect used carpet in three ways, generally as a fee for service:

- Place a trailer or container at a Drop-off Site.
- Accept carpet drop-offs at their locations.
- Provide pick-up service from a private pick-up site, such as a retailer or other flooring professional.

The carpet stewardship program is committed to annually evaluating the potential for recycled carpet reuse brokers to expand post-consumer carpet (PCC) reuse and recycling. This evaluation process involves a Market Analysis Update to review and update the assessment of current supply and demand for recycled carpet materials. It identifies changes in potential buyer segments and their evolving needs, monitors the availability of PCC materials from various sources, and evaluates the performance and effectiveness of existing reuse brokerage operations. The analysis also considers the reuse brokerage model's economic viability, performance, and sustainability, including identifying any changes in potential revenue streams, cost structures, and funding sources. The program values feedback from reuse brokers and engages with potential buyers, sellers, and other stakeholders to identify new barriers or opportunities. This structured approach ensures that the carpet stewardship program remains responsive, innovative, and effective in facilitating the growth of the recycled carpet reuse market.

Table 4-4 lists the 10 active Collector/Sorters registered to participate in the Program during 2023, one less than in 2022. For each reporting quarter, the table indicates "Yes" for Collector/Sorters that requested and received funds for sorted and shipped PCC at

least once during the quarter, or “No” if no funds were requested or received during the period. Addresses for these facilities are included in Appendix 11.2. In 2023, 10 Collector/Sorters requested funding. Of these participating Collector/Sorters, four also function as Tier 1 Processors, noted with a “(P)” after their names in the table. Participating companies that function only as a Collector/Sorter and provide no further processing continued to receive a legacy reporting subsidy of $1,000 per month in 2023. Subsidies are described in Chapter 8, Financing Mechanisms.

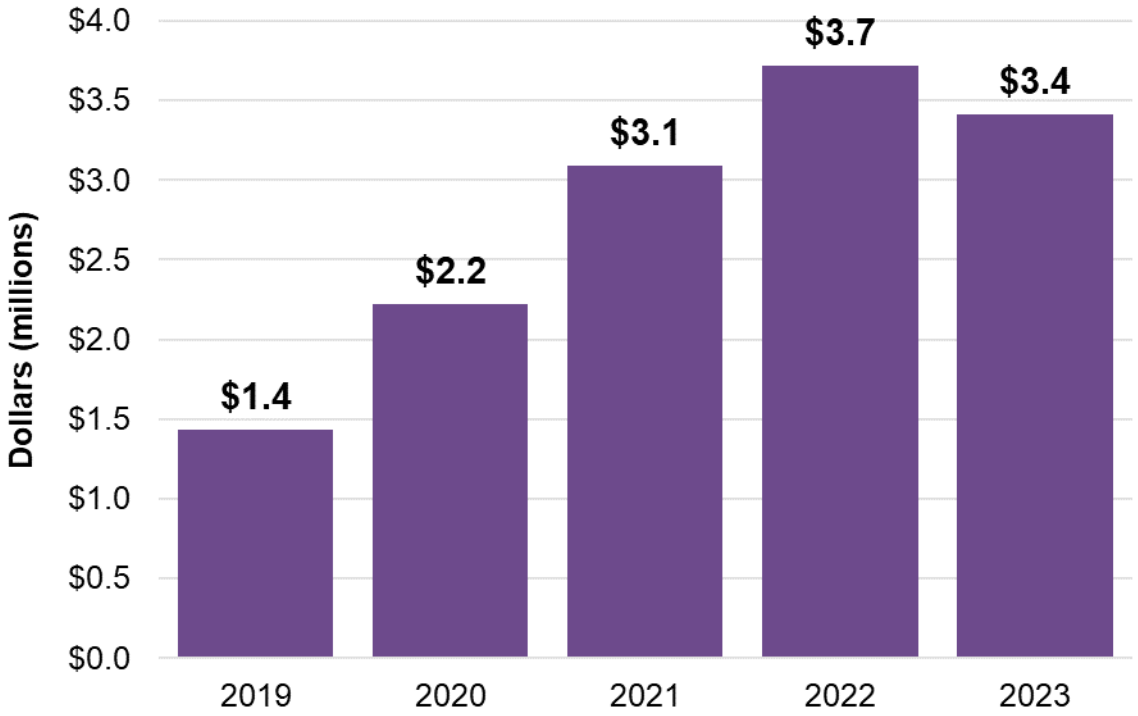
Table 4-4. Collectors/Sorters Requesting Subsidies in 2023

ID	Company	City	State	Q1	Q2	Q3	Q4
1	Aquafil Carpet Recycling, LLC	Chula Vista	CA	Yes	Yes	Yes	Yes
2	Certified Blue Recycling, Inc.	San Leandro	CA	Yes	Yes	Yes	No
3	Circular Polymers by Ascend (P)	Lincoln	CA	Yes	Yes	Yes	Yes
4	Eastern Impressions—Compton	Compton	CA	Yes	No	No	No
5	Gone Green Recycling, LLC	Sparks	NV	Yes	Yes	Yes	Yes
6	GreenWaste Carpet Recycling	San Jose	CA	Yes	Yes	Yes	Yes
7	Interface, Inc. (P)	LaGrange	GA	No	No	Yes	No
8	Los Angeles Fiber Company (P)	Vernon	CA	Yes	Yes	Yes	Yes
9	Repurpose Earth	Gardena	CA	Yes	Yes	Yes	Yes
10	Shaw Industries Group, Inc. (P)	Dalton	GA	Yes	Yes	Yes	Yes

Table Notes: “(P)” after the company name indicates those Collector/Sorters that also function as Processors, which are included in Table 4-5.

In 2023, the Program paid out $3.4 million to Collector/Sorters as subsidies, as shown in Figure 4-3. The COVID-19 Action Plan contributed to the increases since 2020.

Figure 4-3. Collector/Sorter (CSE) Payouts Over Time (millions of dollars)



To be considered a qualifying recipient for potential subsidy funding, Collector/Sorters (like other Program participants) are required to be CARE members in good standing and sign a CSE agreement. Under the agreement, qualified recipients are subject to program reporting, Agreed Upon Procedures (AUP) review, best management practices, and documentation requirements. Collector/Sorters that are also Tier 1 Processors track and report their collections and processing activities separately.

4.5 Tier 1 Processors

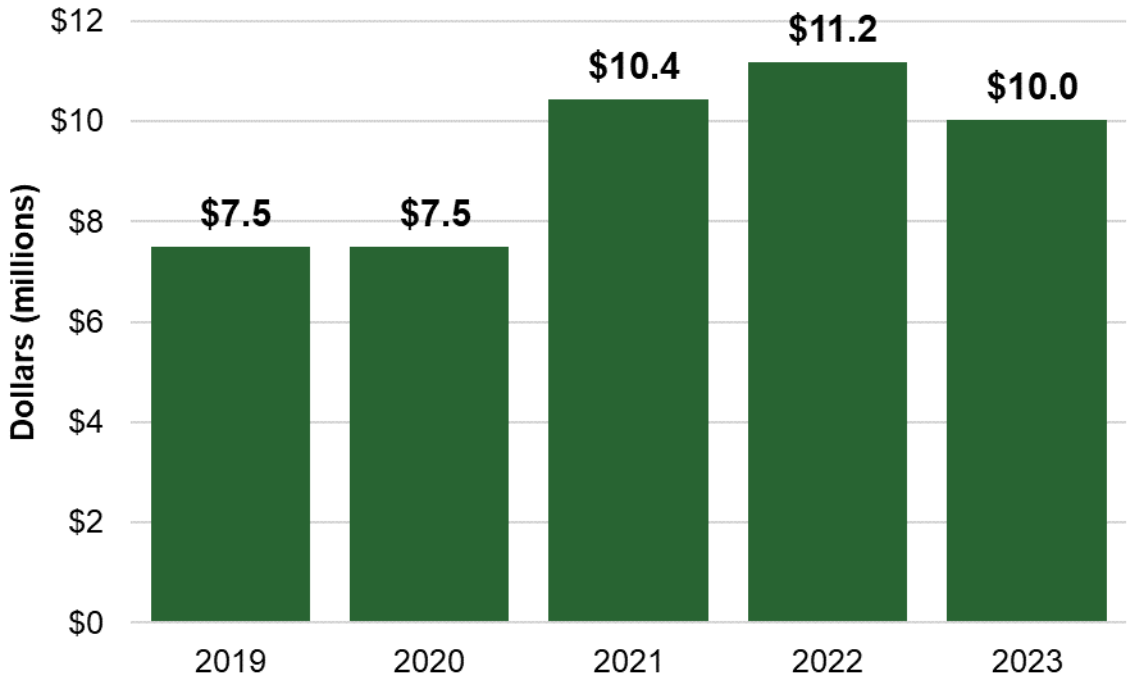
Tier 1 Processors receive source-separated PCC discards, de-manufacture (that is, process), and convert the materials into Recycled Output for use in the manufacturing of secondary products. Some Tier 1 Processors also function as Tier 2 Manufacturers and/or Collector/Sorters. In 2023, seven Processors requested and received funds during the year. Table 4-5 lists Processor participants requesting funds at least once during each reporting quarter, with “Yes” indicating that funds were requested and received for PCC processed and shipped, and “No” indicating that no funds were requested or received during the period.

Table 4-5. Tier 1 Processors Requesting Subsidies in 2023

ID	Company	City	State	Q1	Q2	Q3	Q4
1	Aquafil Carpet Recycling, LLC	Phoenix	AZ	Yes	Yes	Yes	Yes
2	Aquafil Recycling #1, Inc.	Phoenix	AZ	Yes	Yes	Yes	Yes
3	Circular Polymers by Ascend	Lincoln	CA	Yes	Yes	Yes	Yes
4	Columbia Recycling Corp.	Dalton	GA	Yes	Yes	Yes	Yes
5	Interface, Inc.	LaGrange	GA	No	No	Yes	No
6	Los Angeles Fiber Company	Vernon	CA	Yes	Yes	Yes	Yes
7	Shaw Industries Group, Inc.	Dalton	GA	Yes	Yes	Yes	Yes

In 2023, the Program paid out $10.0 million to Tier 1 Processors as subsidies, as shown in Figure 4-4. Subsidies are described in Chapter 8, *Financing Mechanisms*. Tier 1 Processors that are also Collector/Sorters track and report their collections and processing activities separately.

Figure 4-4. Tier 1 Processor Payouts Over Time (millions of dollars)



Processor Capacity

The Program defines **Capacity** as the estimated maximum volume of carpet discards that can be processed by participating Tier 1 Processors in the marketplace. This measurement is based on self-reported figures and permitted capacity figures. While capacity is often measured in tons per year, it is shown in the figures below as pounds for consistency with other reporting. The Program continues to work to increase California's in-state capacity for collections, recycling, and secondary manufacturing. In 2023, 75% of the total subsidies were paid to California-based operators, compared to 73% in 2022. In addition to subsidies, grant funds are designed to incentivize California-based projects, as described in Chapter 6, *Grants*.

As shown in Figure 4-5, the maximum available capacity on the West Coast reported for year-end 2023 was 185.0 million pounds, up 25% from 2022. Figure 4-6 shows processor capacity available in California. A variety of factors can affect the maximum operational capacity of any given facility. Examples include processes employed; utility rates (some facilities must shut down during peak demand to avoid excessive electricity costs); mechanical reliability of processing equipment; routine maintenance, number of labor shifts per day; market dynamics; availability and nature of the feedstock (e.g., residential cut pile versus commercial loop); and pandemic-related shutdowns, illness, supply chain delays, and limited labor availability.

Capacity varies as Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers enter or leave the market and expand or downsize their operations.

In 2023, the total processing capacity showed a significant increase compared to the previous year. This notable jump can be attributed to two key factors:

- Including Apex as a new reporting processor significantly expanded the overall system's capacity.
- Expanding geographic coverage from California to the entire West Coast region increased the total processing capacity available.

These modifications and minor adjustments at individual facilities have resulted in a substantial year-over-year increase in total processing capacity.

As stated in the approved Carpet Stewardship Plan 2023–2027, CARE has evaluated current processor capacity with regard to capacity required to achieve the Recycling Rate goals from 2023 to 2027. Based on CARE's modeling, the current capacity available from California processors is sufficient to accommodate the pounds of Recycled Output required to achieve the Recycling Rate goals from 2023 to 2027.

CARE will continue to monitor capacity and work with recyclers to expand processor capacity when needed.

Figure 4-5. Processor Capacity on the West Coast (millions of pounds)

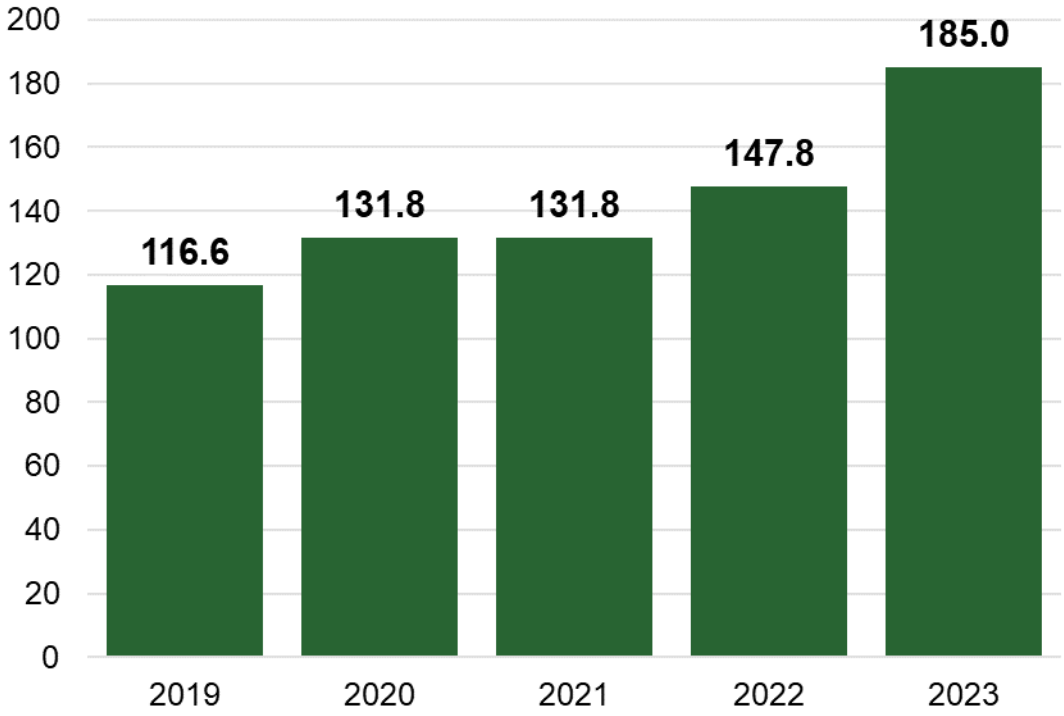
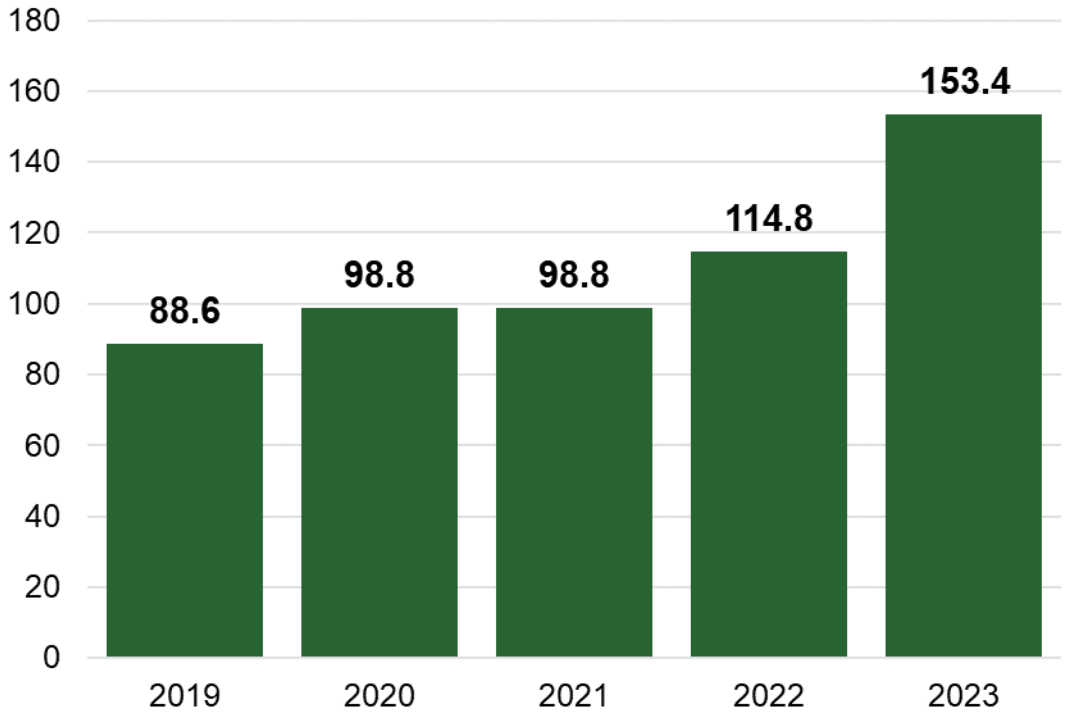


Figure 4-6. Processor Capacity in California (millions of pounds)



4.6 Tier 2 Manufacturers

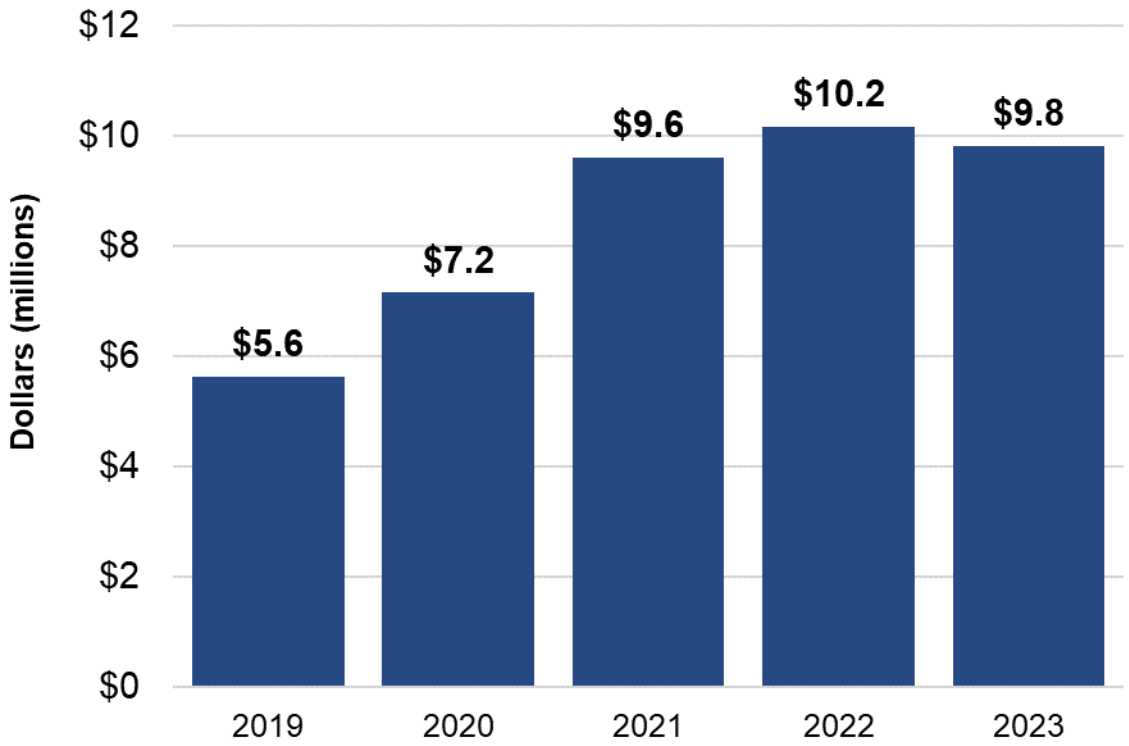
Used carpet may be recycled to make new carpet or as a feedstock component in the manufacture of other products. Tier 2 Manufacturers use Recycled Output processed from the carpet fiber or carpet backing and incorporate it into new or existing products. During 2023, 10 Tier 2 Manufacturers were registered and active with CARE, producing a variety of products, including broadloom carpet and carpet tile, carpet cushion/ underlayment, building insulation, water heater blankets, bedding, pellets, plastic automotive components, packaging insulation, erosion control products, lightweight aggregate, absorbency products, and a variety of cement-related products, as described in Chapter 7, *Market Development*. Table 4-6 lists participants requesting and receiving funds at least once during each reporting quarter for active manufacturing and PCC-containing product sales, with “Yes” indicating that funds were requested and received, and “No” indicating that no funds were requested or received during the period.

Table 4-6. Tier 2 Manufacturers Requesting Subsidies in 2023

ID	Company	City	State	Q1	Q2	Q3	Q4
1	Aquafil Carpet Recycling	Phoenix	AZ	Yes	Yes	Yes	Yes
2	Aquafil USA, Inc.	Cartersville	GA	Yes	Yes	Yes	No
3	Circular Polymers by Ascend	Lincoln	CA	Yes	Yes	Yes	Yes
4	Columbia Recycling Corp.	Dalton	GA	Yes	Yes	Yes	Yes
5	GeoHay, LLC	Inman	SC	Yes	Yes	Yes	No
6	Leggett & Platt	Fort Worth	TX	Yes	Yes	Yes	Yes
7	MP Global Products LLC	Norfolk	NE	Yes	Yes	Yes	Yes
8	PRET Advanced Materials, LLC	Johnsonville	SC	Yes	Yes	No	Yes
9	Reliance Carpet Cushion	Vernon	CA	Yes	Yes	Yes	Yes
10	Rise Composite Technologies	Mankato	MN	Yes	Yes	Yes	Yes

Tier 2 Manufacturer payouts totaled $9.8 million in 2023, as shown in Figure 4-7. Subsidies are described in Chapter 8, *Financing Mechanisms*.

Figure 4-7. Tier 2 Manufacturer Payouts Over Time (millions of dollars)



4.7 Throughput & Disposition

In 2023, the Program handled 93.1 million pounds of Gross Collection, and 66.1 million pounds were recycled (Recycled Output). Recycling Efficiency Rate (formerly *Yield*) in 2023 was 71%, reaching 95% of the annual goal of 75%. Table 4-7 shows throughput and disposition for carpet collection by quarter, including reuse, recycling, energy recovery, exports, and disposal. These figures are based on data from Collector/Sorters, Tier 1 Processors, Tier 2 Manufacturers, and Carpet Mills submitted to an independent accounting firm (Aprio) and do not reflect disposition activities occurring outside the Program.

The Program seeks to manage PCC in alignment with the solid waste management hierarchy described in the Carpet Stewardship Plan, prioritizing Source Reduction, Reuse, and Recycling, followed by CAAF or Kiln, then WTE, and Disposal as a last resort.

CARE agrees that it is crucial that flooring installers are knowledgeable on the best management practices for handling hazardous materials and other excluded items to ensure the safety of workers and the integrity of carpet recycling programs. However, this is outside the scope of Program responsibilities. As part of their training, CARE will advise flooring professionals who may encounter hazardous carpet materials to take the following step:

- Immediately stop work and contact a licensed hazardous waste disposal company to safely remove and dispose of the contaminated carpet and any other affected materials.

Table 4-4, Table 4-5, and Table 4-6 list the Collector/Sorters (CSEs), Tier 1 Processors, and Tier 2 Manufacturers that participated, or were eligible to participate, in the Program in 2023. Appendix 11.4 provides facility names and addresses for these methods of disposition.

Each Program participant must record the disposition facilities used, including facility names, addresses, and quantities. Data veracity is confirmed through Agreed Upon Procedures (AUPs) conducted regularly with participants by the Program's independent accounting firm. The Program has access to these confidential records through periodic reviews and requires regular reporting, recordkeeping, proper management practices, and random site visits to review operations and conduct sampling.

Table 4-7. Throughput and Disposition in Pounds per Quarter in 2023

Throughput and Disposition	Q1	Q2	Q3	Q4	2023 (Year)
Gross Collection (Throughput)	**20,446,278**	**23,563,680**	**24,884,315**	**24,194,525**	**93,088,798**
Gross Collection – by Collector/Sorters	2,449,002	2,013,293	2,071,827	1,998,734	**8,532,856**
Gross Collection – Processors	17,997,276	21,550,387	22,812,488	22,195,791	**84,555,942**
Recycled Output	**15,839,909**	**17,458,676**	**16,655,275**	**16,168,467**	**66,122,328**
Recycled Output Yield %	77%	74%	67%	67%	**71%**
Inventory Whole Carpet + Processed	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Beginning Inventory	11,320,298	9,259,317	11,108,617	12,568,616	**11,320,298**
Ending Inventory	8,995,456	11,108,617	12,568,616	12,947,969	**12,947,969**
Reported Diversion	**15,863,771**	**17,458,676**	**16,658,745**	**16,219,761**	**66,200,954**
Reuse (Recycled Output, RO)	588,069	495,949	528,519	781,950	**2,394,487**
Recycled Carpet Tile (RO)	179,722	110,866	271,158	168,497	**730,243**
Fiber / Depolymerization (RO)	11,019,463	12,113,877	11,876,766	11,495,090	**46,505,196**
PC4 (RO)	4,052,655	4,737,984	3,978,832	3,722,930	**16,492,402**
Filler (RO)	0	0	0	0	**0**
Carcass (RO)	0	0	0	0	**0**
CAAF	0	0	0	0	**0**
Kiln	23,862	0	0	38,681	**62,543**
WTE	0	0	3,470	12,613	**16,083**
Exports (outside of the United States)	0	0	0	0	**0**
Carpet Cushion/Pad	**2,899,747**	**3,693,145**	**3,058,710**	**2,855,380**	**12,506,982**
Out-of-State (United States outside California)	**1,930,802**	**3,005,065**	**3,707,045**	**3,571,499**	**12,214,411**
Disposal	**2,028,225**	**1,605,116**	**1,695,528**	**1,563,130**	**6,891,999**
Process Waste to Landfill	2,028,225	1,605,116	1,695,528	1,563,130	**6,891,999**
Incineration	0	0	0	0	**0**

5 Goals & Activities

CCR 18944(a)(5) Description of goals and activities *based on the stewardship plan. State goals from the approved plan, the baseline from which goals were measured, and report on achievement during the reporting period.*

This chapter describes the Program goals included in the approved Carpet Stewardship Plan 2023–2027, which are summarized in Section 5.1. The remainder of the chapter describes activities to meet these goals, along with relevant measurement methods, assumptions, conversion factors, and data sources. This Annual Report covers progress toward achievement of goals in the approved Plan and demonstrates progress over time in increasing source reduction, reuse, and recycling of post-consumer carpet, while decreasing disposal. This chapter includes the following sections:

- 5.1. Performance Goals, Baseline, and Status in 2023
- 5.2. Carpet Sales
- 5.3. Carpet Discards
- 5.4. Increasing Source Reduction
- 5.5. Increasing Gross Collection
- 5.6. Disposition of Post-Consumer Carpet
- 5.7. Increasing Recyclability
- 5.8. Increasing Recycled Output
- 5.9. Increasing Overall Diversion
- 5.10. Environmental Impacts
- 5.11. Increasing Market Growth of Secondary Products
- 5.12. Creating Green Jobs
- 5.13. Measurement Methodology & Data Sources

5.1 Performance Goals, Baseline, and Status in 2023

> ***CCR 18944(a)(5)(B) Information on goals*** *shall be accompanied by supporting information covering, but not be limited to the following topics:*
>
> *1. Report describes the measurement methodology, assumptions, conversion factors, and data sources.*
>
> *2. Report demonstrates that over time source reduction, reuse, and recycling increased, while environmentally safe transformation and land disposal decreased.*
>
> *3. Report covers progress toward achievement of all goals in the approved stewardship plan.*

This report identifies progress toward achievement of the following goals in the 2023 reporting period, along with the baseline for measurement from the 2023–2027 Plan where applicable. Note that this list and Table 5-1 are ordered to align with the Plan and CalRecycle's "Program Goals" RFA (signed May 2022).

1. Achieve a 31% **recycling rate** for post-consumer carpet in 2023, increasing annual goals in each year of the Plan, and 45% recycling by December 31, 2027.
2. Achieve a **recycling efficiency rate** of 75% annually for 2023 through 2027.
3. Achieve a **collection rate** of 41% in 2023, increasing annual goals in each year of the Plan, and 60% collection by December 31, 2027.
4. Increase **public access to drop-off sites** with a minimum of one per county and one site per 500,000 residents in 2023, increasing annual goals, and one site per 375,000 residents by December 31, 2027.
5. Increase **flooring professional proximity** such that 75% of residents are within 15 miles of a public drop-off site in 2023, increasing annual goals, and 90% by December 31, 2027.
6. Increase the **reuse** of post-consumer carpet.
7. Increase the **collection convenience** for the recycling of post-consumer carpet and increase the **collection** of post-consumer carpet for recycling.
8. Reduce the **disposal** of post-consumer carpet.
9. Increase **processor capacity**, including processor capacity in California.
10. Increase the **recyclability** of carpet.
11. Expand and incentivize **markets** for products made from post-consumer carpet.

12. Increase the weight of post-consumer carpet that is **recycled** *(addressed in multiple goals, including 1, 2, 3, 7, and 10 above)*.

Table 5-1 shows the baseline, 2023 annual goal, and actual performance in 2023 for the Program's performance goals. (Note that Table 2-1,**Summary of 2023 Program Performance Metrics**, on page 6, presents performance data for 2023, the two prior years, and the baseline year.) The remainer of this chapter discusses key metrics for 2023.

Table 5-1. Summary of Program Performance Goals, Baseline, and 2023 Status

#	Program Goals (per Plan 2023–2027)	Baseline (2021)	2023 Annual Goal	2023 Actual	Status
1	**Recycling Rate**	27.9%	31%	35%	✓ (met goal)
2	**Recycling Efficiency Rate** (formerly *Yield*)	76.4%	75%	71% *(see page 47)*	95% of goal
3	**Collection Rate**	36.4%	41%	49%	✓
4	**Public Access to Drop-off Sites** (Collection Convenience)	51 out of 58 counties had one site per 500,000 residents in each county, with a minimum of one per county	One site per 500,000 residents in each county, (minimum of one per county)	• All 58 counties have at least one site • 147 public sites • Met population service standard	✓
5	**Flooring Professional Proximity**: % of residents within 15 miles of a location that accepts carpet from all flooring professionals	72%	75%	95%	✓
6	**Reuse** of PCC (% of Recycled Output)	1.2% of Recycled Output	1.4% of Recycled Output	3.6% of Recycled Output	✓

#	Program Goals (per Plan 2023–2027)	Baseline (2021)	2023 Annual Goal	2023 Actual	Status
7	**Gross Collection** (thousand pounds)	88,466	93,000	93,089	✓
8	**Disposal** of PCC (thousand pounds)	175,157	132,000	122,623	✓
9	**Processor Capacity** (West Coast)	132 million pounds	134 million pounds	185 million pounds	✓
10 a	**Recyclability: Recyclable PCC Types**	Estimated at 70% based on 2021 sales	Ensure program capacity to recycle 70% of PCC types and understand baseline PCC types not being recycled at recycling locations	Program Capacity to recycle 93% of PCC types. An average of 7% of California-sourced PCC is not currently recyclable at recycling locations.	✓
10 b	**Recyclability: Innovation & Design (I&D) Grants**	Awarded zero I&D grants	Awarded 2 I&D grants	Awarded 2 I&D grants	✓
11 a	**Markets: New Products**	103 products using California PCC	2 new products 105 total products	9 new products 110 total products	✓
11 b	**Markets: New Vendors**	27 vendors using California PCC	1 new vendor 28 total vendors	3 new vendors 28 total vendors	✓

Table Notes: The baseline year is 2021, as stated in the 2023–2027 Stewardship Plan.

5.2 Carpet Sales

> ***CCR 18944(a)(5)1. Amount of carpet sold by square yards and pounds**, in the state during the reporting period that is covered under the approved stewardship plan. A stewardship organization with more than one manufacturer may use average weight.*

Sales of carpet in California total 53.8 million square yards in 2023. These figures are reported from Carpet Mills registered with CARE to an independent accounting firm. As shown in Table 2-1, carpet sales in California have decreased since the start of the Program. Sales have dropped substantially from pre-pandemic levels (80.6 million in 2019) and decreased 13% from 2022 (61.9 million).

CARE conducts an annual confidential industry survey to compute the average weight of broadloom (residential and commercial) carpet and carpet tile sold in the United States. The average carpet weight in 2023 was estimated at a weighted average of 4.00 pounds per square yard, the same as in 2022.

5.3 Carpet Discards

> ***CCR 18944(a)(5)2. Amount (pounds) of post-consumer carpet** that is available for collection.*

Discards of post-consumer carpet (PCC) were estimated at 189 million pounds in 2023, using the Discards calculation methodology presented in the approved 2023–2027 Plan, which continues the prior methodology from the 2018–2022 Plan. (A separate study reviewed this methodology but did not reach agreement on updates prior to setting goals for the new Plan. It remains to be determined whether this fundamental metric of the Program may be revised, as such a recalculation would change the baselines upon which statutory and regulatory recycling rate goals are set.)

The 2023 calculation is based on the following formula and variables, with values shown in Table 5-2:

$$S * R * P * (1 + D + DS)$$

S = **Sales**: Carpet sales (square yards) in California for the reporting period. Sales data comes from the independent accounting firm Aprio, which collects the confidential sales data from the Carpet Mills registered with CARE.

R = **Replacement**: Percentage of carpet that is replacement—that is, carpet replacing existing carpet. This rate is derived as the weighted average from the residential and commercial sectors and is reported by Market Insights, LLC.

P = **Density**: Average weight of carpet per square yard. CARE gathers and analyzes raw industry data (in a confidential Carpet Mill survey conducted by an independent auditor) to calculate the weighted averages of pounds per square yard of carpet tile and broadloom carpet used in the commercial and residential sectors.

D = **Demolition**: Pounds of carpet from demolition projects that were not replaced. *D* is converted to pounds by multiplying the percentage by the product of *S* * *R* * *P*—that is, applying the demolition percentage to the replacement quantity by weight. The demolition data are gathered by Market Insights, LLC. Note that demolition represents the teardown of a building. The volume of carpet resulting from this process is estimated.

DS = **Deselection**: Pounds of carpet removed but not replaced by carpet—that is, the removal of carpet for the replacement by another flooring material. Deselection (*DS* = Replacement in pounds * Deselection rate) is estimated based on review of historical trend data.

Table 5-2. Discards Methodology Variables, 2023

Variable	Description	Value	Source
S	Sales (square yards)	53,791,865	Accounting firm (Aprio, LLP)
R	Replacement rate (%)	0.86	Market Insights, Inc.
P	Average weight of carpet per square yard (pounds)	4.00	CARE/Aprio annual industry survey
D	Pounds of carpet from demolition projects not replaced (%)	0.012	Market Insights, Inc.
DS	Deselection: Pounds of carpet removed but not replaced by carpet (%)	0.008	Market Insights, Inc.
Discards	**S * R * P * (1 + D + DS)**	**188,744,894**	**Aprio Calculation**

5.4 Increasing Source Reduction

***CCR 18944(a)(5)3. Amount (pounds) of carpet source reduced**, if measurable.*

A significant focus of the carpet stewardship program is source reduction, which involves using less material in manufacturing and using carpets and minimizing waste. In 2023, the Program achieved a notable improvement in source reduction, with an estimated 4.00 pounds per square yard of carpet being source-reduced, the same as in 2022. This demonstrates a significant step forward in the Program's efforts to minimize the environmental impact of carpet production and use.

Reusing recycled carpet materials is also crucial to the Program's achievements. In 2023, reusing recycled carpet materials totaled 2.4 million pounds, exceeding the goal of 1.4%. This success demonstrates the Program's effectiveness in diverting carpet from landfills and promoting a more circular economy.

The Program's focus on source reduction extends beyond quantifiable metrics. Efforts such as reduced waste in manufacturing and increased carpet durability are recognized as positively impacting carpet recycling and source reduction in the years ahead.

Carpet mills have been at the forefront of innovative sustainability approaches, including developing carpet backing systems that facilitate the separation of recycling materials and the reduction of weight per square yard. Additionally, using digital samples and virtual preview tools has reduced the need for manufacturing and shipping physical carpet samples, further contributing to source reduction.

These initiatives and the Program's focus on reuse and quantifiable source reduction drive meaningful progress in the carpet industry's transition toward a more sustainable future.

5.5 Increasing Gross Collection

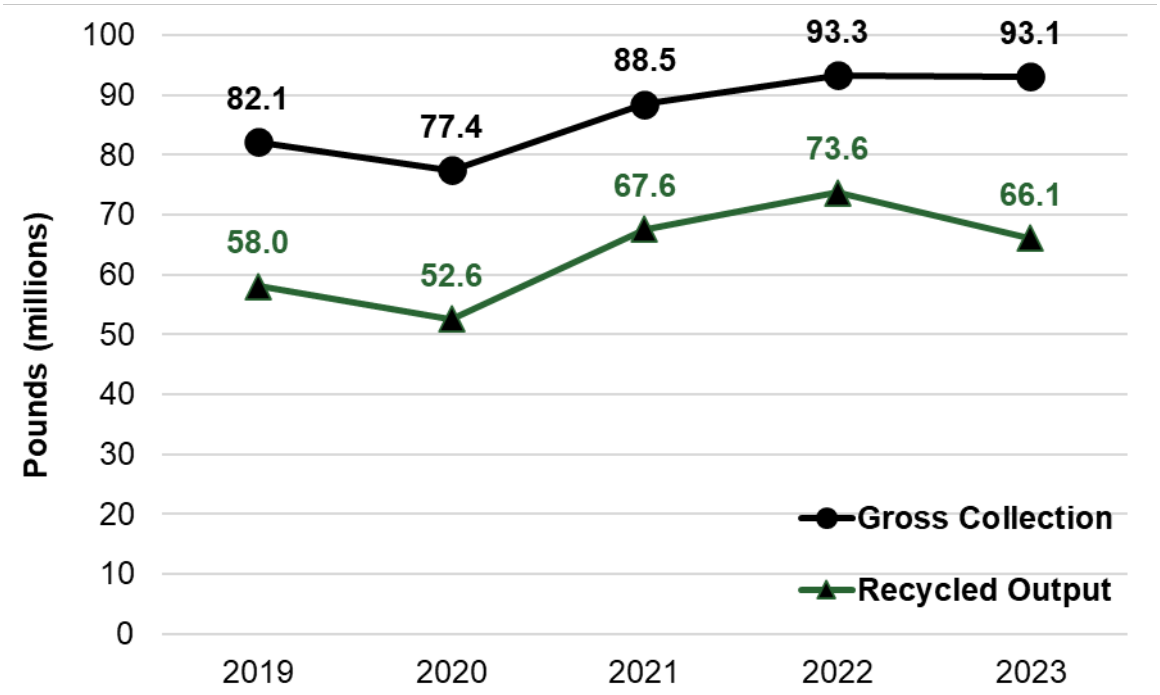
> ***CCR 18944(a)(5)4. Amount (pounds) of post-consumer carpet collected****, by weight, during the reporting period.*

Gross Collection, as reported by Collector/Sorters, totaled 93.1 million pounds of post-consumer carpet in 2023, a slight decrease from 93.3 million pounds in 2022. Gross Collection is the California post-consumer carpet pounds—both broadloom and carpet tile—collected by Collector/Sorters and Processors as reported to the Program. Gross Collection in 2023 included the following:

- Recycled Output (66.1 million pounds).
- Reuse (2.4 million pounds, included in Recycled Output above).
- Carpet As Alternative Fuel (CAAF) (0 pounds), Kiln (62,543 pounds), and Waste-to-Energy (WTE) (16,083 pounds), which are not included in Recycled Output.

Gross Collection also included some unrecyclable PCC or carpet processing waste that was sent to landfill (6.9 million pounds) for disposal. Figure 5-1 shows trends over time in Gross Collection and Recycled Output.

Figure 5-1. Gross Collection and Recycled Output Over Time



5.6 Disposition of Post-Consumer Carpet

> ***CCR 18944(a)(5)5. Disposition****, that is, amounts reused, recycled, incinerated for energy recovery or disposed of in a landfill; of collected post-consumer carpet, by pounds, during the reporting period.*

Disposition identifies how the Program's Gross Collection of post-consumer carpet was handled. These quantities are included in Table 2-1, Table 2-2, and Table 2-3. In 2023, disposition of post-consumer carpet included the following:

- **Reuse**: 2,394,487 pounds (counted as part of Recycled Output).
- **Recycled Output** (RO): 66,122,328 pounds, includes the following (plus Reuse):
  - **Recycled Carpet Tile**: 730,243 pounds.
  - **Recycled Fiber**: 46,505,196 pounds.
  - **PC4**: 16,492,402 pounds.
  - **Depolymerization, Filler, Carcass**: zero in 2023.

- **Reported Diversion**: 66,200,954 pounds, includes Recycled Output (which includes Reuse) plus the following:
    - **Carpet As Alternative Fuel (CAAF)**: zero in 2023.
    - **Kiln**: 62,543 pounds in 2023.
    - **Waste-to-Energy (WTE)**: 16,083 pounds in 2023.
    - **Exports** to customers outside of the United States: zero in 2023.
- **Shipments** to U.S. customers outside of California: 12,214,411 pounds.
- **Disposal** of unrecyclable PCC or carpet processing waste:
    - **Landfill**: 6,891,999 pounds (process waste to landfill).
- **Net Diversion**: 86,196,799 pounds, calculated as Gross Collection minus unrecyclable PCC and carpet processing waste that ultimately goes to landfill.

Section 4.7 provides additional information on the Program's disposition of post-consumer carpet, and the carpet solid waste management hierarchy is described in the 2023–2027 Plan. The hierarchy prioritizes Source Reduction, Reuse, and Recycling.

Table 4-4, Table 4-5, and Table 4-6 list the Collector/Sorters (CSEs), Tier 1 Processors, and Tier 2 Manufacturers that participated, or were eligible to participate, in the Program in 2023. Appendix 11.2 provides facility names and addresses for these methods of disposition.

5.7 Increasing Recyclability and Recycling Efficiency

***CCR 18944(a)(5)6. Describe efforts to increase recyclability** of carpets.*

CARE has committed to increasing the recyclability of carpet as one of its performance goals in the approved 2023–2027 Plan. Specifically, the recyclability of carpet means the Program's capacity to recycle the various fiber types of PCC that are collected. Currently, 100% of carpet as manufactured is technically recyclable. Some PCC inherently cannot be recycled due to contamination or is not recycled because the economics do not justify recycling, the volume is insufficient, technology is unavailable, or end markets for recycled output are not available.

In 2023, CARE fulfilled its recyclability commitment through surveys of the four largest processors and CSEs in California. Data given to CARE by these two groups represented annual information collected on estimated percentages of nonrecyclable carpet constructions encountered, types of nonrecyclable carpet and reasons why it

was deemed not recyclable. A PCC characterization study will be conducted by a third-party contractor in 2024 at one or more processors or CSE in California over a period of at least three days.

CARE committed to investigating annual samples of PCC that are not recycled, at a minimum of one recycling location over a minimum three-day period. The sample weights are compared to the total weight of PCC collected for recycling during that period; contaminated PCC will not be part of this sample if that contamination could have been avoided. CARE can then determine the percentage of PCC not being recycled in 2023 for reasons such as mixed-fiber content designs or backing type on commercial carpet tile. CARE will use these insights to inform new carpet designs, equipment investments at recycling facilities, and exploration of new markets for PCC material. CARE strives to increase the percentage of PCC that is recycled incrementally from 2024 through 2027.

CARE also commits to increasing recyclability using this study information. Strategies will include directed innovation and design grants, investing in technology and markets to increase recyclability (particularly commercial broadloom and carpet tile), investments in collection infrastructure to decrease contamination, and communication with mills through working groups and guidance documents which will inform future carpet designs. The Program committed to funding two innovation and design grants in 2023, which would focus on creating more recyclable and/or sustainable carpet designs of PCC-content end products. These results are reported in Chapter 6, *Grants*.

Recyclability Survey Process

In October 2023, CARE requested qualitative and quantitative information gathered from the four largest California-based Collector/Sorters (referred to as CSEs) and Processors on the following topics:

- Percentage by weight of residential broadloom carpet constructions that are deemed unrecyclable.
- Percentage by weight of commercial broadloom carpet constructions that are deemed unrecyclable.
- Percentage by weight of commercial carpet tile constructions that are deemed unrecyclable.
- A list of unrecyclable PCC types as well as reasons why these PCC constructions are unrecyclable, according to the CSE or Processor.

- An assessment on the efficacy of the backstamping process in identifying PCC types, according to the CSE or Processor.

Processors and CSEs were asked not to consider avoidable contamination as a factor in quantitative data gathering.

The four entities were Los Angeles Fiber Company in Vernon; Circular Polymers by Ascend in Lincoln; Green Waste Carpet Recycling in San Jose; and Aquafil Carpet Recycling's Chula Vista, Anaheim, and Miramar locations.

Recyclability Survey Results

Quantitative Recycler and CSE Estimates

Survey results showed that between 3.6% and 15% of California-sourced PCC types were not recyclable due to carpet constructions or unavoidable contamination, such as heavy glue. This was the range of responses from the four recyclers or CSEs. The average percentage of nonrecyclable constructions was 7% based on responses. Commercial broadloom and carpet tile was identified as less recyclable than residential broadloom PCC; these numbers were weighted based on the average amount of commercial versus residential broadloom and carpet tile sold in California annually. PCC tile is largely reused and not recycled as a means of diversion. This means that approximately 93% of PCC in total may be a recyclable construction, given current technology and end markets available to California-based Processors and CSEs in 2023. This exceeded the recyclability goal of 70% for 2023 set in the 2023–2027 Plan.

The difference between the Recyclability and Recycling Efficiency rates (discussed below) may be attributed to avoidable contamination such as wet and dirty PCC, PCC scraps too small to identify and recycle, and other factors.

Processor and CSE Qualitative Observations

Nonrecyclable constructions identified in 2023:

- Foam backing
- Burlap
- PCC consisting of mixed fiber types
- Commercial PET loop carpet
- Jute-backed bright colors
- Wool PCC

- Polypropylene-backed commercial PCC
- Fiberglass
- PET-backed PCC

It was also noted that the only recyclable carpet backings are EcoWorx by Shaw, PVB by Tarkett, and PVC by Interface. olyurethane and polypropylene backings may be recyclable depending on market dynamics. Reuse of carpet tile is viable when carpet tile are whole and do not have excessive glue.

Nonrecyclable construction reasoning from Processors and CSEs:

- Lack of Nylon 6 markets
- Heavy glue or cement used for installation
- Technology availability/cost
- PCC jeopardizes equipment
- Markets tolerate a small percentage of material
- Lack of markets
- Contamination (unavoidable)
- Shipping costs (related to markets)
- Carpet scraps

Recycler and CSE Feedback on Backstamping

One recycler responded that backstamping is very effective with 20–25% of PCC backstamps being readable and accurate. One CSE responded that backstamping was somewhat effective. One recycler and one CSE reported that backstamping is ineffective, noting that PCC stamps are either not present or not accurate.

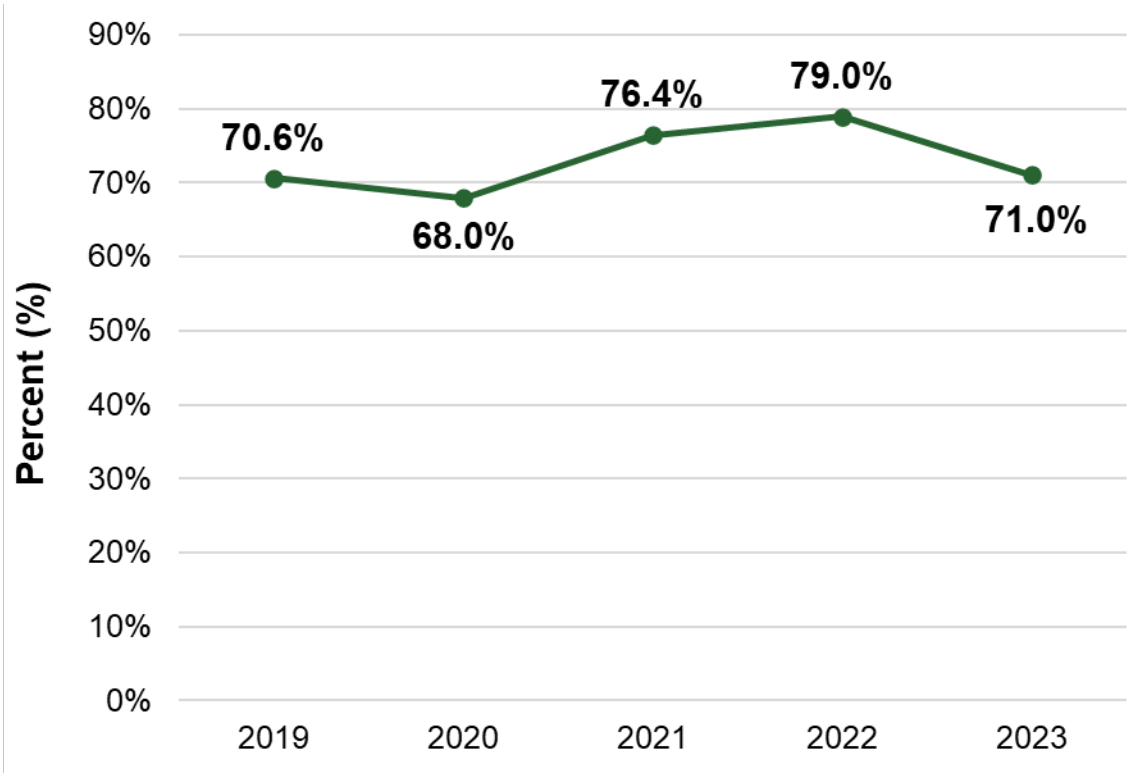
In 2024, CARE plans to conduct a PCC characterization study at each of the four CSE and recycler locations listed above, using a third-party contractor. The parameters of this study will be negotiated between CARE and the four CSEs and Processors within Plan commitment parameters.

Recycling Efficiency Rate

The Recycling Efficiency Rate reflects the ratio of Gross Collection converted into Recycled Output, or the efficiency of converting PCC into reuse and end products.

In 2023, the Program achieved 95% of its Recycling Efficiency Rate Goal of 75%, as shown in Figure 5-2. Although this goal did not reach its target, it is important to consider the factors that affect the efficiency rate outcome.

Figure 5-2. Recycling Efficiency Rate (Yield)



DECREASE IN DISCARDS OF CONSUMER MATERIAL

One contributing factor to the Recycling Efficiency Rate is the significant decrease in discards of post-consumer carpet. Carpet sales in California have continued to decrease since the Program's inception.

MARKET CONDITIONS AND OUTPUT

Market conditions, such as changes in demand, commodity prices, and industry dynamics, can significantly impact the overall recycled output (that is, sold and shipped material). During the period under review, processors encountered a scenario in which market conditions decreased the overall recycled output.

FIBER INVENTORY AND POST-CONSUMER MATERIAL

Significant amounts of processed fiber inventory held in Q4 by processors due to lack of demand adversely affected the calculation of the Program's recycling efficiency rate.

Substantial quantities of declared post-consumer material stored in producers' inventories slightly decreased the recycling efficiency rate for 2023. While these materials were not immediately counted as recycled output, they are still valuable resources for future recycling efforts.

SUMMARY

As collections continued, but recycled output went into inventory, the ratio of recycling efficiency rate skewed downward. This is a normal cycle in the marketplace, and the situation was expected to reverse in Q1 2024 as markets began to open again.

Overall, the key factors that affected recycling efficiency were market conditions, which led to decreased recycled output, and significant fiber inventory, which was not immediately counted as recycled output but still represented valuable resources for future recycling.

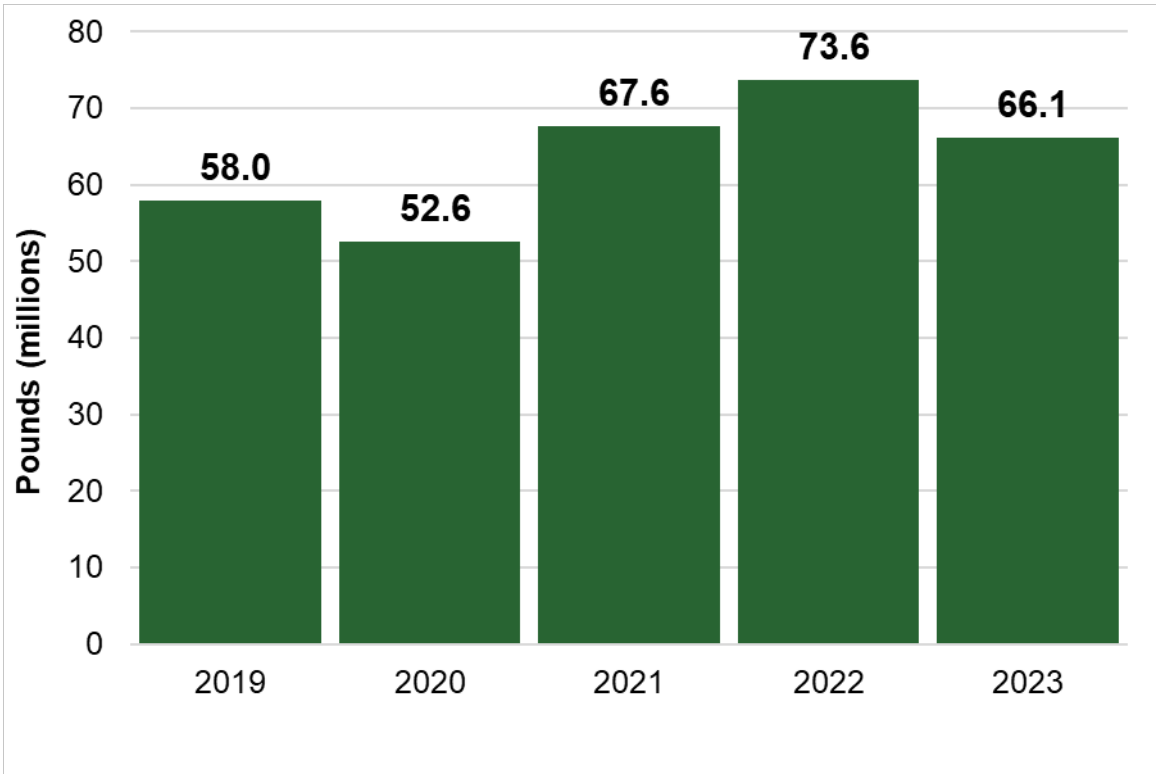
5.8 Increasing Recycled Output (Including Reuse)

***CCR 18944(a)(5)7. Describe efforts to increase recycling** of post-consumer carpet.*

Recycled Output includes the portion of Gross Collection after processing that is shipped and sold as material to be used in manufacturing new or secondary products made with post-consumer recycled carpet content. As shown in Table 2-2, Recycled Output is calculated as the sum of all Type 1 and Type 2 Recycled Outputs, plus Reuse. Figures for 2023 are included below:

- **Reuse**: 2,394,487 pounds.
- **Fiber** (Recycled Fiber Type 1 Processed Output): 46,505,196 pounds.
- **Recycled PC4**: 16,492,402 pounds.
- **Recycled Carpet Tile**: 730,243 pounds.
- **Depolymerization**, **Filler**, and **Carcass**: zero in 2023.
- **Recycled Output** (RO): 66,122,328 pounds (includes all of the above).

Figure 5-3. Recycled Output Over Time (millions of pounds)



Increasing Reuse

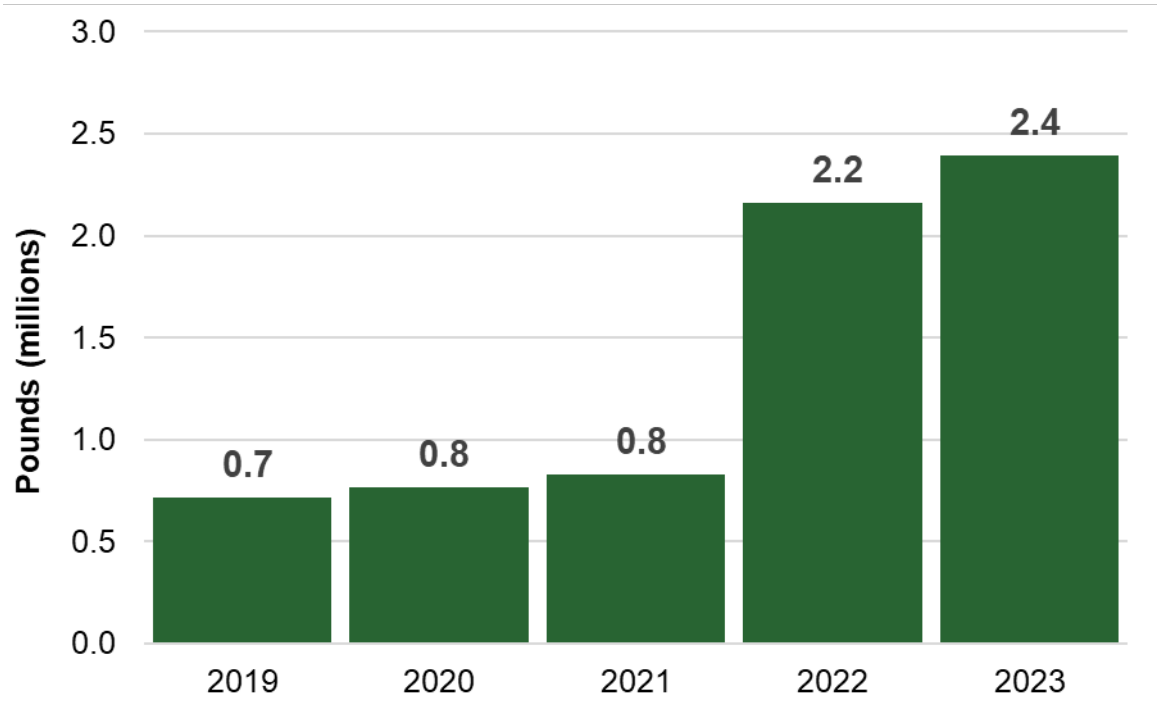
CARE helped spur a major increase in Reuse in 2022, with over 2 million pounds of post-consumer carpet collected for reuse, more than double the amount in the prior year. This upward trend continued in 2023, reaching 2.4 million pounds. The majority of this reuse was carpet tile, also known as carpet squares, which have gained popularity due to their modularity and ease of installation. The push for increased sustainability and environmental consciousness has prompted efforts to promote the reuse of carpet tile instead of disposing of them as waste. Reusing carpet tile offers several benefits, including reducing landfill waste, conserving resources, and lowering the environmental impact of carpet manufacturing. Figure 5-4 shows the increase in Reuse over time. CARE thanks Aquafil, Circular Polymers by Ascend, and Los Angeles Fiber Company for their support on this initiative.

Carpet tile Reuse volume grew 8.4% from 2022 (2.2 million pounds) through 2023 (2.4 million pounds). Circular Polymers by Ascend hired a salesperson to focus on this portion of their business and they have been selling/donating carpet tile to various outlets within California and the surrounding states. Repurposed Earth, a new CARE member, started business in 2022 and has ramped up quickly solely focused on the donation of carpet tile to churches, schools, and rehabilitation facilities. These two

companies along with Green Waste's and Aquafil's efforts have pushed the reuse numbers to exceed the goal.

The Reuse goal in the new Plan is stated as a percentage of Recycled Output, with a baseline of 1.2% in 2021. The Program significantly exceeded its 2023 goal of 1.4%, with 3.6% of Recycled Output being in the form of Reuse.

Figure 5-4. Carpet Reuse Over Time (millions of pounds)



Critical factors in increasing the reuse of carpet tile included:

- **Additional effort and resources.** Increasing the reuse of carpet tile requires investments in collection, cleaning, and refurbishing processes. Collectors, sorters, and processors have established efficient systems for collecting used carpet tile, inspecting their condition, and preparing them for reuse.
- **Subsidies and incentives.** CARE provided incentives and subsidies to encourage businesses and individuals to participate in carpet tile reuse programs.
- **Education and outreach.** Outreach campaigns helped raise awareness about the benefits of carpet tile reuse. Educating businesses, consumers, and designers about the environmental advantages, cost savings, and quality of reused carpet tile drove market demand for these products.

- **Marketing and promotion.** CARE's outreach efforts emphasized the sustainability and cost-effectiveness of reused carpet tile through marketing campaigns that effectively attracted more customers for carpet tile reuse.

5.9 Increasing Overall Diversion

***CCR 18944(a)(5)8. Describe efforts to increase diversion** of post-consumer carpet from landfills.*

Overall diversion of post-consumer carpet (PCC) from landfills is a goal of the Program. Diversion from landfill disposal includes Reuse, Recycled Output (Type 1, Type 2, PC4, and Carcass), CAAF and Kiln, Waste-to-Energy (WTE), and exported whole carpet. The Program increased diversion through its many efforts to increase collection of post-consumer carpet and recycled output. Carpet cushion/pad is not included in carpet diversion figures but does constitute additional landfill diversion as an auxiliary benefit- of the Program.

Net Diversion is an estimate based on the estimated pounds of PCC collected and reported by recyclers minus the amount of all whole carpet (PCC) and process waste sent to landfill. In 2023, Net Diversion was calculated to be 86,196,799 pounds, a 2.6% increase from 2022.

Reported Diversion is the sum of Reuse, Recycled Output (Type 1, Type 2, PC4, and Carcass), CAAF and Kiln, WTE, and exported whole carpet. Cushion/pad, representing 12,506,982 pounds in 2023, is not included in these totals. Net Diversion does not equal Reported Diversion for two reasons. First, Gross Collection totals are based on estimates, not actual shipments, or sales, while Recycled Output is based on actual weights. Second, a substantial amount of material may be retained in inventory as whole carpet, processed materials, or other outputs in progress that are not yet accounted for as finished material outputs. In 2023, the total Reported Diversion equaled 66,200,954 pounds, a 10% decrease from 2022. Table 5-3shows Reported Diversion by type.

Table 5-3. Reported Diversion by Type (pounds)

Reported Diversion from Landfill by Type	2021	2022	2023
Reuse	829,815	2,158,843	2,394,487
Carpet Tile Recycled	770,086	650,835	730,243
Fiber / Depolymerization	48,958,227	50,513,918	46,505,196
PC4	17,064,673	20,320,287	16,492,402
Filler	0	0	0
Carcass	0	0	0
CAAF	0	0	0
Kiln	1,200	0	62,543
WTE	0	0	16,083
Exports	39,621	0	0
Reported Diversion	**67,663,622**	**73,643,883**	**66,200,954**

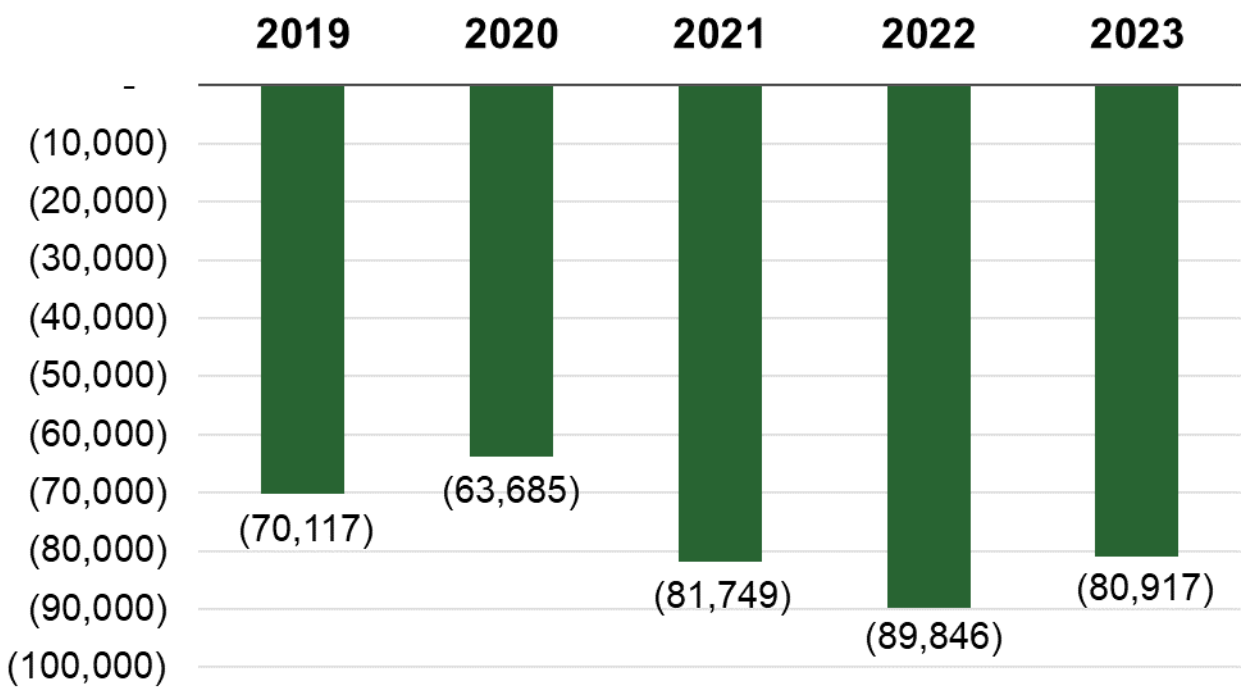
5.10 Environmental Impacts

***CCR 18944(a)(5)9. Describe other environmental impacts** as data are available, e.g., green house gas emissions. Descriptions of any enforcement actions or problems related to plan implementation.*

Increasing recycling of post-consumer carpet and reducing landfill disposal provides environmental benefits in California and beyond. The U.S. Environmental Protection Agency (USEPA) has identified recycled carpet as a material with significant potential for greenhouse gas (GHG) reductions, and a robust carpet recycling industry contributes to GHG reductions. Reductions in GHG emissions related to carpet reuse and recycling in California in 2023 were calculated using the Excel-based USEPA **Waste Reduction Model (WARM)**, as updated to Version 16 in December 2023. As shown in Figure 5-5, recycling and source reduction of carpet were estimated to result in the net reduction of approximately 80,917 metric tons of carbon dioxide equivalent (CO_2e) in 2023, the equivalent of taking more than 19,000 gasoline-powered passenger vehicles off the road for one year.[1]

[1] U.S. Environmental Protection Agency, **Greenhouse Gas Equivalencies Calculator**, updated January 2024.

Figure 5-5. Estimated Greenhouse Gas Emissions Reductions (metric tons CO_2e)



In addition, the Program also continued to follow and reinforce safeguards for the safe and legal use of Recycled Output, including calcium carbonate from post-consumer carpet (PC4). The Program continued to follow and implement revised guidelines on allowed PC4 uses as published in 2019. No payments for PC4 in land or compost applications in California have been made since 2018.

5.11 Increasing Market Growth of Secondary Products

CCR 18944(a)(5)10. Describe efforts to increase the market growth of secondary products *made from post-consumer carpet.*

Chapter 7, *Market Development*, describes the Program's work to increase the market growth of secondary products made from post-consumer carpet content. The Program met its goals for 2023, with 110 products (exceeding the annual goal of 105) from 28 vendors (meeting the goal of 28). The 2021 baseline for this goal was 103 products from 27 vendors.

The Program counts separate products as defined by the manufacturer. Depending on the manufacturer, different thickness or weights of a product line may be counted as

separate products, while other attributes such as varying lengths or colors may be counted as a single product.

5.12 Creating Green Jobs

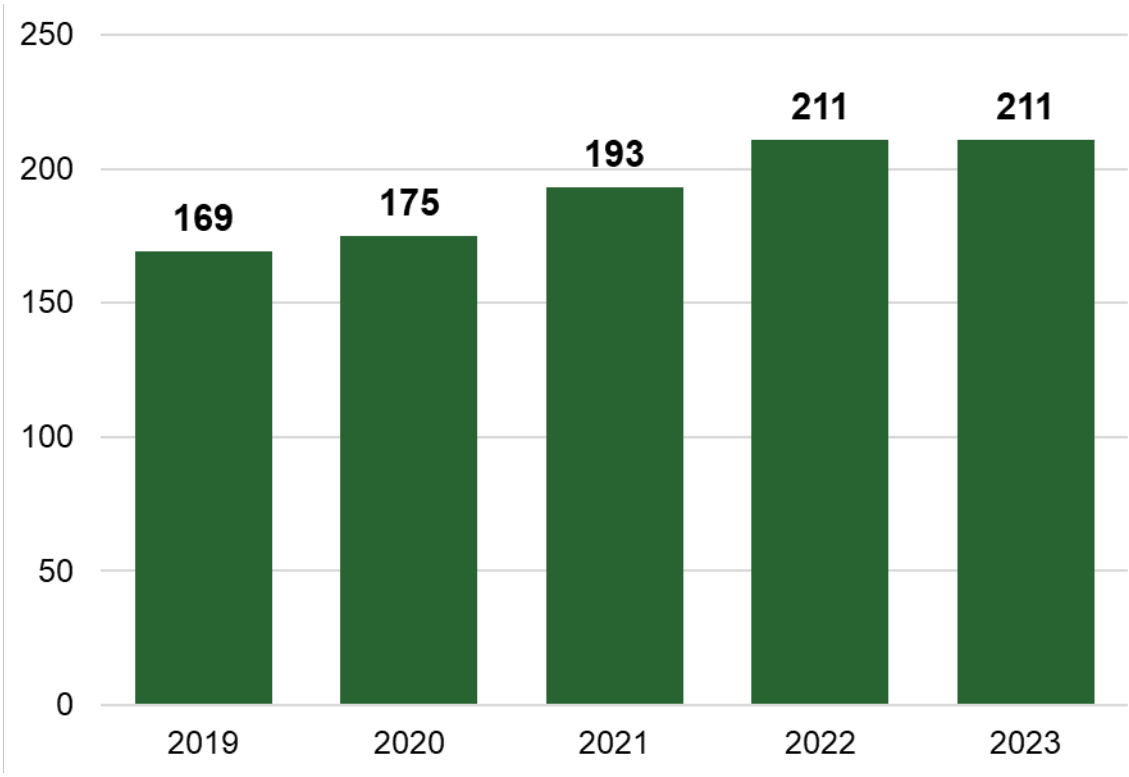
***CCR 18944(a)(5)11. Describe number of jobs** attributable to the carpet stewardship program as data are available.*

At the close of 2023, an estimated total of 211 full-time equivalent (FTE) jobs were attributed to Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers receiving subsidy funds, including 12 CARE Program staff and contractors. This is equal to the number of FTE jobs in 2022, as shown in Figure 5-6.

Reported job numbers are only for direct jobs within California and are submitted for quarters or months when a company submits a subsidy request. The figure does not include jobs at facilities located outside California, such as Tier 1 Processors and Tier 2 Manufacturers located in other states.

The Program also estimates that 1.4 additional jobs are created for every one job resulting from the PCC recycling industry in California, according to a 2016 University of South Carolina study by Von Nessen. Applying this assumption, the industry created an estimated 506 direct and indirect jobs in California in 2023.

Figure 5-6. Total Full-Time Equivalent (FTE) Jobs Reported (at year end)



5.13 Measurement Methodology & Data Sources

CCR 18944(a)(5)(B)1. Report describes the measurement methodology, assumptions, conversion factors, and data sources.

The Program's measurement methodology, assumptions, conversion factors, and data sources are described in the approved 2023–2027 Plan, previous Annual Reports, and in the preceding sections of this chapter (for example, Section 5.3 describes the calculation approach for *Carpet Discards*). This 2023 Annual Report follows the existing methodologies and data sources from the 2023–2027 Plan. Most variables are updated annually and draw on data from Program participants, which are independently audited, and independent market research firms.

6 Grants

This chapter includes the following sections:

- 6.1. Grants Overview
- 6.2. Grant Selection & Management
- 6.3. Capital Improvement Grants
- 6.4. Product Testing Grants
- 6.5. Micro-Grants for Collection & Reuse
- 6.6. Innovation & Design Grants
- 6.7. New Collection Strategies/Small Infrastructure Award Pilot Program
- 6.8. Additional Grant Activities in 2023

6.1 Grants Overview

To advance carpet stewardship goals, the Program awards several types of grants:

- **Capital Improvement Grants** (numbered sequentially and labeled as “A” cycle grants, such as Cycle 5A in 2021 and 6A in 2022-23; note that a special, one-time capital grant in 2019 was designated as Cycle 3X).
- **Product Testing Grants** (“B” cycle).
- **Micro-Grants for Collection & Reuse** (“M” cycle).
- **Innovation & Design Grants** (“I&D” cycle; this new grant cycle was launched in 2022, with the first round of I&D Grants awarded in 2023).
- **New Collection Strategies/Small Infrastructure Award Pilot Program** (“P” cycle; this new program was launched to investigate the additional PCC volume impact and cost of smaller-source collections).

These grants, described in the sections below, are designed to increase the following:

- Number and capacity of Tier 1 Processors and Tier 2 Manufacturers.
- Number and variety of recycled carpet content products with increasing PCC.

- Testing and development support for reformulated products, using recycled carpet content to explore new uses for PCC, and to ensure these products perform as required.
- Additional collection for reuse and processing of PCC through new or existing programs with infrastructure and equipment needs.
- More environmentally preferable PCC-content products and carpet designs.

Table 6-1 provides a summary of grant funds approved for payout in 2023, from both current and previous grant cycles. Note that funds approved for payout may be posted to prior years, in accordance with Generally Accepted Accounting Principles (GAAP). In 2023, new grant funds were awarded for Capital Improvement, Product Testing, Micro-Grants for Collection & Reuse (Cycle 5M), Innovation and Design Grants, and New Collection Strategies/Small Infrastructure Award Pilot Program.

Table 6-1. Summary of Grant Funding in 2023

Cycle	Grant Type	Year Awarded	Approved for Payment in 2023	2023 New Funds Awarded
6A	Capital Improvement	2022–2023	$401,517	$266,613
5A	Capital Improvement	2021	$69,933	N/A
4A	Capital Improvement	2020	$70,952	N/A
4B	**Product Testing**	**2023**	**N/A**	**$50,000**
5M	**Micro-Grants**	**2022–2023**	**$40,390**	**$87,000**
I&D	**Innovation and Design Grants**	**2023**	**N/A**	**$200,000**
1P	**New Collection Strategies/ Small Infrastructure Award Pilot Program**	**2022–2023**	**$94,977**	**$50,000**
TOTALS	**All Grant Types**	**2020–2023**	**$677,771**	**$653,613**

*Table Note: Grant totals do not sum to exact total due to rounding to the nearest dollar. Grants awarded in 2023 (and totals) are shown in **bold**. Funds approved for payout may be posted to prior or future years, in accordance with Generally Accepted Accounting Principles.*

6.2 Grant Selection & Management

The process of awarding grants involves engaging with an independent technical review committee and follows a formal protocol in alignment with criteria outlined in the Program's grant solicitations. The review committee brings complementary expertise and experience to the process. This is not an exact science, and the Program continued to refine its selection and evaluation protocols over time.

To track grant results and progress toward recycling targets, the Program engages in site visits, consultation, written reports, and signed Agreed Upon Procedures (AUPs) with grantees. The Grants Manager convenes a quarterly review to evaluate actual performance in comparison with contract commitments. Other management tasks are outlined below:

- All new grantees complete contracts and submit quarterly reports. Each completed project must submit a final report before its 10% retention funding is released. (Retentions are not held on micro-grant projects.)
- Ongoing monitoring of past grantees ensures commitments are met and any project hurdles are overcome.
- The Program runs AUPs for up to four of its grantees, with at least one AUP per cycle, where possible.
- The Program processes payment requests for reimbursement as needed by the grantee and within the grantee's contract term. The Program follows a strict, multiple-step review and signature protocol for release of funds.
- The marketing team sends small stickers to grantees to identify grant-funded equipment as well as large decals to recipients of collection containers. The Program then requires grantees to send a photo to the grant manager for proof of installation. Stickers and decals on grant-funded equipment are also verified during site visits and in-person AUPs.

6.3 Capital Improvement Grants

The Program's **Capital Improvement Grants (Cycle A)** fund capital improvement and infrastructure; equipment; and construction, renovation, or expansion of collection, processing, or manufacturing facilities that manage or use California-generated PCC. The grants can also be used for partnerships intended to increase the use of Recycled Output. The goal is to "increase the quantity (pounds) of California-generated PCC that is collected, recycled, and utilized in manufacturing of Tier 2 recycled products" during

the 2-year grant term plus at least 3 years beyond the grant term. Both public and private entities are eligible for awards up to $500,000. The Program allocated $750,000 to Cycle 6A in 2023.

California-based projects are prioritized for capital funding. The Program targets a minimum 75% of funds for California businesses and since its inception has allocated approximately 90% of funding for California-based projects. As required by AB 1158, Highest Recyclability is considered during grant proposal evaluation, with the Highest Recyclability score weighted at 15 percent of the total proposal score. (Table 6-2 in the *Carpet Stewardship Plan 2023–2027* defines Highest Recyclability based on ease of deconstruction, markets, energy savings, and other factors.)

New Capital Improvement Grants in 2022–2023 (Cycle 6A)

The Program launched Cycle 6A ($750,000 allocated) in spring 2023. Two awards were approved in 2023, for a total of $266,613. Two other potential awards are deferred until grant terms can be met. The 2023 awardees were:

- **Los Angeles Fiber Company**, Los Angeles ($241,449). The funds were awarded for equipment to process PCC into a new feedstock, which will be saleable to new customers and drive higher recycling rates.
- **Western Placer Waste Management Authority**, Lincoln ($25,164). This grant is for public PCC collection site improvements. These improvements are intended to double the size of the drop-off area as well as protect the site's PCC from contamination during rain and snow events.

Capital Grant Results in 2023

Grant-funded capital projects launched in 2023 or earlier (30 total) resulted in approximately 45 million pounds of Recycled Output or PCC in finished secondary products in 2023, along with an estimated 27.5 million additional pounds of PCC collected for recycling or reused, as a result of grant funding.

Three grant-funded active projects from Cycles 4A and 5A continued in 2023. Two of these projects were completed in 2023, and retentions were released after grantees met performance objectives and submitted final reporting. Those included one grant awarded to Circular Polymers by Ascend for recycling equipment to increase throughput and meet customer demand while increasing transportation efficiency ($401,518 paid in 2023), and one grant awarded to Green Waste Carpet Recycling for containers to increase collections ($70,952 paid in 2023). Other grantees still within active terms in

2023 included Aquafil Carpet Recycling, which is installing new recycling equipment to supply U.S.-based customers with PET feedstock ($69,933 paid in 2023).

Since grantees began producing additional recycled output in 2016, the Program has gained approximately 20 pounds per dollar invested. To support manufacturing with PCC, the Program gained 14 pounds of output per one dollar of grant investment. The Program has gained 50 pounds of additional collections in urban areas per dollar invested since the Program began.

6.4 Product Testing Grants

The Program's **Product Testing Grants (Cycle B)** fund activities focused on product testing, research and development, and similar activities to enhance PCC collection, recycling, and use in manufacturing. This applies to feedstock conversion projects, new or reformulated products, or feasibility studies for new uses of PCC materials. The goal is to provide "assistance to eligible applicants to research, develop, and test new products or reformulate existing products produced using PCC material generated in California." This Cycle targets a minimum of 75% of funding for California projects.

New Product Testing Grants in 2023 (Cycle 5B)

Both public and private entities were eligible for Cycle 5B funds in 2023. The Program allocated $50,000 to Cycle 5B, and $50,000 was the maximum award. The grant term is limited to one year. Cycle 5B was launched in the Spring of 2023. Only one application was received and awarded in 2023:

- **Electronic Fix**, Tampa, Florida ($50,000). This project is intended to explore new methods to repair traditional fiber identification devices. These devices are necessary for recycling carpet until new fiber identification technology is improved.

Product Testing Grant Results in 2023

Multiple Product Testing Grants that were awarded previously continued their work in 2023, including the following activities:

- **3B Protection** continues to sell its ballistic and blast protection products, made with PCC aggregate inclusion, into projects in the Southwest U.S. and California. 3B intends to open a manufacturing plant in Sacramento, California in 2024.

- **CMJ Systems** connected CARE with Arizona State University (ASU) in late 2023 as ASU continues to test PCC fiber in new concrete mixes for nonstructural applications. ASU will likely apply for a 2024 CARE grant to continue this work and bring the concrete to market.
- **GC Products** includes PC4 at 4.7% by weight in its colored glass fiber-reinforced concrete product.
- **necoTech** found viable applications for densified PCC, PCC fiber, and PC4 in cementitious block and military-grade asphalt applications. necoTech continues to engage with CARE and its California PCC suppliers as it develops its products and network.
- **ReFiber LLC** continues to work on using CA-sourced PCC materials in finished products. The company installed two new infiltration projects in the Bay Area in 2023.
- **Visions Environmental** is working with the University of California at Davis to refine its lightweight aggregate, which includes PC4, and to market this product in nonstructural applications. UC Davis also plans to undertake a lifecycle analysis which compares this finished product to those using only virgin materials. The partnership plans to apply for a 2024 CARE grant.

In 2022, Arizona Alternative Materials (AAM) of Phoenix, Arizona, discontinued its grant project that was previously awarded. Funds were awarded for this company to test PC4 in three higher end-use concrete applications in 2021 through 2022. In early 2024, CARE made the decision to reopen this project as AAM was exploring new methods for delivering PC4 to active projects. The 2024 annual report will discuss the results of this grant extension.

6.5 Micro-Grants for Collection & Reuse

The Program's **Micro-Grants for Collection & Reuse (Cycle M)** award up to $15,000 per project, to California public agencies, nonprofits, public or private businesses, public Drop-off Sites, and Collector/Sorters for new and existing collection or reuse programs. CARE allocated $100,000 for this cycle in 2023. The goal is to achieve additional collection or reuse through infrastructure improvements (localized hauling) and/or equipment (weather covers). Due to the continuing need to increase collections and bring on new Drop-off Sites, Cycle M now remains open throughout the year—called an "evergreen" cycle—as a commitment to enhancing convenient collection efforts. Entities are given one year to complete projects.

Collection & Reuse Micro-Grants in 2023 (Cycle 5M)

The following Micro-Grants for Collection & Reuse were funded in 2023, all in California:

- **City Wide Debris Box,** San Francisco ($15,000). This company was awarded a grant to purchase containers for CARE public Drop-off Sites it is servicing, and which are helping CARE meet its convenient collection goals.
- **Blue Water Recycling Corps**, Alturas ($15,000). CARE funded infrastructure to set up a dry and debris-free public collection area at this site, which also serves a convenient collection need in rural Modoc County.
- **Washoe Woodfords Community Council**, Woodfords ($15,000). CARE funded infrastructure to set up a dry and debris-free public collection area at this site, which also serves a convenient collection need in rural Alpine County.
- **Zanker Recycling Florin Perkins,** Sacramento ($12,000). Zanker requested funds to improve its CARE public DoS and avoid PCC contamination and increase recycling rates.
- **Green Waste Carpet Recycling**, San Jose ($15,000). Green Waste purchased two new trinamiX fiber identification devices and software and will share the results of testing this new technology with CARE and its carpet recycling network.
- **Repurpose.Earth**, Inglewood ($15,000). This carpet tile reuse company requested funds for a forklift to move pallets of carpet tile for shipment to end users.

Micro-Grants Results in 2023

In 2023, Micro-Grants funded three new public Drop-off Sites and one new broker of reused PCC tile. Including new 2023 micro grantees, 34 micro grantees were active in 2023 and collected nearly 5 million additional California PCC pounds and reused over 1 million additional California PCC pounds. Pounds produced by micro-grantees who were also funded for collection projects under the Capital Improvement Grants cycle are included under the collected pounds total above in Section 6.3 above.

Based on total investments made since 2017, the Program has gained nearly 4 pounds of additional PCC collection per grant dollar invested in Micro-Grant projects. The cost per pound is significantly higher to provide support for rural sites.

In 2023, four micro grantees finished projects and were fully reimbursed:

- Repurpose Earth ($9,371).
- Zanker Recycling ($12,000).
- Green Waste Carpet Recycling ($15,000).
- BJM Installation Services drop-off sites ($4,019).

CARE also extended Golden Bear Transfer Station's equipment project until March 31, 2024. This is a CARE public Drop-off Site.

6.6 Innovation & Design Grants

The Program initiated **Innovation & Design (I&D) Grants (Cycle I&D)** as a new grant cycle in 2022. The I&D grants are intended to seed projects that create more recyclable carpet constructions and environmentally preferable PCC-content products. CARE discussed recycling and carpet design bottlenecks with several potential applicants, ranging from private companies to universities. The first round of I&D Grant awards was announced in summer 2023 and those ongoing projects are below. Projects will close in October 2024.

- **University of California Santa Barbara**, Santa Barbara ($100,000). This new project under the department of green chemistry is exploring environmentally preferable processes for depolymerization of carpet tile fibers to recycle these currently nonrecyclable components.
- **West Virginia University**, Morgantown, West Virginia ($100,000). This university was awarded a grant to explore more environmentally preferable applications for PC4 material, specifically for concrete nonstructural applications for the construction industry.

CARE launched a second cycle of I&D awards in late 2023 and accepted project applications until March 29, 2024.

6.7 New Collection Strategies/Small Infrastructure Award Pilot Program

In 2022, the Program launched a **New Collection Strategies/Small Infrastructure Award Pilot Program** to investigate the impact and cost of smaller-source collections. One additional award was granted in 2023 to Aquafil Carpet Recycling in San Diego, for $50,000. This project has purchased small customer containers which can fit into tight areas at space-constrained stores producing PCC. This project has been paid

$45,000 in 2023 and will close in 2024. Results will be reported in CARE's 2024 annual report. Circular Polymers by Ascend was also paid the remaining grant funds ($49,976) from its 2022 project.

The pilot collection project conducted by Circular Polymers by Ascend, as well as the results, were reported in CARE's 2022 Annual Report. This project examined the effectiveness, in terms of volume and cost, of collecting PCC at small stores located in densely populated locations using POD containers.

6.8 Additional Grant Activities in 2023

In addition to the grant activities described previously in this chapter, other grant-related actions in 2023 included the following:

- A new case study was created for the Repurpose Earth project to promote similar reuse projects among other companies.
- Three AUPs were completed across different grant cycles.
- In 2023, Green Waste Recycling (GWR) acquired Hayward Transfer Station. Accordingly, all grant-funded equipment at the transfer station, along with collection commitments, were transferred to GWR under a new CARE grant contract.

7 Market Development

CCR 18944(a)(6) Market Development. *The annual report shall include a description of possible market development activities to incentivize the market growth of secondary products made from post-consumer carpet.*

This chapter includes the following sections:

- 7.1. Market Development Overview
- 7.2. Technical Assistance & Outreach
- 7.3. Market Development Policy Support
- 7.4. Measuring Market Development
- 7.5. Product Development & Available Recycled Products
- 7.6. Conferences & Market Development

7.1 Market Development Overview

Historical successes in product development work based on the concept of feedstock conversion continued in 2023. This involves adding PCC material into the raw material mixes of secondary products. Furthermore, new products were developed using PCC material. Testing grants were provided to gain insight into additional applications and markets, including PC4 in Caltrans road-base, adsorbent spill material, pipe underlayment aggregate, and sound-deadening wall applications. PCC nylons are generally also used in new parts for automotive and motorcycle applications.

The Program has always been committed to providing assistance in market and product development, as well as supporting capacity expansion in California through technical assistance and grants. The Program's market development and product expansion efforts have been aided by the consistent and reliable expertise of Technical Assistance provided by Assets Unlimited (Frank Endrenyi), Grants Management and Coordination provided by Abbie Beane, Marketing and Communications Strategies provided by Gigantic Idea Studio and Circlepoint, and direct staffing from CARE Product and Market Development Manager Rob Thiess working along with our recyclers and with CARE's Executive Director.

The Program's product and market development strategies include the following:

- Support existing and development of new recycled carpet products produced in California.
- Exploration of alternative uses for PCC materials in existing products.
- Increasing the number of manufacturers producing recycled carpet products in California and the number of PCC collectors in California.
- Increasing the amount of PCC materials that Tier 2 Manufacturers use in their recycled carpet products in California.
- Development of a Carpet Tile Collection plan and help to educate the public on the reuse and recycling of the Carpet Tile collected. The Program worked with several potential and existing reused carpet tile outlets to increase the amount of carpet tile flowing to reuse. Collector/Sorters and union groups were also provided with technical assistance to help locate and prepare carpet tile for reuse.
- Engagement with public entities, including CalGreen, to submit for added language to address the current Building Standard that does not include post-consumer carpet recycling on C&D projects. State Agency Buy Recycled Campaign (SABRC), the State Agency Green Employee Group (SAGE), and the California Procurement Professional Organization (CAPPO) are required to purchase "green products" to increase interest and build market demand for purchasing recycled carpet-content products for their projects.
- Building market demand with companies outside of California to use and incorporate PCC materials into their current or additional product lines when additional volume is available.
- Participation in multiple tradeshow events with presentations, displays, or both, to promote products and spread the message that "Carpet is Recyclable."
- Continued confidential consulting with Eastman Chemical Company on their Carbon Renewal project and future Methanolysis PET Depolymerization plans.
- Continued Tier 2 engagement with Rise Technologies to qualify post-consumer polyurethane carpet tile backing to be used in commercial and residential siding applications.
- Ongoing dialog and support for recyclers on available and new raw material feedstocks, processing technology, and emerging market opportunities.
- Regular testing of California PCC material ash and moisture levels to ensure that the correct subsidies are paid.

7.2 Technical Assistance & Outreach

The Program continues to provide technical and business development assistance to Processors, Manufacturers, and their potential customers on a confidential basis. Current product and market development work is being driven by two California companies and one Arizona-based company working to expand markets:

- **Circular Polymers by Ascend (CP)**: Circular, located in Lincoln, CA, has increased its overall ability to process additional PCC volumes that include carpet tile and commercial broadloom. The company's carpet tile recycling testing efforts were funded in part by the Program's Testing Grant.
- **Los Angeles Fiber Company (LAF)** located in Vernon, CA, increased its yield, by adding additional capacity. LAF can process streams that are more difficult to recycle, including remnant carpet pieces that, in the past were destined for the landfill. The project was supported by past grant funding.
- **Aquafil**: Continued to install and automate their Phoenix Facility to further process additional carpet fiber materials. Pelletizing equipment moved from their plant that was located in Woodland is helping to increase capacity as well as process additional fibers that they were unable to in the past.

Technical assistance and outreach activities in 2023 continued to center on maintaining and building upon the successful product and market efforts that the Program has established for California post-consumer carpet (PCC) material in the following ways:

- An outreach effort to contact all California companies currently manufacturing products containing post-consumer recycled material, to expand PCC market outlets for California Processors, supported by Program subsidies.
- Continued outreach to California-based recycled product Tier 2 Manufacturers to examine additional ways to incorporate a higher volume of PCC in their current product lines.
- **Advance Arizona Materials (AAM)** has been approved to modify their existing grant to develop a new preparatory market for PC4. This potential product application could absorb the majority of the two processors in California, LAF and CP.
- **Electronic Fix**, located in Florida, was awarded a testing grant to further develop their ability to manufacture new components to support the fiber identification IR guns that are pivotal to the ability to properly identify various carpet fiber types. The two analyzer companies have both ceased production and it is imperative to the Program that we continue to have product support and repair.

7.3 Market Development Policy Support

Building on the progress above, ongoing policy-related efforts include the following:

- Marketing outreach for environmental sustainability and State procurement professionals through education of the SABRC, DGS, CalGreen, and SAGE programs.
- Introduced a petition to add post-consumer carpet as a recyclable C&D to CalGreen's Building Codes which will aid in language sent to contractors. This language explains that carpet pulled from projects must be recycled and that the replacement of materials should contain a recycled-content element. They should also source Carpet-Derived Products containing California-derived PCC material when and where available.
- The Carpet-Derived Products category would include, but not be limited to acoustical materials, architectural elements, carpet, carpet cushion, insulation for buildings, insulation for product shipment, flooring systems, flooring underlayment, mats, manufactured lumber, pallets, parking stops, spill absorbency, and wheelchair ramps.
- The Program continued to increase processing and collections in 2023 based on grants, capital investments, and micro-grants for existing processing facilities and collections operations to increase product handling, and collections efficiency.
- Ongoing technical assistance and outreach to companies currently using recycled content material to add additional volumes beyond what they are currently using in their products.
- Responding and follow-up to direct contacts received by CARE and outreach done by CARE based on trade literature and conference connections.
- Marketing and promotion business assistance efforts were coordinated with the Program's outreach contractor (Gigantic Idea Studio), where appropriate, to further facilitate materials collection, product expansion, sales, website updates, and product placement assistance to companies currently using PCC.

7.4 Measuring Market Development

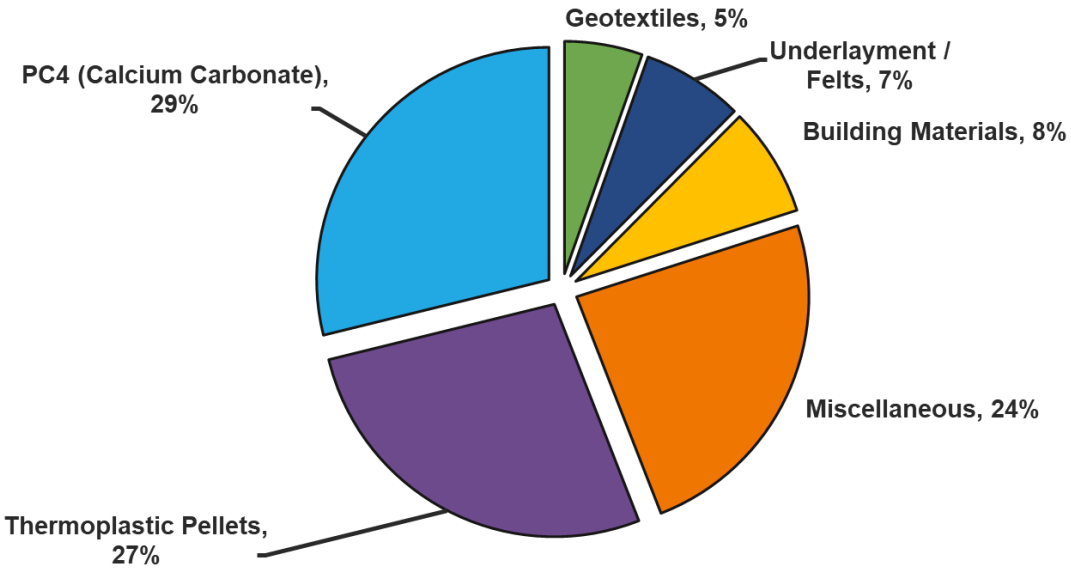
Market development is currently measured in two primary ways: the number of Tier 2 pounds used in the manufacture of recycled products, as reported by Tier 2 Manufacturers; and the number of products containing PCC recycled content, as self-reported by participating and non-participating manufacturers (note that the product counts are not necessarily equivalent to stock-keeping units, or SKU numbers).

2023 saw a decrease in Nylon 6 Tier 2 Manufacturer Output and an increase in Non-Nylon Tier 2 Manufacturer Output in products shipped and sold. Together, the combined Tier 2 Manufacturer Output decreased 6.8% from 43.7 million pounds in 2022 to 40.7 million pounds in 2023. Market contraction in Q4 was a major factor in this decline.

Of the Tier 2 Manufacturers reporting to the Program in 2023, a total of 10 active Tier 2 Manufacturers received subsidy payments in 2023 (shown in Table 4-6), the same as in 2022. Participating Tier 2 Manufacturers reported the product output categories shown in Figure 7-1.

In total, 28 manufacturers, including those not collecting subsidies, made products with California-sourced PCC in 2023. The total number of products manufactured with recycled-carpet content was 110 in 2023.

Figure 7-1. Product Output Categories in 2023



Recycled product outputs for 2023 are divided into six main product categories:

- **29% PC4** (used in variety of products such as rubber mats, transition ramps, cement, adsorbents, and lightweight aggregate), similar to 32% in 2022.
- **27% Thermoplastic Pellets** (including Polypropylene and Nylon 6, used in a variety of new plastic products), down from 29% in 2022.
- **8% Building Materials** (such as insulation and plastic lumber), compared with 11% in 2022.
- **7% Underlayment/Felts** (such as carpet cushion), compared with 6% in 2022.

- **5% Geotextiles** (such as erosion control products), compared with 3% in 2022.
- **24% Miscellaneous** (such as adsorbent, bedding, and packaging), compared with 20% in 2022.

Manufacturer listings are voluntary and may not include all available products containing California PCC, particularly if the manufacturer is not participating in the subsidy program.

7.5 Product Development & Available Recycled Products

The following companies took steps to expand the use of California Recycled Output in new products in 2023:

- **Circular Polymers by Ascend** expanded their reuse outlets for post-consumer carpet tile to increase the diversion of this flooring product.
- **Repurpose Earth** continued to divert large volumes of post-consumer carpet tile from entering the landfill and donate them to drug rehabilitation agencies, churches, and low-income housing developments.
- **Green Hive Group** continued to find new end-users for their absorbent product, AbsorbsWell.
- **3B** Protection continued to work with various power agencies in multiple states to develop decorative ballistic wall panels and blast-proof doors.
- **San Pallets** has received grant funding to establish production lines for manufacturing plastic end caps and pallets specifically designed for rolled goods and other products.
- **Visions Environmental** is collaborating with UC Davis to develop new product formulations that meet more stringent properties for their lightweight aggregates.

The Program provides a **video** and additional information about **Recycled Carpet-Derived Products** on the CARE California website.

7.6 Conferences & Market Development

In 2023, CARE's Market Development Manager and other team members participated in several conferences and meetings on behalf of the California Carpet Stewardship Program to help advance recycled carpet products and to educate groups and individuals that "Carpet Is Recyclable":

- Participated in the Mohawk Momentum Show, located in Huntington Beach in January.
- Participated in the California Association of Public Procurement Officials (CAPPO 23) annual conference held in Pasadena in February.
- Participated in the Southern California Waste Management Forum (SCWM), Ontario in March
- Worked with the SABRC campaign to provide information to include PCC products in legislation requiring the purchase of recycled-content products by local governments.
- Participated in and engaged with industry and local government professionals during the California Resource Recovery Association's (CRRA) in-person conference in Burlingame in September 2023.
- Participated at the International Union of Painter and Allied Trades (IUPAT) & Labor Management Cooperation Initiative (LMCI) Carlsbad in November
- Marketing and communications activities included efforts described in Section 9.7, *Marketing Assistance for Market Development*.

8 Financing Mechanisms

> ***CCR 18944(a)(7) Financing Mechanism.*** *The annual report shall include a description and evaluation of the program's financing mechanism, including whether or not the funding was sufficient to recover, but not exceed, the full cost of the stewardship program. The annual report shall include, but not be limited to, the following total program cost information, and include any supporting documentation. Any proposed change in the amount of the carpet stewardship assessment fee must be submitted to the department for re-approval.*

This chapter explains the Program's financing mechanisms in the following sections:

- 8.1. Total Program Cost
- 8.2. Cost per Capita
- 8.3. Cost per Pound Collected
- 8.4. Education & Communications Costs
- 8.5. End-of-Life Materials Management Costs
- 8.6. Program Administration Costs
- 8.7. Governance Costs
- 8.8. Total Cost to Local Government
- 8.9. Assessment Amounts & Evaluation
- 8.10. Surplus Funding, Fund Balance & Reserve

8.1 Total Program Cost

CCR 18944(a)(7)(A) Total Program Cost

The following numbers are reported in accordance with the accrual basis accounting method:

- **2023 Starting Fund Balance: 3.4 million**.
- **2023 Total Income: $ 29.4 million**, consisting primarily of assessment remittances paid by participating Carpet Mills, plus a small amount in interest and late fees.
- **2023 Total Expenses: $ 30.4 million**.
- **2023 Ending Fund Balance: $2.4 million**.

2023 Ending Program Reserve: $5.1 million.

Table 8-1 on the following page shows how the **Total Program Cost of $ 30.4 million in 2023** was allocated among different expenditure categories, and Figure 8-1 shows the Income, Expenses, Fund Balance, and Reserve by quarter for 2023.

Table 8-1. Total Program Expenditures in 2022 and 2023 (thousands of dollars)

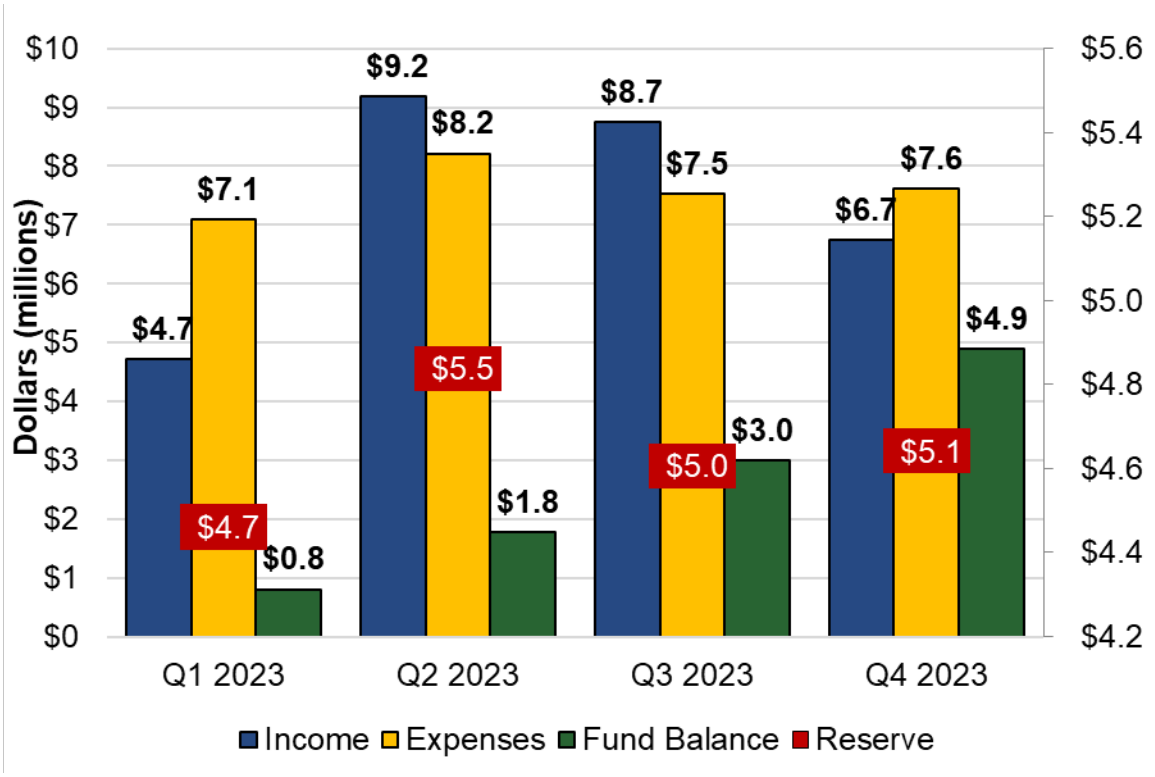
Program Expenditures (in thousands of dollars)	2022 Total	2022 % of Total	2023 Total	2023 % of Total
Subsidy Payouts: *(accrual)*	**$25,082**	**79.4%**	**$23,266**	**76.4%**
Collector/Sorter (CSE) Subsidy Payouts	$3,709	11.7%	$3,414	11.2%
Tier 1 Processor Subsidy Payouts	$11,196	35.4%	$10,038	33.0%
Tier 2 Manufacturer Subsidy Payouts	$10,177	32.2%	$9,814	32.2%
Program Expenses:	**$3,793**	**12.0%**	**$4,049**	**13.3%**
Advisory Committee	$3	0.0%	$3	0.0%
Education & Outreach	$1,271	4.0%	$1,116	3.7%
Collections Program	$1,901	6.0%	$2,168	7.1%
Grants	$237	0.8%	$601	2.0%
Technical Assistance	$381	1.2%	$160	0.5%
Administrative Expenses:	**$2,721**	**8.6%**	**$3,127**	**10.3%**
CalRecycle Fees	$712	2.3%	$688	2.3%
CARE Administrative Expenses (Office)	$49	0.2%	$61	0.2%
Direct Expenses (CARE)	$1,004	3.2%	$1,213	4.0%
Direct Support (CARE)	$422	1.3%	$392	1.3%
Legal	$140	0.4%	$243	0.8%
Accounting	$393	1.2%	$530	1.7%
Bad Debt	$0	0.0%	$0	0.0%
Subtotal of Program & Admin. Expenses	**$6,514**	**20.6%**	**$7,176**	**23.6%**
TOTAL Expenses	**$31,596**	**100.0%**	**$30,442**	**100.0%**

Table Notes: This table shows Program expenditures in thousands of dollars, including Subsidy Payouts, Program Expenses, and Administrative (Admin.) Expenses (Exp.).

In Table 8-1, Technical Assistance expenses include technical assistance/consulting to recyclers, modeling consultant, PET project, testing fees, reporting database, and studies. Program Administration includes CARE Administrative Expenses (Office), Direct Expenses (Salaries & Benefits), Direct Support, and Accounting and Legal Expenses.

Figure 8-1 summarizes the revenues (Income), expenditures (Expenses), Fund Balance, and Reserve funds retained by quarter in 2023. Note, Program revenue is realized through the sales of new carpet, which vary by season and is reflected as the reported income.

Figure 8-1. Program Remittances, Expenditures, and Balance by Quarter for 2023



The Program prioritizes subsidy expenditures which incentivize Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers based on actual pounds of PCC material managed, shipped, and sold/donated. In this way, payouts are linked to direct market results, increasing accountability, and tying Program investments to market-based solutions. Continuing its pandemic-era efforts to support and sustain Collector/Sorters, Processors, and Manufacturers, and under the new Plan in 2023 the Program maintained subsidy adjustments from its COVID-19 Action Plan, now referred to as supplemental subsidies, to aid in business continuity.

8.2 Cost per Capita

CCR 18944(a)(7)(B) Cost ($)/capita

Based on California's population of 39,538,223 as reported in the 2023 U.S. Census, the $30.4 million expended in 2023 on total Program expenses represents **$0.77 per capita**.[2]

8.3 Cost per Pound Collected

CCR 18944(a)(7)(C) Cost ($)/pound collected

Gross Collection of post-consumer carpet (PCC) Totaled 93.1 million pounds in 2023. Based on the population noted above, an average of 2.4 pounds of PCC was recovered per capita. Based on total Program costs in 2023 of $ 30.4 million, the total **cost per pound collected is $ 0.32**, slightly less than the $0.34 cost per pound collected in 2022.

Considering the **direct costs** (transportation, storage, and Collector/Sorter recycling fees) of the Program's **public Drop-off Sites**, the average cost per pound collected increased slightly to $0.11 per pound in 2023, from $0.10 the prior four years. The average cost per pound has decreased from $0.17 per pound in 2015, while the PCC tonnage collected has increased.

[2] Per-capita calculations are based on the state population figure of 39,538,223 as reported in the 2020 U.S. Census, as requested by CalRecycle and affirmed in the 2023–2027 Plan.)

8.4 Education & Communications Costs

CCR 18944(a)(7)(D) Education/Communications
(% of total program cost)

To maintain engagement with multiple stakeholder groups, with widely different perspectives and agendas, the approved 2023–2027 Plan included a forecasted budget for marketing, outreach, education, and communications of $1.0 million for 2023. Actual expenditures may be adjusted over the course of each year in response to dynamic program conditions, new educational opportunities, or other factors. As a lasting effect of COVID-19 procedures, remote work and travel expenses for the Outreach Team remained lower than the pre-pandemic levels. Expenses for the California Carpet Advisory Committee ($3,000 in 2023) remained well below pre-pandemic levels.

In 2023, actual expenditures in the Education & Outreach category totaled nearly $1.1 million, about 4% of the total annual expenses. While education and communications activities help advance program goals, the Program relies primarily on subsidy expenditures as the principal mechanism (representing 76% of expenses in 2023) for achieving increased Recycled Output, Diversion, and other program goals.

8.5 End-of-Life Materials Management Costs

CCR 18944(a)(7)I End-of-life materials management
(% of total program cost)

For the purpose of this report, End-of-Life (EOL) is defined as activities occurring at the point when a product is discarded by the consumer or the end of the useful life of a product, whichever comes first. EOL disposition options include such activities as reuse, recycling, secondary product manufacturing, energy recovery, and landfilling. In 2023, Program resources were directed to support EOL materials management in the following amounts:

1. **Gross Collection.** In 2023, the Program expended nearly $2.2 million on operational support for public Drop-off Sites serving all 58 counties in California (see Chapter 4). This is a cost increase of 14% from 2022.
2. **Grants.** Grant funds paid out in 2023 totaled $601,328, including payouts from grant cycles committed in previous years as well as new grants awarded in 2023. Chapter 6 and Table 6-1 provide more details on grant funding. Note that accounting principles stipulate that grant funds committed and paid in a year must be accounted for in that year's financials. Table 6-1 is a statement of

committed and paid funds but does not take accounting periods and accrual into consideration, so figures may differ.

3. **Recycling.** Most Program resources support the conversion of Gross Collection into Recycled Output materials by participating Tier 1 Processors and use of generated Recycled Output as feedstock by Tier 2 Manufacturers. In 2023, $23.3 million was paid through the following subsidies and incentives supporting recycling (see Figure 8-2 and Figure 8-3):
    - **Collector/Sorter Entrepreneur (CSE) Subsidies**, $3.4 million.
    - **Tier 1 Processor Subsidies**, $10.0 million.
    - **Tier 2 Manufacturer Subsidies**, $9.8 million.

Figure 8-2. Program Expenditure Ratios in 2023 (millions of dollars)

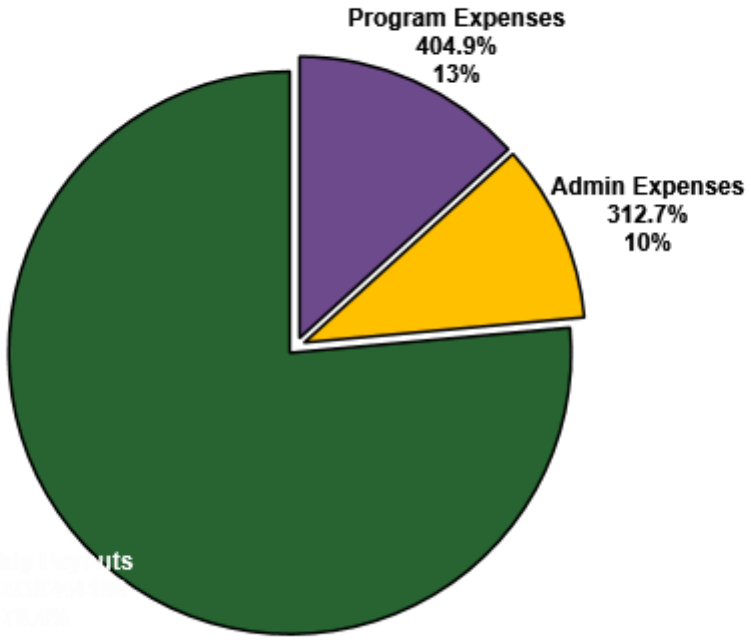
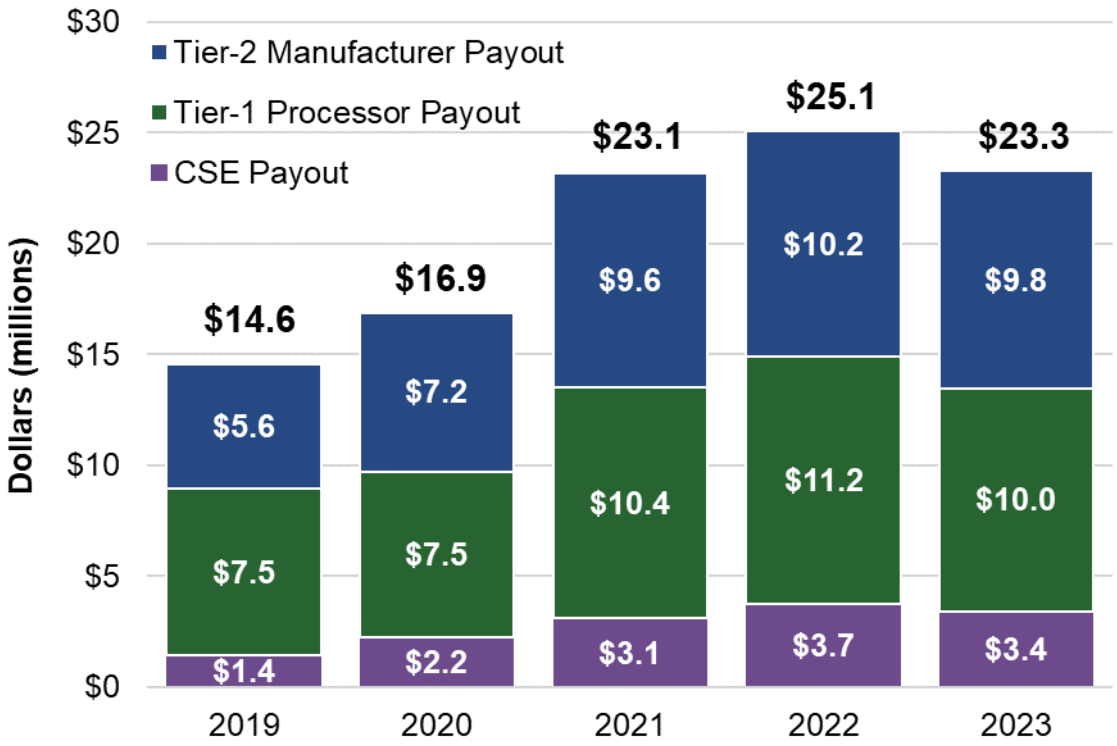
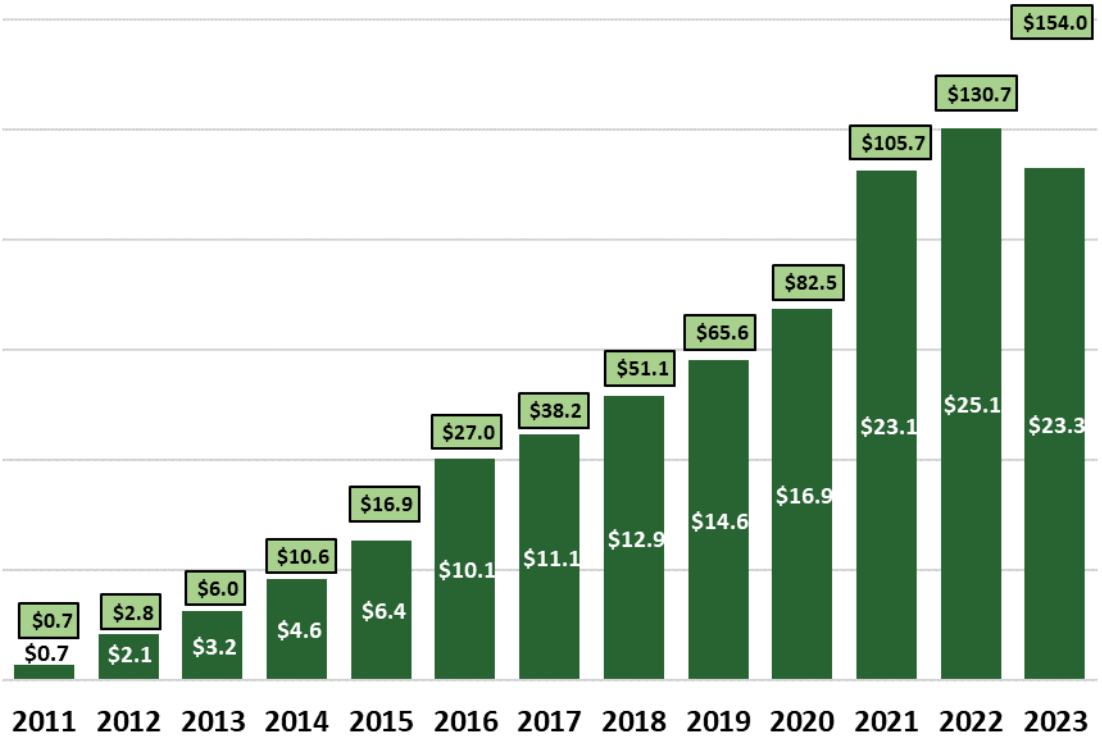


Figure 8-3. Summary of Subsidy Funds Paid to Participants by Type Over Time



Since the Program's inception, CARE has invested heavily in supporting the recovery and recycling of PCC, and the cumulative subsidies paid out across Collector/Sorters, Processors, and Manufacturers has totaled $154 million. Figure 8-4 below reflects the annual and cumulative subsidy payouts since the inception of the Program. The solid bars show the annual subsidy payouts during each respective year, and the dollar figures in boxes above each bar reflect the cumulative subsidies paid out each year.

Figure 8-4. Annual and Cumulative Subsidy Payouts Over Time (millions of dollars)



Carpet As Alternative Fuel (CAAF) – No Funds Expended

> ***CCR 18944(a)(7)(I)a. Funds, if spent on CAAF, must be supported with documentation*** *reporting on economic and environmental impacts and that incentives shall expire, if they no longer serve a benefit.*

No subsidies are offered or paid for energy recovery or disposal. CARE has never paid any subsidies for landfill, incineration, or Waste-to-Energy (WTE). Subsidies for Carpet As Alternative Fuel (CAAF) and Kiln energy recovery were discontinued effective January 1, 2018, as confirmed in the Carpet Stewardship Plan.

In 2023, no carpet collected (zero pounds) was handled as Carpet As Alternative Fuel (CAAF), 62,543 pounds was collected and handled as Kiln, and 16,083 pounds for Waste-to-Energy (WTE). These disposition methods are not eligible for subsidies.

Engineered Municipal Solid Waste Conversion – No Funds Expended

> ***CCR 18944(a)(7)(I)b. A carpet stewardship organization shall not expend funds from the assessment for engineered municipal solid waste conversion****, as defined in Public Resources Code Section 40131.2, the use of cement kilns to burn carpet, or transformation, as defined in Public Resources Code Section 40201.*

As noted above, in accordance with Carpet Stewardship Law, the Program did not expend funds for engineered municipal solid waste conversion, the use of cement kilns to burn carpet, or transformation as defined in Public Resources Code Section 40201. No subsidies are offered or paid for energy recovery or disposal.

8.6 Program Administration Costs

> ***CCR 18944(a)(7)(F) Program administration***
> *(% of total program cost, including annual administrative fee for service payments to the department)*

Total Program cost includes three primary elements: Subsidies (76.4%), Program Expenses (13.3%), and Administration Expenses (10.3%). Subsidies are the combined expenses for subsidies to Collector/Sorters, Processors, and manufacturers. Program expenses include education and outreach (E&O), collection, grants, and technical assistance.

Administrative expenses include fees to CalRecycle, CARE administrative costs, direct expenses, direct support, and legal and accounting services. Administrative expenses include the apportioned CARE Executive Director, Finance Director, and Administrative Support staff; California Program Director; two California Senior Associates; California Grants Manager; California Market/Product Development Manager; and California Program Coordinator. Legal and accounting services include assessment remittance reporting and fund management, subsidy reporting and payouts, Agreed Upon Procedures (AUP) reviews, legal oversight, financial audits, grant administration, and any related activities which may include annual report data generation, special analyses of data, surveys, Planful subscription fee, subscriptions to data services and information reporting, etc.

8.7 Governance Costs

CCR 18944(a)(7)(G) Governance *(program oversight)*
(% of total program cost)

Program governance is provided by CalRecycle. In 2023, the Program paid $687,816 to CalRecycle for the agency's role in providing governance support and oversight on behalf of the state of California, approximately 2% of total 2023 Program expenditures. The 2023 figure represents a 3.4% decrease from the $712,113 paid to CalRecycle in 2022.

8.8 Total Cost to Local Government

CCR 18944(a)(7)(H) Total cost to local government *(if applicable)*

The Program does not currently track the costs of managing discarded carpet incurred by local governments, and it does not require any direct contribution by local governments.

8.9 Assessment Amounts & Evaluation

Assessment Amounts & Aggregate Assessment Funds

> ***CCR 18944(a)(7)(I) Amount of the assessment**, aggregate assessment funds collected, how spent and amounts of each major expenditure*

In April 2022, CalRecycle approved and the Program initiated a system of Differential Assessments to support increases in recycling and to comply with the requirements of AB 729. The Differential Assessment applies the lowest rate to broadloom carpet with a minimum of 10% post-consumer content and the highest rate to carpet tile with less than 10% post-consumer content.

The assessment for **January through March 2023 was** $0.33 per square yard for broadloom and $0.48 per square yard for carpet tile. In March CalRecycle directed CARE to increase the assessments effective April 1, 2023.

Table 8-2 shows the **Differential Assessment rates ranging from $0.56 to $0.73 per square yard starting in April 2023**, depending on carpet type and recycled content. The weighted composite rate paid for the year was approximately $0.37 per square yard of carpet sold.

In 2023, the **aggregate assessment funds collected totaled $29.3 million**. The assessment funds were spent as described in Section 8.1 and as shown in Table 8-1.

Under the revised reserve requirement in the newly approved Plan (2023–2027), CARE was forced to notify participants of another assessment increase effective January 1, 2024. Details of this increase will be reported in the 2024 Annual Report.

Table 8-2. Differential Assessment per Square Yard of Carpet Sales (April 2023)

Carpet Material	At least 10% Post-Consumer Content	Less than 10% Post-Consumer Content
Broadloom carpet	$0.56	$0.58
Carpet tile	$0.71	$0.73

Assessment Rate Evaluation

CCR 18944(a)(7)(K) An evaluation of the assessment rate

CARE evaluates assessment amounts and aggregate assessment funds on an ongoing basis. CARE reviews actual reported results and subsidy payments against budgeted projections to better understand recycling marketplace dynamics and to update and refine the financial model. Starting in 2022, CARE has conducted an annual review of differential assessments and is including the results in annual reporting for the first time in 2023. If any changes to the system of differential assessments or to the assessment amounts are warranted, CARE will seek approval per statute of those changes from CalRecycle after consulting with the Advisory Committee as required.

Implementation Analysis & Annual Review of Differential Assessment

CARE analyzed and evaluated the roll-out of the Carpet Differential Assessment (CDA), including reviews of outreach, retailer awareness, and tracking of assessment fund balances. This section provides a summary of key implementation activities and results.

Following the CDA roll-out, surveys were conducted with carpet retailers (101 completed responses) and carpet mills (88 responses). Key results are summarized below, and Appendix 11.11 includes a May 2022 slide presentation to CalRecycle with more details on the Retailer Outreach Survey.

- About 10% of retailers (11 of 101) said they had not implemented the assessment change. Most of those were due to lack of information, mostly from the mills.
- Of those retailers who had implemented the CDA, 82% said the process was somewhat or very easy.
- The vast majority (79%) of retailers who have implemented the CDA say it has had no impact on operations/sales.

- There are a small number of very disgruntled retailers, but generally the assessment seems to have either rolled out smoothly or was still in progress at the time of the retailer survey.
- 72% of Carpet Mill respondents said the roll-out was somewhat or very easy.
- According to Carpet Mill respondents, updating software and training staff were the two most challenging aspects of the roll-out.
- Among Carpet Mills, 14 respondents said they had communicated the changes to their clients through point-of-sale/sales representatives.
- In response to the question “What percentage of your products will have 10% or greater post-consumer content?”, two-thirds said 1 percent or less.

Regarding the CDA roll-out, the CARE team observed the following:

- Most retailers complied with the assessment roll-out with relative ease, barring some software challenges. The assessment change did cause anger and frustration among some retailers, who attested that the assessment change was very difficult to implement and/or that they did not see or accept that it was a good or useful change.
- Persistent and ongoing messaging in a variety of channels did eventually reach the retailers and led to implementation. Big-box and chain retailers rely on their corporate offices to implement these updates, and therefore seemed to not be bothered by the assessment change, or even to notice it much.
- Cooperation from the Carpet Mills is essential since they are responsible for answering questions about the recycled content of specific product lines. In many cases, the assessment amount and label are added at the mill level and simply passed on by retailers.

Financial tracking of the assessments collected, fund balance, and reserve balance is monitored on an ongoing basis. Results are discussed further in Section 8.10 below. Based on changes that occurred during 2022, increased assessments were recommended (and implemented in 2023) to maintain the stability of the Program.

Summary of California Differential Assessment Analysis in 2023

CARE is conducting a two-phase analysis for the California Carpet Stewardship Program (CCSP) related to the CDA. Between April and September 2023, CARE completed the first phase analysis of the California Differential Assessment (CDA) to determine updated assessment rates necessary to meet the required reserve balance of approximately $15 million by December 31, 2025. This analysis resulted in an

amendment to the 2023 to 2027 Plan and established new assessment levels in January 2024.

As part of the first phase, CARE reviewed the previous CDA model and associated analyses to ensure a robust foundation for our first phase CDA recommendations. To project the most effective timing for the next assessment increase, CARE developed and modeled scenarios for potential increases on October 1, 2023, January 1, 2024, and April 1, 2024. These scenarios were informed by current new carpet sales data, recycled output levels, and forward-looking sales projections. The preliminary results were then presented to the Stewardship Planning Committee (SPC), the Advisory Committee, and CalRecycle for review and feedback.

In response to stakeholder feedback, CARE conducted additional modeling and refined the model scenarios. Lastly, CARE prepared the Plan amendment documents that outlined the proposed updates to the assessment rates. CARE developed the amendment language to propose an assessment increase starting in January 2024. The final recommendation for the amendment was as follows:

- Broadloom carpet with at least 10% post-consumer recycled content (PCR): $0.68
- Broadloom carpet with less than 10% PCR: $0.70
- Carpet tile with at least 10% PCR: $0.97
- Carpet tile with less than 10% PCR: $0.99

The increased assessments are projected to meet the end-of-year fund reserve requirements for 2025, 2026, and 2027. CARE will continue to monitor the fund balance monthly to ensure that the assessments provide sufficient funding to carry out the Program, meet the reserve requirement by the end of 2025, and advance the objectives of the Carpet Stewardship Law. The January 1, 2024, assessment increase date also helps mitigate the low fund balance allowing the reserve to begin to build an early buffer capacity.

CARE submitted the Differential Assessments Plan Amendment on September 20, 2023, and received the CalRecycle Director’s approval on November 17, 2023. The assessment increases became effective in January 2024.

Appendix 11.11 provides the supporting table and graph that show that the January 2024 assessment increase meets the 6-month fund balance goal by the end of the 2025.

CARE initiated the second phase of the CDA analysis in late 2023. This second phase represents the CDA analysis required in the 2023–2027 Plan to evaluate and update, as needed, the system of differential assessments considering additional factors such as face fiber types, to accurately align the assessment levels with the financial burden various carpet materials have on the Program.

In the early stages of this analysis, CARE conducted lessons learned interviews, reviewed prior CDA documents and models, researched assessment and tax impacts on purchasing, and conducted research on GHG emissions, carpet sales data, production, and recyclability differences between fiber types. In 2024, CARE will work with the Stewardship Planning Committee (SPC) to refine and approve the CDA recommendations, including updates differential assessments, as needed. Should changes to the assessment be required, CARE will propose new differential assessments and prepare a second amendment to the 2023–2027 Plan. Review with the Advisory Committee is targeted for July 2024 followed by submission to CalRecycle.

8.10 Surplus Funding, Fund Balance & Reserve

> ***CCR 18944(a)(7)(J) Surplus funding****, if any, and how it will be applied to reduce program costs*

The starting fund balance at the beginning of 2023 was $3**.**4 million. During the calendar year, program revenues totaled $29.4 million, consisting primarily of assessment remittances paid by participating Carpet Mills, plus a small amount in interest and late fees. Total expenditures in the form of subsidy payouts and other expenses totaled $30.4 million during the term, or 103% of remittances. At the close of 2023, the Program's total ending fund balance was $2.4 million, and the reserve was calculated at $5.1 million.

Three factors beyond CARE's control contributed to the unplanned rapid drop in the fund balance. First, sales of new carpet in California accelerated their decline. Carpet sales of 53.8 million square yards in 2023 were 4 million square yards below the annual budget (and about 2.2 million, or 27%, lower than the 56 million square yards forecast in Table 7-3 in Appendix 11.11). The sales decline resulted in an unbudgeted revenue reduction of roughly $1 million in 2023. This annual sales reduction translated to an unbudgeted revenue decline of nearly $1.5 million in 2022. Second, the pandemic-driven rapid increase in inflation exceeded the planned budget for expenses. Third, coupled with inflation, transportation costs rose dramatically. These factors, along with the Program's growth since 2020 due to the ambitious COVID-19 Action Plan, accelerated depletion of the fund balance.

This issue was flagged with CalRecycle in August 2022 as a major concern going into 2023.

9 Education & Outreach

CCR 18944(a)(8) Outreach/Education. *List educational outreach activities in the stewardship plan. Provide a description of educational materials that were provided to retailers, consumers, carpet removers/installers, contractors, during the reporting period (provide electronic samples). Identify the method used to determine the effectiveness of educational and outreach surveys (e.g., surveys, hits on specific web pages, number of participants at events, etc.). Education and outreach materials may include, but are not limited to, signage, written materials, advertising or other promotional materials pursuant to Section 42972 (a) (5) and Links to website(s) created and maintained by the manufacturer or stewardship organization.*

The Program's marketing, education, and outreach (referred to as MEO or E&O for education and outreach) team works to support the operational goals of the stewardship organization. CARE provides robust and successful education and outreach using a variety of communication tools, contributing to the Program's success in 2023. The education and outreach efforts focus on building awareness of the Program, including the services offered, reasons for recycling, and reassuring stakeholders that carpet can be and is being recycled into useful new products when brought to the right place. The main objective of outreach is to connect with the stakeholders—including consumers, business owners, flooring contractors, and retailers—who have the opportunity to direct tear-out carpet and carpet tile for recycling.

Statewide efforts in 2023 included communicating about Drop-off Sites and recycling benefits to retailers while advising of changes to the carpet assessment rate, ongoing communication with licensed flooring contractors, and raising public awareness about carpet's recyclability and reuse and recycling options. Communicating about the accomplishments in 2023 included reaching and exceeding the Program's annual goals.

During the first four months of 2023, CARE faced significant operational challenges due to CalRecycle's disapproval of the draft Five-Year Plan. This resulted in CARE operating under a Contingency Plan instead, leading to disruptions in normal business activities. Although the situation was resolved when the new plan was conditionally approved in April 2023, CARE's operational effectiveness was constrained during this period, hindering its ability to execute planned initiatives and activities for the year.

MEO activities include rural counties to meet audience needs. This includes installer training videos and signage created in both English and Spanish.

The MEO program measures before and after program awareness and PCC pounds collected, as examples, to determine the effectiveness of marketing, education, and outreach strategies in the field. The MEO program assesses the effectiveness of its strategies and adjusts accordingly, based on marketing metrics, online surveys, outreach calls, and in-person tabling activities.

This chapter includes the following sections:

- 9.1. Retailers
- 9.2. Installers
- 9.3. Drop-off Sites Engagement
- 9.4. Consumer Outreach
- 9.5. Regional Approach
- 9.6. Local and State Government Outreach
- 9.7. Marketing Assistance for Market Development
- 9.8. Reuse
- 9.9. General Outreach

Outreach and education goals are intended to support and promote the overall Program goals. These activities include both planned and timed outreach as well as opportunistic outreach as information and events require. Outreach and educational activities include the following:

- Increase collection by informing flooring retailers and installers about recycling opportunities, particularly at public Drop-off Sites.
- Increase Recycled Output through stimulation of market awareness and demand for recycled products and ongoing support promoting the continued incorporation of PCC into appropriate products.
- Increase diversion by highlighting carpet reuse and recycling opportunities.
- Help identify new opportunities for Program-sponsored public Drop-off Sites or other recycling opportunities.
- Raise public awareness that carpet can be recycled when prepared and brought to the right place and raise awareness about the Program’s activities to support carpet recycling.

Audiences include Retailers, Installers, Drop-off Sites, Local Government, current and potential Grantees, Collector/Sorters, Processors, Manufacturers, Carpet Mills, Contractors, Building Owners, and Consumers.

The Program uses a wide array of communications and outreach channels, including one-to-one outreach, direct mail, online and print advertising, media relations, conferences, websites, and social media.

9.1 Retailers

Retailer contacts focused on promoting and informing them about the following:

- Drop-off Site opportunities.
- Recycling pick-up service uptake, where available.
- Carpet recycling and recyclability.
- PCC recycled-content products.
- Carpet Differential Assessment amounts, timing, and compliance requirements.

CARE communicates regularly with the 1,701 carpet retailers in the state. In addition, hard-surface retailers are included in appropriate outreach/collateral in an effort to raise awareness of carpet recycling opportunities among retailers that, while they may be involved in carpet tear-out, do not sell carpet.

Retailer Activities in 2023

- Informed retailers of new public Drop-off Sites in their area and worked to promote recycling services, informed them of assessment compliance and upcoming changes, and provided collateral. In 2023, 1,058 completed calls were made to 690 unique businesses.
- Distributed collateral materials, often as follow-up to outreach calls. In 2023, 10,954 retailer brochures and approximately 5,600 Drop-off Site maps were mailed to stakeholders.
- Sent the annual “California Program Highlights” print newsletter (included in Appendix 11.8) to approximately 1,750 carpet retailers in July 2023.
- Researched and mapped retailers, Drop-off Sites, haulers, reuse stores, supply houses, and other stakeholders and identified opportunities for increasing collection by retailers or potential grant applicants.

- Maintained a current and accurate database of all carpet retailers in California to enhance effective and timely communications, while increasing the data collected. Data relating to PCC handling, recycling interest, and available space for recycling help provide the CARE team with referral opportunities and program design feedback.

Carpet Differential Assessment Communications Plan

2023 saw the rollout of communications plans for two Carpet Differential Assessment increases on April 1, 2023, and January 1, 2024. Intensive communication about the new Carpet Differential Assessment, started after CalRecycle approved the change on March 17 and that went into effect on April 1, 2023. Retailers, Carpet Mills, and appropriate software companies received communication through direct mail, email, and phone, along with updates to the CARE Assessment landing page, alerting them of the upcoming change. Outreach indicates that the vast majority of retailers are aware of the assessment changes. The rollout of the new carpet assessment fee appears to have taken one of two paths:

In some cases, the assessment fee was implemented without significant issues. Retailers, carpet mills, and software companies successfully incorporated the new fee into their pricing, invoicing, and systems. The rollout process may still have been refined and adjusted in other cases. Stakeholders may have needed more information or guidance, particularly around the 10% post-consumer content requirement.

Overall, the communication and rollout of the new carpet assessment fee appears to have taken different paths for different organizations. Some were able to adopt the changes smoothly, while others may have required more time and information to integrate the new fee and content requirement properly into their operations.

The next Assessment increase was approved on November 17, 2023, and went into effect on January 1, 2024. A multi-faceted communication plan started in October, including three direct mailings, three email alerts, three CARE e-news articles, phone calls, multiple social media posts, mill notices to help inform retailers, and a press release. As with previous increases, feedback from retailers was generally muted, though several respondents expressed skepticism and frustration with the assessments and recycling.

9.2 Installers

Since flooring contractors can be both the implementers and decisionmakers on carpet recycling, Program staff continued to communicate directly with installers, in addition to

via retailers. The Program used the list of C-15 licensed installers publicly available through the Contractors State License Board to reach more than 7,000 flooring contractors by direct mail. Since many of the installers may handle carpet tear--out but not necessarily carpet installation, the Program focused on raising awareness that carpet can be recycled, and that Drop-off Sites are available for carpet recycling.

Together, approximately 8,500 licensed flooring contractors (C-15 licensees) and demolition contractors (C-21 licensees), a challenging segment to reach and engage, received three direct mail pieces in 2023:

- California carpet Drop-off Site map booklet.
- “California Program Highlights” newsletter about annual carpet recycling progress
- Installer awareness three-step postcard.

In 2023, the Program continued using QR codes regularly on print collateral to facilitate visits to the CARE website. These codes are helpful and are most frequently used by flooring contractors. For example, the code in the fall 2023 installer postcard was scanned 81 times.

To reach the industry’s large population of Spanish-speaking installers, the MEO team provides installer sheets with English on one side and Spanish on the other for Drop-off Sites to distribute; additional languages are accommodated by request. The Program also has a Spanish version of its installer training video. Additionally, marketing materials include imagery to convey the messages visually with limited language. The Program continues to assess when and where other languages are needed to reach all Californians.

Starting in 2021, the Program implemented an outreach plan to supply houses visited by installers. Though staff found that installers do not typically bring tear-out carpet when picking up supplies from space-constrained supply houses, the Program continues to offer carpet recycling information, outreach, and support to installers at supply houses as part of its multi-pronged outreach efforts.

Regional Distribution Centers

In 2023, CARE continued working with the Regional Distribution Centers (RDCs) of flooring companies to serve as potential collection sites and to connect with installers. In 2023, CARE conducted two tablings at the Shaw Distribution Center in Cypress. The team reached 215 installers, with the result that more pounds were collected at the

RDC, with the Center moving from a container swap every three days to every other day.

Union Training

The Program endeavors to work with unions to advance carpet recycling in California. Program staff continued work with flooring union District Council 16 (DC16) of the International Union of Painters and Allied Trades (IUPAT) in San Leandro, including the following activities in 2023:

- A total of four in-person trainings were conducted at DC16 and DC36 for 37 trainers, apprentices, and journeymen, along with ongoing support provided for trainers. One in-person presentation and training was given at the International Union of Painters and Allied Trades (IUPAT) Summit to 50+ floor covering journeymen and trainers.
- The Union training package was delivered to DC36 trainers in May 2023. It included PowerPoint slides, a Union training video, and an online quiz with a corresponding data dashboard to help assess installer learning outcomes and reinforce learning.
- The union training video was completed and posted in March 2022; it was viewed 541 times in 2023, and a total of 881 times since its initial posting.
- The online quiz was taken 39 times in 2023 with an average score of 90%.

Videos

The Program had previously produced English and Spanish-language videos to educate flooring installers about best practices for carpet recycling. In 2023, those videos garnered over 400 views.

9.3 Drop-off Sites Engagement

In addition to ongoing site support, Program staff conduct Biannual Engagement with all public Drop-off Sites. Biannual Engagement and Educational webinar involves the following:

- Completion of a quarterly report by all Drop-off Sites.
- A quarterly phone meeting between Program staff and a representative from each Dropoff Site to review container weights and swaps, operational challenges, and promotional materials.

- Presentation of a biannual educational Drop-off Site webinar.

Biannual Engagement webinars covered the following topics:

- Program updates and data review: current news and collection data.
- Technical assistance, including container loading tips, container load weights, signage placements, and carpet handling in inclement weather (rain/snow).
- Micro-grants and Infrastructure grant opportunities and grant-funded improvement examples.
- Recognition of Drop-off Site efforts for overall PCC volumes captured, increases in PCC volume, container loading efficiencies, and promotional/outreach efforts above and beyond Program promotions.
- Open discussion of site operational success and challenges, best practices, and feedback on how the Program is working.
- Best practices and unique perspectives from different Drop-off Sites.

In 2023, the Program hosted two biannual Engagement Webinars to CARE Drop-off Sites, with an approximate total of 140 people in attendance. Webinars are recorded and available on the CARE website. Webinars are recorded and available on the CARE website.

CARE maintains a map on the website of all public Drop-off Sites (including location, hours, fees charged) that is updated in real time. In 2023, the map webpage garnered over 15,000 pageviews from California-based visitors. Marketing activities to promote Drop-off Sites included updates to and distribution by request of the following materials in 2023:

- Customized one-sheets with carpet preparation information were created for 34 Drop-off sites, with 1,875 printed and mailed to sites. Four sites opted to print in-house.
- An “**onboarding video**” to introduce new Drop-off Site staff to the benefits and responsibilities of being a public Drop-off Site was viewed 85 times on the CARE website in 2023.
- A total of 113 signs, including loading instructions and liability notices in English and Spanish and recycling signs in English, Spanish, and Chinese.

9.4 Consumer Outreach

Consumers tend not to think much about the carpet beneath their feet until they are ready to sell or renovate. The Program focuses on communicating with those homeowners who are considering new flooring, while laying a groundwork of the idea that carpet is recyclable, like paint, mattresses, and other materials, when brought to the right place.

In late 2023, CARE launched a new website, **www.RecycleMyCarpet.com**, to serve as a simple landing page for consumers looking for basic information and ideas about what to do with old wall-to-wall carpet. In addition to informing about recycling and how carpet is recycled into new products, the site covers carpet maintenance to prolong its useful life, along with options for reuse and donation.

In response to CARE's Plan requirement around source reduction, in November 2023 (around America Recycles Day), CARE placed an article called "Making Your Carpet Last Makes Sense" via the Brandpoint online media network in 52 news outlets across the state.

9.5 Regional Approach

Since 2017, the Program has used a Regional Approach strategy to test the effectiveness of a multi-touch strategy that works to educate and learn from various stakeholder groups within a geographic area, with a goal of improving collection, recycling, and awareness of carpet recycling opportunities. The regional approach is used to conduct new tactics in a specific region so that their effectiveness can be measured when compared to similar areas in the state that are not receiving the same treatments. This allows for concentrated multi-touch media efforts in a targeted area that would not be feasible for the Program to roll out statewide.

In 2023, Program staff conducted regional campaigns in a section of Los Angeles County where 13 new CARE public drop-off sites had been recently added. As in the past, a specific landing page (**CarpetRecovery.org/LA-Recycles**) was used to track campaign impact.

The outreach team attempted to contact 218 retailers within the regional area to create a baseline of recycling practices and opportunities. While 33 of the retailers said they

were currently recycling, 27 contacts said they were not currently recycling but would consider it.

The Program conducted a multi-tactic mass media campaign in September-October 2023. Tactics included:

- Digital display advertisements in the *Los Angeles Times*
- Pandora ads in English and Spanish.
- Google display ads in English and Spanish
- Direct mail postcards to 2,150 flooring retailers and C-15 and C-21 licensed contractors in the area.

The promotions yielded significant increases in traffic to the Los Angeles County landing page on the CARE website. The county landing page accounted for 70% of all entrances (first page visited) to the CARE website in September-October 2023 with 9,400 visits.

9.6 Local and State Government Outreach

Notably, education and outreach in 2023 expanded to the local government audience, composed of recycling coordinators, and local building departments. These representatives are in a unique position to educate the public and other stakeholders in their communities about carpet recycling and act themselves to further Program goals.

MEO activities also included efforts like attending state conferences to speak to industry professionals about the Program. In general, outreach in 2023 focused on relationship-building across audiences in California; 2024 will continue this effort while leveraging existing relationships to better understand how the Program can help support and encourage carpet recycling at both the local and regional levels.

Local Government Outreach

Local government was an important new audience engaged in 2023 and includes recycling coordinators and building counters at the city and county level, as well as local and regional waste haulers. These local government representatives are in a unique position to educate people in their jurisdiction about carpet recycling, distribute resources to support carpet recycling efforts, and purchase post-consumer carpet products. CARE engaged Circle Point to aid in this initiative due to their identified expertise.

Outreach first began with relationship-building. In 2022 there were zero local government MEO focused database contacts, and due to targeted and consistent outreach efforts, there were almost 600 recycling and procurement coordinator contacts by the end of 2023. These local government stakeholder databases will be updated in 2024 and used to continue building key relationships and sharing carpet recycling resources.

To support local government efforts to raise awareness of carpet recycling, several pieces of targeted collateral were produced and distributed to specific local government audiences.

- **Recycling Coordinator Postcard:** An informational postcard was created for local government recycling coordinators with information about carpet recycling resources, setting up their own drop-off site, and the importance of raising awareness of carpet recycling locally.
- **Building Department Counter Card:** At the suggestion of Local Government CARE staff, a counter card in both English and Spanish was created for local government building departments to display on building department counters and distribute to installers and C&D professionals.
- **Commercial/Multi-Family Developments Flyer:** A flyer for waste haulers to include in their communications with commercial and multi-family development customers was developed in both English and Spanish, with information about how to properly prepare carpet for recycling and how to find a local drop-off site.

Table 9-1. Local Government Collateral Metrics

Collateral	Distribution Method	Relevant Metrics
Recycling Coordinator Postcard	Email	• Sent to 134 recycling coordinators • 52% Open Rate • 9.8% Click Rate
Building Department Counter Card	Mail	100 cards mailed to 135 building departments
Commercial and Multi-Family Developments Flyer	Email	• Sent to 84 waste haulers • 39.3% Open Rate • 27.3% Click Rate

LOCAL GOVERNMENT SURVEY

As part of initial outreach efforts and to establish a baseline for understanding gaps in Program awareness and carpet recycling knowledge, a survey was developed and distributed to 150 local government recycling coordinators. This survey assessed their familiarity with carpet recycling, existing methods to deliver carpet recycling education, and what kind of materials CARE could provide that would be useful in furthering carpet recycling awareness efforts.

Survey respondents confirmed their knowledge of CARE and recognized the organization as a well-respected and recognized resource for carpet recycling. Responses from the survey also informed collateral development for the local government audience.

LOCAL GOVERNMENT TOOLKIT

To streamline resources for local government recycling coordinators, the team developed a comprehensive toolkit that they could use to raise awareness of and encourage carpet recycling. The toolkit includes content for newsletters, social media, and webpages geared towards two different audiences: the public and flooring installers/C&D professionals. It also allows them to download flyers and postcards previously developed for local government buildings and recycling coordinators.

The toolkit was uploaded to the **Recycling Coordinators webpage** on the CARE website and emailed to 133 recycling coordinators across California. From this email,

there was an open rate of 54.14%, significantly higher than the industry average of 20-30%, and a click rate of 20.83%. A follow-up email was sent to 62 recycling coordinators, a combination of new contacts from the 2023 CRRA conference and those who did not open the first email, with an open rate of 17.74% and a click rate of 45.45%.

State Government Outreach

In 2023, CARE team members and the MEO team participated in state-wide conferences on behalf of the California Carpet Stewardship Program and to raise awareness of carpet recycling and recycled carpet products.

- Participated in and engaged with industry and state professionals in-person at the annual California Resource Recovery Association (CRRA) Conference in Burlingame. CARE was a Silver Sponsor for this event.
- Participated in the Solid Waste Association of North America (SWANA) Conference.
- Participated in the Southern California Waste Management Forum Conference in Ontario.

Participation in the above state-wide conferences furthered relationship building among state and local government representatives and allowed the team to both better define target audiences and understand how to better support carpet recycling efforts.

9.7 Marketing Assistance for Market Development

The goal of market development efforts is to raise awareness of post-consumer carpet products at both the state and local level. This is primarily promoted in conjunction with the State Agency Buy Recycled Campaign (SABRC), which mandates a percentage of all state agency purchases to be made of recycled products. The MEO team supported CARE market development staff by updating existing materials, developing and printing new PCC collateral, and conducting outreach to procurement and purchasing representatives.

- **SABRC Postcard:** A SABRC postcard was created to provide a resource with post-consumer carpet product information and to inform purchasing departments how buying products made from recycled carpet components can help them meet SABRC goals. This postcard was distributed by email to 32 purchasing departments in California, with a 69% open rate.

- **Construction & Demolition Flyer:** A state Construction & Demolition Flyer for local and regional public procurement officials was developed and will be distributed at future conferences.

CalGreen Petition

Current California building standards fail to provide information or instructions for landfill diversion and carpet recycling activities. To encourage the recycling of post-consumer carpet material, the MEO team submitted a petition requesting CalGreen to update the current building standards and regulations. The submitted petition language requires the identification of construction and demolition waste materials to be diverted from disposal and includes resources for C&D managers to find how to prepare and divert these materials (including carpet).

Along with the petition language, sample webpage and flyer material were submitted to showcase what kind of resources CalRecycle can provide or link to in state building standards and regulations. As of March 2024, the petition is in review with the State of California Department of General Services Building Standards Commission.

Grantee Assistance

CARE assisted grantee Repurpose Earth by creating a brochure to promote the company's work of recovering used carpet tile and donating it to underserved communities. The brochure is designed to help the small company explain its business and add customers. Grant program support also included development of a case study on Repurpose Earth, which was posted to the CARE website and distributed at conferences.

9.8 Reuse

The CARE website's Reuse page received 602 views during 2023. Also see section above for information on promotion of a carpet tile reuse business.

9.9 General Outreach

In 2023, additional multi-stakeholder outreach efforts included the following activities:

- 17 blog posts.
- 12 e-news editions.

- 200 Tweets.

Website Traffic

The CARE website has a dedicated **California landing page** along with extensive content on the California program aimed at various audiences**.** As shown in Table 9-2, the number of California-based visits to the website increased by 7 percent over 2022, with an average visit duration a healthy 2 minutes and 10 seconds. The Program considers website traffic upticks, combined with an increase in average visit duration, as a relevant indicator of impact and reach for communications initiatives.

Table 9-2. Website Metrics

Website Metrics	2022	2023	% Change
California Visitors	24,236	25,994	+7%
California Visits	34,979	37,300	+7%
Average Visit Duration (min)	1:49	2:10	+19%

Social Media

The Program has focused on using Twitter to reach influencers and businesses involved with sustainability. CARE's Twitter account ended 2023 with 526 followers, and the organization's 200 tweets received over 6,400 impressions.

Due to X (formerly Twitter)'s change in focus and decrease in popularity, in November CARE shifted focus and started posting more regularly to LinkedIn; 12 posts got 1,328 organic impressions. In addition to X, CARE maintains presence on LinkedIn along with a **YouTube channel** and a **SlideShare account** to reach users who may be searching for pertinent material and may not be aware of CARE or the California Carpet Stewardship Program. The YouTube channel hosts 19 public videos, has 328 subscribers, and garnered more than 132,000 video views in 2023. The SlideShare account hosts 31 presentations from public presentations and webinars and received 600 views in 2023.

Stakeholder Database

The Program maintains a robust database of more than 8,000 individuals, businesses, organizations, and agencies in California. In addition to general contact information, the database tracks retailers' recycling status; collateral requested and sent to retailers, installers, and Drop-off Sites; reports of one-to-one contacts; and more information.

Earned Media

Earned media press release topics in 2023 included announcing the 2022 Program results with the extraordinary recycling rate achievement along with updates on the Carpet Differential Assessment. *Floor Trends*, *Resource Recycling* and *Waste Advantage* ran related stories. CRI's Russ DeLozier and CARE's Rob Thiess authored "In my opinion: the feedstock for the future," an op-ed covering advances in carpet recycling in general and the California program in particular, in the March issue of *Plastic Recycling Update*.

Conferences/Events

Program staff attended and/or exhibited at the following events in 2023:

- California Association of Public Procurement Officers (CAPPO 23) in Monterey in January.
- SWANA Western Regional Symposium in Palm Springs in April in Monterey. CARE was a sponsor.
- California Resource Recovery Association (CRRA) in Burlingame in August.
- Southern California Waste Management Forum (SCWMF) in Ontario in November.

10 Audits

> ***CCR 18944(a)(9) Audits.*** *The annual report shall include an independent financial audit funded from the carpet stewardship assessment. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, and standards set forth in Government Auditing Standards issued by the Comptroller General of the United States. The audit report shall also include a separate state compliance report on the carpet program requirements as directed by the department.*

The financial statements of CARE and the California Carpet Stewardship Program for the year ending December 31, 2023, were audited by independent Certified Public Accounting firm Carr, Riggs & Ingram, LLC, of Atlanta, Georgia. CARE National Audits, which are not paid for with California Recycling Assessment monies, are available to CalRecycle upon request.

The original, unedited audit statements are presented in Appendix 11.12. (The final versions were modified to meet accessibility standards without changing their substantive content.)

11 Appendices

11.1 **Participating Carpet Mills, Subsidiaries & Brands** 106

11.2 **Public Drop-off Sites & Locations** 118

11.3 **Public Drop-off Sites and Convenient Collection Status by County** 132

11.4 **Disposition Facility Addresses: CSEs, Processors & Manufacturers** 132

11.5 **Definitions** 135

11.6 **Subsidies & Incentive Payouts Summary** 144

11.7 **Accessible Data Sources for Figures** 156

11.8 **Examples of Education & Outreach Materials** 159

11.9 **Annual Report Review Checklist** 181

11.10 **California Differential Assessment Analysis in 2023** 192

11.11 **CARE Response to Advisory Committee Feedback on Annual Report** 195

11.12 **Audited Financial Statements** 203

11.1 Participating Carpet Mills, Subsidiaries & Brands

The records on the following pages are for the 2023 year and reflect the updated list of Carpet Mills, Subsidiaries, and Brands participating in the Program as of December 31, 2023 (Quarter 4).

The **2023 Compliant Manufacturers List** is provided quarterly to CalRecycle and is available on CalRecycle's website. ("PBC" means the original list was provided by CARE and is updated and modified by Aprio, the independent accounting firm.)

[insert into PDF:

"Final Manufacturing Listing Q4 2022 – Updated 03072023 – For CalRecycle (ADA).pdf"]

(11 pages)

11.2 Public Drop-off Sites & Locations

The following pages list the Program's public Drop-off Sites and their locations. All are located in California. CARE's website includes the **California Drop-off Site Map** as well as a listing of site names, locations, contact information, websites, carpet collection details, fees, hours of operation, and other details. New sites are bolded.

ID	Public Drop-off Site	Address
1	Advance Disposal Co.	17105 Mesa Street, Hesperia 92345
2	American Reclamation	4560 West Doran Street, Los Angeles 90039
3	American Waste Transfer Station	1449 West Rosecrans Avenue, Gardena 90249
4	**AMS Flooring**	**1724 Junction Ave. D. San Jose, CA 95112**
5	Anaheim Transfer Station/Recycling Facility	2740 East Coronado Street, Anaheim
6	B&B Carpets and Flooring	5626 Corporate Avenue, Cypress
7	Bay Counties SMaRT Station	301 Carl Road, Sunnyvale 94089
8	Bel-Art Transfer Station	2495 East 68th Street, Long Beach
9	**Belott Floor Covering**	**30634 Blue Lagoon Cir. Menifee, CA 92584**
10	Ben Lomond Transfer Station	9835 Newell Creek Road, Ben Lomond 95005
11	Bena Sanitary Landfill	2951 Neumarkel Road, Bakersfield
12	Benton Crossing Landfill	899 Pit Road, Crowley Lake 93546
13	Berkeley Transfer Station	1201 Second Street, Berkeley
14	Bishop – Sunland Landfill	110 Sunland Indian Reservation Road, Bishop 93514
15	BJM Installers – Benicia	4690 East 2nd Street, Suite 8, Benicia 94510

ID	Public Drop-off Site	Address
16	Black Butte Transfer Station	3710 Spring Hill Drive, Mt Shasta 96067
17	Blue Line Transfer Station	500 East Jamie Court, South San Francisco
18	**Blue Water Recycling**	**504 W 12th St, Alturas, CA 96101**
19	Buena Vista Landfill	6500 Buena Vista Road, Ione
20	Buena Vista Landfill – Santa Cruz County	1231 Buena Vista Drive, Watsonville 95076
21	Cal Sierra Transfer Station	19309 Industrial Drive, Sonora 95370
22	**Calabasas Landfill**	**5300 Lost Hills Road Agoura, CA 91301**
23	California Cushion Co. Inc.	1205 West Collins Avenue, Orange
24	California Waste Services LLC	621 West 152nd Street, Gardena 90247
25	Carpet & Linoleum City	1204 Redondo Avenue, Long Beach
26	Carpet In Warehouse	140 Hidden Valley Parkway, Suite F, Norco
27	Carpet Manufacturers Warehouse ®	6111 Randolph Street, Commerce 90040
28	Central Floor Supply	5963 East Clinton Avenue, Fresno 93727
29	**Central Landfill**	**500 Mecham Rd, Petaluma, CA 94952**
30	Certified Blue	2075 Williams Street, San Leandro 94577

ID	Public Drop-off Site	Address
31	City of Lompoc Landfill	700 Avalon Street, Lompoc 93436
32	City of Redding West Central Landfill	14095 Clear Creek Road, Igo
33	City of Santa Cruz Resource Recovery Facility	605 Dimeo Lane, Santa Cruz 95060
34	Cold Canyon Landfill	2268 Carpenter Canyon Road, San Luis Obispo
35	Conservation Corps North Bay	365 Blodgett Street, Cotati 94931
36	Contra Costa Waste Services	1300 Loveridge Road, Pittsburg
37	CR&R Environmental Services – Main Offices	2059 East Steel Road, Colton 92324
38	**CR Transfer Station and MRF**	**11232 Knott Ave Stanton, CA 90680**
39	Crenshaw Carpet	1413 North La Brea Avenue, Inglewood 90302
40	CWS-DTLA	3720 Noakes Street, Los Angeles 90023
41	**Davis Street Transfer Station**	**2615 Davis Street San Leandro, CA 94577**
42	Del Norte County Transfer Station	1700 State Street, Crescent City 95531
43	Del Norte Regional Recycling & Transfer Station	111 South Del Norte Boulevard, Oxnard
44	Delleker Transfer Station	73980 Industrial Way, Delleker 96122
45	Devlin Road Transfer Station	889 Devlin Road, American Canyon 94503

ID	Public Drop-off Site	Address
46	DFS Flooring, LP	15651 Saticoy Street, Van Nuys 91406
47	Eastern Impressions/Cristal Materials	6465 Corvette Street, Commerce 90040
48	Eastern Impressions/Dimax Fiber Recovery	1111 East 4th Street, Santa Ana 92701
49	Eastern Regional Landfill	900 Cabin Creek Road, Truckee 96161
50	**Eastlake Landfill**	**16015 Davis Ave Clearlake, CA 95422**
51	EDCO Recycling & Transfer	2755 California Avenue, Signal Hill
52	EDCO San Marcos C&D Processing Facility	224 South Las Posas Road, San Marcos 92078
53	El Dorado Disposal/Waste Connections	4100 Throwita Way, Placerville 95667
54	Emadco Disposal Services, Inc.	40287 Oak Park Way, Oakhurst
55	**Event Carpet Pros**	**14301 Alondra Blvd, La Mirada, CA 90638**
56	Falcon Transfer Station	3031 East I Street, Wilmington, Los Angeles
57	Flooring Innovations	74-527 Highway 111, Palm Desert 92260
58	Flooring Liquidator	736 Mariposa Road, Modesto 95354
59	Florin Perkins Public Disposal Site	4201 Florin Perkins Road, Sacramento 95826
60	Franeys Floor Covering	525 North Liberty Street, Visalia

ID	Public Drop-off Site	Address
61	Fremont Recycling & Transfer Station	41149 Boyce Road, Fremont 94538
62	Glenn County Transfer Station	5700 County Road 33, Artois 95913
63	**Global Materials Recovery Facility**	**3899 Santa Rosa Ave, Santa Rosa, CA 95407**
64	Golden Bear Transfer Station	1 Parr Boulevard, Richmond 94801
65	Hawthorne Street Transfer Station	1059 West Hawthorne Street, Eureka 95501
66	Hayward Transfer Station	3458 Enterprise Avenue, Hayward
67	**Healdsburg Transfer Station**	**166 Alexander Valley Rd, Healdsburg, CA 95448**
68	Highway 59 Landfill	7040 North State Highway 59, Merced
69	HM Flooring Group	1320 West Walnut Street, Compton, CA 90220
70	**HM Flooring Group**	**10065 Alder Ave, Bloomington, CA 92316**
71	Holdorff's Recycling	605 North Court Street, Alturas 96101
72	**Hung A Lel Ti Woodfords Community Council**	**96A Washoe BLVD, Woodfords, CA 96120**
73	Imperial Landfill	104 East Robinson Road, Imperial
74	Inland Regional Material Recovery Facility	2059 East Steel Road, Colton, 92324
75	Interior Removal Specialist, Inc.	9309 Rayo Avenue, South Gate 90280

ID	Public Drop-off Site	Address
76	**J&M Floor Covering**	**14634 CA-41, Madera, CA 93636**
77	Junction City Transfer Station (Temporary)	52414 Junction City Dump Road, Junction City 96048
78	Keller Bakersfield	5417 Standard Street, Bakersfield 93308
79	Keller Benicia	3880 Industrial Way, Benicia 94510
80	Keller Interiors – Sacramento	1200 Del Paso Road, Sacramento 95834
81	Keller Interiors (Perris Location)	3470 Webster Avenue, Perris 92571
82	Keller San Diego	6496 Marindustry Place, Suite A, San Diego 92121
83	Keller Stockton	7233 C. E. Dixon Street Unit C, Stockton 95206
84	Keller Tulare	1878 North Mooney Boulevard #I, Tulare 93274
85	Kern Valley Transfer Station	6092 Wulstein Avenue, Kernville 93238
86	Kiefer Landfill	12701 Kiefer Boulevard, Sloughhouse 95683
87	L&D Landfill	8635 Fruitridge Road, Sacramento
88	Lake County Transfer Station & Recycling Center	230 Soda Bay Road, Lakeport 95453
89	Lancaster Flooring, Inc.	44910 Yucca Avenue, Lancaster 93534
90	Lovelace Materials Recovery Facility & Transfer Station	2323 Lovelace Road, Manteca 95336

ID	Public Drop-off Site	Address
91	Loyalton Transfer Station	1 Garbage Pit Road, Loyalton 96118
92	McCourtney Road Transfer Station	14741 Wolf Mountain Road, Grass Valley 95949
93	McFarland-Delano Transfer Station	11249 Stradley Ave, Delano 93215
94	Magic Carpet	601-B West Lambert Road, Brea
95	Marborg Industries C&D Recycling Center	119 North Quarantina Street, Santa Barbara 93103
96	Marin Resource Recovery Center	565 Jacoby Street, San Rafael 94901
97	Mariposa Landfill, Composting & Recycling Center	5593 Highway 49, Mariposa 95338
98	Maxwell Brothers Flooring America	24632 Narbonne Avenue, Lomita 90717
99	Maxwell Transfer Station	3852 Co Road 99W, Maxwell 95955
100	Michael’s Carpet	9005 Adams Avenue, Huntington Beach
101	Monterey Regional Waste Management District	14201 Del Monte Boulevard, Marina 93933
102	Napa Recycling & Waste Services LLC	820 Levitin Way, American Canyon 94558
103	NARS	4450 Roseville Road, North Highlands
104	Neal Road Recycling & Waste Facility	1023 Neal Road, Paradise 95969
105	North County Recycling Center & Sanitary Landfill	17720 East Harney Lane, Lodi

ID	Public Drop-off Site	Address
106	Oberlin Road Transfer Station	2420 East Oberlin Road, Yreka 96097
107	Otay Landfill	1700 Maxwell Road, Chula Vista 91911
108	Palomar Transfer Station, Inc.	5960 El Camino Real, Carlsbad 92008
109	**Pinnell's Carpet One Floor & Home**	**263 S Main St, Angels Camp, CA 95222**
110	**Pumice Valley Landfill**	**200 Dross Rd, Lee Vining, CA 93541**
111	Premier Floors	731 South Auburn Street, Grass Valley 95945
112	Recology Sutter/Yuba Counties	3001 Levee Road, Marysville 95901
113	Recology Butte/Colusa Counties	2720 South 5th Avenue, Oroville 95965
114	Recology Hay Road	6426 Hay Road, Vacaville
115	Recology San Francisco Transfer Station	501 Tunnel Avenue, San Francisco
116	Recology Vacaville	855 Davis Street, Vacaville
117	Rivera's Fine Flooring	16890 Church Street, Morgan Hill
118	RJR Recycling	1771 San Felipe Road, Hollister
119	Robbie's Fine Flooring	1902 West Euclid Avenue, El Centro 92243
120	Robert A. Nelson Transfer Station/Agua Mansa MRF	1830 Agua Mansa Road, Riverside

ID	Public Drop-off Site	Address
121	Robinson's Interiors Fresno Warehouse	292 West Herndon Avenue, Pinedale 93650
122	Robinson's Interior Inc.	230 North 11th Avenue, Hanford
123	Rock Creek Landfill	12021 Hunt Road, Milton 95684
124	SANCO Resource & Recovery	6750 Federal Boulevard, Lemon Grove 91945
125	Serv-Wel	901 South Maple Avenue, Montebello
126	Shafter Landfill	17621 Scofield Avenue, Shafter 93263
127	Shoreway Environmental Center	333 Shoreway Road, San Carlos
128	Smart Demolition & Excavation Inc.	1225 Van Dyke Avenue, San Francisco 94124
129	Solid Waste Systems	3151 Taylor Drive, Ukiah 95482
130	**Sonoma Transfer Station**	**4376 Stage Gulch Rd, Sonoma, CA 95476**
131	South Coast Recycling Transfer Station	4430 Calle Real, Santa Barbara
132	South Gate Transfer Station	9530 Garfield Avenue, South Gate 90280
133	South Tahoe Refuse Transfer Station	2140 Ruth Avenue, South Lake Tahoe
134	Sun Street Transfer Station	1104 Madison Lane, Salinas 93907
135	Sunset Transfer Station	16122 Construction Circle West, Irvine 92606

ID	Public Drop-off Site	Address
136	Sycamore Landfill	8514 Mast Boulevard, Santee 92071
137	Tehama County/Red Bluff Landfill	19995 Plymire Road, Red Bluff 96080
138	Tri-County Design (BJM)	821 Petaluma Boulevard North, Petaluma 94952
139	V&S Carpet and Flooring	17208 Roseton Avenue, Artesia 90701
140	Victor Valley MRF (Burrtec)	17000 Abbey Lane, Victorville
141	West Coast Waste	3077 South Golden State Frontage Road, Fresno 93725
142	West Valley MRF and Transfer Station	13373 Napa Street, Fontana
143	Western Placer WMA	3195 Athens Avenue, Lincoln
144	Windsor Material Recovery Facility	590 Caletti Avenue, Windsor 95492
145	World of Carpet One	3023 Santa Rosa Avenue, Santa Rosa
146	Yolo County Central Landfill	44090 County Road 28H, Woodland
147	**Yuba Sutter Household Hazardous Waste Facility**	**134 Burns Drive Yuba City, CA 95991**
148	Zaengles Carpet One Floor and Home	2800 Main Street, Susanville 96130
149	Zanker Recycling	675 Los Esteros Road, San Jose 95134

11.3 Public Drop-off Sites and Convenient Collection Status by County

County	Population (2020 Census)	Drop-off Sites Needed in 2023	Drop-off Sites Actual in 2023	Additional Sites Needed
Alameda	1,682,353	3	5	0
Alpine	1,204	1	1	0
Amador	40,474	1	1	0
Butte	211,632	1	2	0
Calaveras	45,292	1	2	0
Colusa	21,839	1	1	0
Contra Costa	1,165,927	2	2	0
Del Norte	27,743	1	1	0
El Dorado	191,185	1	2	0
Fresno	1,008,654	2	3	0
Glenn	28,917	1	1	0
Humboldt	136,463	1	1	0
Imperial	179,702	1	2	0
Inyo	19,016	1	1	0
Kern	909,235	1	5	0
Kings	152,486	1	1	0
Lake	68,163	1	2	0
Lassen	32,730	1	1	0
Los Angeles	10,014,009	20	21	0
Madera	156,255	1	2	0

County	Population (2020 Census)	Drop-off Sites Needed in 2023	Drop-off Sites Actual in 2023	Additional Sites Needed
Marin	262,321	1	1	0
Mariposa	17,131	1	1	0
Mendocino	91,601	1	1	0
Merced	281,202	1	1	0
Modoc	8,700	1	1	0
Mono	13,195	1	1	0
Monterey	439,035	1	2	0
Napa	138,019	1	2	0
Nevada	102,241	1	2	0
Orange	3,186,989	6	8	0
Placer	404,739	1	2	0
Plumas	19,790	1	1	0
Riverside	2,418,185	4	5	0
Sacramento	1,585,055	3	5	0
San Benito	64,209	1	1	0
San Bernardino	2,181,654	4	6	0
San Diego	3,298,634	6	6	0
San Francisco	873,965	1	2	0
San Joaquin	779,233	1	3	0
San Luis Obispo	282,424	1	1	0
San Mateo	764,442	1	2	0

County	Population (2020 Census)	Drop-off Sites Needed in 2023	Drop-off Sites Actual in 2023	Additional Sites Needed
Santa Barbara	448,229	1	3	0
Santa Clara	1,936,259	3	4	0
Santa Cruz	270,861	1	3	0
Shasta	182,155	1	1	0
Sierra	3,236	1	1	0
Siskiyou	44,076	1	2	0
Solano	453,491	1	4	0
Sonoma	488,863	1	8	0
Stanislaus	552,878	1	1	0
Sutter	99,633	1	1	0
Tehama	65,829	1	1	0
Trinity	16,112	1	1	0
Tulare	473,117	1	2	0
Tuolumne	55,620	1	1	0
Ventura	843,843	1	1	0
Yolo	216,403	1	1	0
Yuba	81,575	1	1	0
TOTAL	**39,538,223**	**101**	**147**	**0**

Table Notes: Population data source: 2020 U.S. Census.

11.4 Disposition Facility Addresses: Collector/Sorters, Processors & Manufacturers

Collector/Sorter (CSE) Facility Addresses (for Table 4-4)

Company	Facility Address	City	State	Zip
Aquafil Carpet Recycling, LLC	187 Mace Street	Chula Vista	CA	91911
Certified Blue Recycling, Inc.	2075 Williams Street	San Leandro	CA	94577
Circular Polymers by Ascend	3390 Venture Drive	Lincoln	CA	95648
Eastern Impressions—Compton	15222 Marne Circle	Compton	CA	92604
Gone Green Recycling, LLC	1440 Industrial Way	Sparks	NV	89431
GreenWaste Carpet Recycling	610 E. Gish Road	San Jose	CA	95112
Interface, Inc.	1503 Orchard Hill Road	LaGrange	GA	30240
Los Angeles Fiber Company	5942 Santa Fe Avenue	Vernon	CA	90255
Repurpose Earth	15001 South Figueroa Street	Gardena	CA	90248
Shaw Industries Group, Inc.	616 E. Walnut Avenue	Dalton	GA	30720

Tier 1 Processor Facility Addresses (for Table 4-5)

Company	Facility Address	City	State	Zip
Aquafil Carpet Recycling, LLC	1600 S. Central Avenue	Phoenix	AZ	85004
Aquafil Recycling #1, Inc.	3555 West Washington Street	Phoenix	AZ	85009
Circular Polymers by Ascend	3390 Venture Drive	Lincoln	CA	95648
Columbia Recycling Corp.	1001 Chattanooga Avenue	Dalton	GA	30720
Interface, Inc.	1503 Orchard Hill Road	LaGrange	GA	30240
Los Angeles Fiber Company	5942 Santa Fe Avenue	Vernon	CA	90255
Shaw Industries Group, Inc.	616 E. Walnut Avenue	Dalton	GA	30720

Tier 2 Manufacturer Facility Addresses (for Table 4-6)

Company	Facility Address	City	State	Zip
Aquafil Carpet Recycling	1600 S. Central Avenue	Phoenix	AZ	85004
Aquafil USA, Inc.	1 Aquafil Drive SE	Cartersville	GA	30120
Circular Polymers by Ascend	3390 Venture Drive	Lincoln	CA	95648
Columbia Recycling Corp.	1001 Chattanooga Avenue	Dalton	GA	30720
GeoHay, LLC	2230 Highway 292	Inman	SC	29349
Leggett & Platt	307 W. 7th Street	Fort Worth	TX	76102
MP Global Products LLC	2500 Old Hadar Road	Norfolk	NE	68702
PRET Advanced Materials, LLC	520 Kingsburg Highway	Johnsonville	SC	29555
Reliance Carpet Cushion	5942 Santa Fe Avenue	Vernon	CA	90255
Rise Composite Technologies	241 Mohr Drive	Mankato	MN	56001

11.5 Definitions

Advisory Committee: A mandated committee under Public Resources Code Section 42972.1(a) to provide recommendations on carpet stewardship plans, plan amendments, and annual reports. The **Advisory Committee webpage** provides more information.

Agreed Upon Procedure (AUP): A prescribed procedure executed by an external accounting firm or contractor to examine the records of Program participants to verify compliance and prevent fraud.

Assessment: The amount added to the purchase price of carpet that is subsequently remitted to a stewardship organization or manufacturer, which shall be spent on implementing the carpet stewardship plan.

Calcium Carbonate: See *Post-Consumer Carpet Calcium Carbonate (PC4)* below.

Capacity: Theoretical maximum volume of carpet discards able to be processed by participating processors in a given year, based on self-reported estimates and/or permitted capacity figures.

Carpet: A manufactured article that is used in commercial or residential buildings affixed or placed on the floor or building walking surface as a decorative or functional building interior feature and that is primarily constructed of a top visible surface of synthetic or natural face fibers or yarns or tufts attached to a backing system derived from synthetic or natural materials. *Carpet* includes, but is not limited to, a commercial or a residential broadloom carpet or modular carpet tile. *Carpet* does not include a rug, pad, cushion, or underlayment used in conjunction with, or separately from, a carpet.

Carpet America Recovery Effort (CARE): A nationwide, 501(c)(3) non-profit organization whose focus is on post-consumer carpet stewardship.

Carpet as Alternative Fuel (CAAF): Fuel that has been produced from source-separated and sorted post-consumer carpet and processed, including 1) extraction of components for recycling if at all possible, and 2) size reduction, shredding, and/or blending with coal fines, etc. *CAAF* is not a type of recycling or reduction in disposal for purposes of this Program. *CAAF* is an alternative fuel source to other fuel sources such as coal, natural gas, and fuel oil.

Carpet-Derived Aggregate: A potential utilization of Recycled Output as an alternative to heavy rock and soil for use in geotextiles, road construction, or similar civil

engineering application; similar to *Tire-Derived Aggregate (TDA)*. Examples might include lightweight wall backfill, vibration attenuation, embankment repair, and the like.

Carpet Industry: The universe of participants involved in the production of carpet, including Carpet Mills, fiber manufacturers, material suppliers, etc. It includes but is not limited to members of the Carpet and Rug Institute (CRI).

Carpet Mill: A primary producer of carpet, carpet tile, or related products covered under the Plan. A Carpet Mill is also referred to as a *Carpet Manufacturer*.

Carpet Manufacturer: With regard to a carpet that is sold, offered for sale, or distributed in the state, includes, at a minimum: those who manufacture and sell or distribute the carpet under their name or brand; the owner or licensee of a trademark or brand under which the carpet is sold or distributed in the state; those who import carpet into the state for sale or distribution. See California Carpet Stewardship Law for expanded detail.

Carpet Stewardship Law: Includes Assembly Bill 2398 passed in 2010 and amended by AB 1158 in 2017, AB 2097 in 2018, AB 729 in 2019, and their associated regulations, as codified in sections 18940 through 18948 of the California Code of Regulations (CCR), Title 14, and in sections 42970 through 42983 of the Public Resources Code.

Cement Kiln: Cement production facility that may use CAAF as a source of energy, which does not qualify as recycling, and/or as a raw material in the form of enriched PC4 for cement production.

Collected: Gross collected pounds of California PCC (total includes material that may eventually be sent to landfill). Also referred to as *Gross Collected or Gross Collection*.

Collection: Any method of consolidating and temporarily storing recovered commercial and/or residential carpet.

Collector/Sorter: A business that provides carpet recycling collection services for retailers, disposal sites, or other sites. *Collector/Sorters* sort received PCC by material type for third-party reuse, or wholesale to Tier 1 processors for recycling; they do not convert material into Recycled Output. Sometimes referred to as *Collector/Sorter Entrepreneur (CSE)*.

Collector/Sorter Entrepreneur (CSE): See *Collector/Sorter* above.

Demolition: Represents the teardown of a building (one-time carpet removal). There is no estimate of percentage of flooring covered by carpet.

Differential Assessment: A system in which different assessment amounts are applied per square yard of carpet sold based on its attributes, such as carpet type (broadloom or carpet tile) and amount of post-consumer content (at least 10% or less than 10%). The Program established a Differential Assessment approach to support increases in recycling and to comply with the requirements of AB 729, and the first Differential Assessments were implemented in April 2022.

Discards: Carpet that has completed its lifecycle as a consumer item or is no longer used for its manufactured purpose. Also referred to as *post-consumer carpet materials.*

Disposal: The management of solid waste through landfill disposal, transformation, or engineered municipal solid waste conversion, at a permitted solid waste facility (per Public Resources Code Section 40192). Under this Plan total pounds of post-consumer carpet sent to landfill and incineration are counted as disposal.

Disposal Facility: Facilities that are licensed and permitted to provide final disposal for the specific wastes they accept, including incineration and landfill.

Diversion: “Diversion” or “divert” means activities which reduce or eliminate the amount of solid waste disposed at landfills in a manner consistent with the state's hierarchy for waste management pursuant to Section 40051. (Reference: 14 CCR §18941)

Diversion (Net): See *Net Diversion* below.

Diversion (Reported): See *Reported Diversion* below.

DSC: Differential Scanning Calorimeter. Analytical testing device for identification of polymer/fiber type based on differential melting points.

Education/Communication or **Education and Outreach (E&O) Costs**: Refers to expenses incurred in support of marketing, education, and outreach (also referred to as MEO) efforts conducted under the Plan. Includes the cost of market development promotion on-the-ground education and outreach support, communications, collateral and materials development, and related expenses, as well as costs related to the California Carpet Advisory Committee.

End-of-life (EOL) Costs: Program cost associated with the management of carpet discards from the point when a product is discarded by the consumer or the end of the useful life of the product, whichever occurs first. Costs may include subsidies, incentives or other expenditures related to reuse, recycling, landfilling, and other forms of carpet disposition in line with Program goals. It also includes storage and transportation for the collection Drop-off Site program.

Energy recovery: Burning carpet in a kiln or waste-to-energy facility or as carpet as alternative fuel (CAAF) to replace other fuels such as coal, natural gas, or fuel oil.

Filler: Materials such as calcium carbonate and the like used in the production of carpet backing.

Governance Costs: Includes costs charged quarterly by CalRecycle for regulatory oversight of the Program.

Gross Collection (GC): Estimated pounds of California PCC removed from waste stream for reuse, recycle, CAAF, kiln, or WTE, as reported to CARE by Collector/Sorters, prior to processing. This also includes unrecyclable PCC or carpet processing waste that may eventually be sent to landfill.

ID: Identification number; often used in lists and tables in this document.

Implementation Costs: Includes total expenses associated with Program implementation, as the sum of EOL subsidies, incentives, grants, technical assistance, education/communication costs and program administration costs.

Incineration: Complete burning of material to ashes, with no energy recovery, to reduce waste volume.

In-ground and On-ground Applications (subject to testing protocols): Placing PCC and/or byproducts of carpet at or below the surface of the earth. This application of using PCC must consist of transforming PCC into a useful product, must meet all local government laws and codes, and must be approved by the CARE SPC Definitions Subcommittee.

Input: The post-consumer carpet that is collected, sorted, and readied for processing.

Landfilling: Landfilling includes the placement of post-consumer carpet and/or the residuals from a post-consumer carpet management method into a landfill disposal facility.

Manufacturer: A manufacturer of secondary products made with post-consumer carpet content. Manufacturers receive finished (Type 1) Recycled Output from Tier 1 processors and utilize this material in the production of finished secondary products. In this Plan, secondary manufacturers are referred to as Tier 2 Manufacturers.

Marketing, Education & Outreach (MEO): Communications, education, and outreach activities related to Program promotion, technical assistance, or stakeholder support to

increase Program adoption, impact, and/or effectiveness. Also referred to as *Education & Outreach (E&O)*.

Memorandum of Understanding (MOU) for Carpet Stewardship: An agreement entered into by multiple stakeholders, including carpet industry, entrepreneurs, government entities and nongovernmental organizations.

Net Diversion: Estimated total PCC managed for reuse, recycle, CAAF, kiln, WTE, or export, rather than disposal in California landfills. It is calculated as the difference of Gross Collection pounds minus unrecyclable PCC and process waste pounds that ultimately go to landfill from Tier 1 Processors or Collector/Sorters. Based on *Gross Collection* being an estimate by Collector/Sorters, *Net Diversion* is also an estimate.

Nongovernmental Entities: Nongovernmental entities or organizations (NGOs).

On-ground Applications See *In-ground and On-ground Applications* above.

PC4: See *Post-Consumer Carpet Calcium Carbonate* (PC4) below.

Plasma: An extreme thermal process using plasma which converts organic matter into a syngas (synthesis gas), which is primarily made up of hydrogen and carbon monoxide. A plasma torch powered by an electric arc is used to ionize gas and catalyze organic matter into syngas, with slag remaining as a byproduct. It is used commercially as a form of waste treatment and has been tested for the gasification of municipal solid waste, biomass, industrial waste, hazardous waste, and solid hydrocarbons, such as coal, oil sands, petcoke, and oil shale.

Post-Consumer Carpet Calcium Carbonate (PC4) (subject to testing protocols): The residual, non-fiber content that is collected by a *Type 1 Processor* when a carpet is separated. This is typically in the form of a powder, which is associated with the “ash content” when an ash test is performed. The substance can be a high PC4 product or a mix that could include coal fly ash, cured adhesives, and some residual fibers. Because of the carpet manufacturing processes, PC4 in PCC processing will always have residual latex or other backing binder.

Post-Consumer Carpet (PCC) Materials: Carpet that has completed its lifecycle as a consumer item or is no longer used for its manufactured purpose. Also referred to as *Discards* above.

Post-Industrial/Pre-Consumer Carpet Material: Carpet materials generated in manufacturing and conversion processes, including, but not limited to, manufacturing scrap and trimmings/cuttings.

Processing: Preparing carpet material for reuse, recycling, CAAF, kiln, WTE, or disposal. It is meant to refer to some form of mechanical or chemical processing beyond cutting flats, sorting, or baling whole carpet.

Processor: A company that uses a process including but not limited to shredding, grinding, shearing, depolymerization, etc., to convert discarded whole carpet into finished recycled output that is ready to be utilized as an input material for manufacturing products. In this report, processors are referred to as Tier 1 processors. Some processors may also function as Collector/Sorters or Tier 2 manufacturers.

Program Administrative Costs: Non-subsidy Program expenses, including accounting, legal services, CARE facilities and operational expenses, staffing/contractor expenses, professional services, and marketing, education, and outreach activities. Program administration also includes service payments (governance costs) to CalRecycle for Program oversight.

Pyrolysis: A thermochemical decomposition of organic material in the absence of oxygen (or any halogen). It involves the simultaneous change of chemical composition and physical phase and is irreversible. Pyrolysis is a type of thermolysis and is most commonly observed in organic materials.

RCRC: Rural County Representatives of California, a 35-member county service organization that champions policies on behalf of California's rural counties.

Recovered: See *Gross Collection* above.

Recyclability: Recyclability means program capacity to recycle the various types of PCC fiber types that are collected. Currently, there is program capacity to recycle 100% of carpet as manufactured and 100% of the various PCC fiber types that are collected. Recyclability is a function of many variables including collectability, processability, and market demand.

Recycled Content: Also known as recovered material content, it is the percentage of material, by weight, a product is made from that has been recovered from consumers in the municipal solid waste stream (post-consumer recycled content), plus any industrial materials salvaged for reuse (pre-consumer/post-industrial content).

- **Post-Consumer Recycled Carpet Content (PCRCC)**: The amount or percent of carpet, by weight, that is no longer used for or has served its manufactured purpose, that is incorporated into the manufacturing process of the same or a different product.

- **Post-Industrial/Pre-Consumer Recycled Carpet Content**: The amount or percent of carpet material, by weight, generated by manufacturers or product converters, such as trimming, overruns, and products returned to the Carpet Mills that are incorporated back into the manufacturing process of the same or a different product.

Recycled Output (RO): The sum of reuse plus the material that results from the industry-recognized processing (shredding, shearing, hammer-milling, depolymerization, etc.) of PCC from a Processor. Examples of Recycled Output include fiber, shredded carpet tile, depolymerized chemical components, carpet filler, PC4, etc. The Program currently distinguishes between two types of material:

- **Type 1 Recycled Output Material:** Higher value Recycled Output with the most benefits to manufacturers of finished products and which generally takes more processing to **achieve**. Type 1 recycled materials must meet requirements set by CARE. This includes maximum allowable ash content requirements, which are presently set at 25% or less and verified with quarterly ash testing in line with CARE-approved testing protocols. Examples of Type 1 recycled materials include PCC fiber, PCC backing, engineered resins, and material for carpet cushion.
- **Type 2 Recycled Output Material:** Lower-valued Recycled Output with generally lower benefit to manufacturers of finished products and a lower value than Type 1 recycled materials. Type 2 recycled materials exceed 25% ash content in line with CARE-approved testing protocols. Examples of Type 2 recycled materials include carpet filler and non-functional filler.

Recycling: The process, consistent with PRC Section 40180, of converting post-consumer carpet into a useful product that meets the quality standards necessary to be used in the marketplace. Transforming or remanufacturing discarded carpet materials into usable or marketable materials, rather than for disposal, incineration, WTE, CAAF, or reuse.

Recycling Efficiency Rate: The ratio of Gross Collection converted into Recycled Output, expressed as a percentage of Gross Collection; formerly referred to as *Yield*. See also Gross Collection Conversion Rate above.

Recycling Rate: The proportion of carpet discards converted into *Recycled Output*, expressed as a percentage of carpet *Discards*.

Reported Diversion: The sum of reported PCC that reduces disposal in California landfills. It is calculated as the sum of reported pounds of Reuse + Recycled Output (Type 1 + Type 2) + CAAF + Kiln + WTE + Export.

Retailer: A person who offers new carpet in a retail sale, as defined in Section 6007 of the Revenue and Taxation Code, including a retail sale through any means, including remote offerings such as sales outlets, catalogs, or an internet website or other similar electronic means.

Reuse: The donation or sale of recovered carpet back into the market for its original intended use. The reuse of recovered carpet retains the original purpose and performance characteristics of the carpet.

Rug: A loose-laid (not installed or attached at wall base) soft floor covering manufactured from natural or synthetic fiber, including carpet cut into room or area dimensions that is not intended to cover the entire floor. Consistent with statute, the scope of this Plan excludes Rugs.

Rural County: California counties that meet the CalRecycle definition of rural: “A rural county is defined as a county which disposes of less than 200,000 tons of waste annually.” (Public Resources Code Section 40183-4)

SFOC: Sustainable Fund Oversight Committee of CARE.

Sorting: The method used for separating collected carpet into the various backing types (e.g., PVC, SBR latex, etc.) and/or fiber types (e.g., Nylon 6, Nylon 66, Polypropylene, Polyester).

Source Reduction: The result of using less product or material in manufacturing and use of carpet (also known as dematerialization), and/or reducing the amount of discarded carpet generated. For the purposes of this plan, source reduction specifically refers to the reduction of PCC ultimately sent to landfill.

Source Separation: The process by which carpet is separated/segregated from all other materials at the end of its useful life (or when discarded).

SPC: Stewardship Planning Committee of CARE.

Throughput: The total amount of material received at a facility, in tons or pounds per year for a specific activity in a given year, equal to *Gross Collection*. *Throughput* is presented in combination with a summary of final disposition data for gross collected discards managed by participating Processors and Collector/Sorters.

Tier: Distinguishes end-market uses of PCC Recycled goods. Where the term *Type* distinguishes between the level of processing of PCC, *Tier* is used to differentiate the end product applications that may or may not need incentives to facilitate their adoptions. Examples of Tier 2 finished products from Type 1 PCC fibers:

depolymerization, fiber pad, home insulation batting, plastic lumber, engineered pellet, and non-woven filtration waddles.

Type: See *Recycled Output (RO)* above.

Waste-to-Energy (WTE): Process of recovering thermal energy from solid waste through combustion.

Yield: The ratio of *Gross Collection* converted into *Recycled Output*, expressed as a percentage of *Gross Collection*; also referred to as *Recycling Efficiency Rate*. See also *Gross Collection Conversion Rate* above.

11.6 Subsidies & Incentive Payouts Summary

Table 11.6.a. Recycler Base and Current Supplemental/Pilot Subsidies (per pound)

Subsidy Category	PET	PP	Nylon 6	Nylon 66	Other Broad-loom	Carpet Tile	Other
Collector/Sorter Broadloom, Shipped (Base)	$0.02	$0.02	$0.02	$0.02	$0.02	NA	NA
Collector/Sorter Broadloom, Shipped (Supplemental)	$0.02	$0.02	$0.02	$0.02	$0.02	NA	NA
Collector/Sorter Broadloom, Reused (Base)	$0.10	$0.10	$0.10	$0.10	$0.10	NA	NA
Collector/Sorter Carpet Tile Reuse or Recycling, Shipped (Base)	NA	NA	NA	NA	NA	$0.15	NA
Collector/Sorter Carpet Tile Reuse (Pilot)	NA	NA	NA	NA	NA	$0.20	NA
Processor Type 1 RO (Base)	$0.10	$0.10	$0.10	$0.10	$0.10	NA	NA
Processor Type 1 RO (Supplemental)	$0.05	$0.05	NA	NA	NA	NA	NA
Processor Highest Recyclability	NA	NA	$0.05	$0.05	NA	$0.05	NA
Processor PC4 as Raw Material (Base)	NA	NA	NA	NA	NA	NA	$0.17

Subsidy Category	PET	PP	Nylon 6	Nylon 66	Other Broad-loom	Carpet Tile	Other
Processor Carpet Tile Recycled (Base)	NA	NA	NA	NA	NA	$0.10	NA
Processor Carpet Tile Recycled (Pilot)	NA	NA	NA	NA	NA	$0.20	NA
Manufacturer, RO Utilized (Base)	$0.25	$0.25	$0.10	$0.10	NA	NA	NA
Manufacturer, RO Utilized (Supplemental)	NA	NA	$0.15	$0.03	NA	NA	NA
Manufacturer, Pellet Subsidy (Base)	$0.11	$0.05	NA	NA	NA	NA	NA

Table Notes: "Other Broadloom" includes wool and other mixed fibers.

Table 11.6.b. Collector/Sorters (CSEs): Summary of Subsidy and Incentive Payouts (Accessible Version)

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
1	CSE Reporting Incentive (CSE)	$1,000/month	No change anticipated.	Initiated 2014	N/A	Incentive; not subject to guaranteed timeline
2	Broadloom Recycling Collected, Sold, and Shipped	$0.02/pound	For self-collected, sorted, sold, and shipped California pounds.	California Program-approved under current Plan purview; retroactive to Q3 2015	3	Subject to adjustment, beginning Q4 2017
3	Reuse	$0.10/pound	For self-collected and shipped/sold or donated carpet tile or broadloom for the purpose of reuse.	Effective Q2 2015; clarified June 2015 as applicable to the reuse of both broadloom and carpet tile, and retroactive to Q2 2015	1, 3	Subject to adjustment, beginning Q4 2017

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
4	Carpet Tile Reuse or Recycling Collected, Sold, and Shipped	$0.05/pound	For California-generated carpet tile collected, shipped, and sold for recycle/reuse or donated for reuse.	Effective Q1 2018	N/A	Initiated as a 6-month pilot, effective January 1, 2018, and still in effect
5	COVID-19 Action Plan: Additional Broadloom Recycling Collected, Sold, and Shipped	$0.02/pound	Initiated as an emergency fiscal support to aid cashflow for collected broadloom in direct response to COVID-19 pandemic, reviewed quarterly.	Effective March 1, 2020	N/A	Initiated as temporary pandemic related fiscal support , effective March 1, 2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2021 and beyond.

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
6	Carpet Tile Reuse / Recycling PILOT: Additional Carpet Tile Reuse Collected, Sold, and Shipped	$0.20/pound	Pilot subsidy to support additional carpet tile reuse by CSEs.	Effective April 1, 2021	N/A	Initiated 4/1/2021

Table 11.6.c. Tier 1 Processors: Summary of Subsidy and Incentive Payouts (Accessible Version)

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
7	Carpet Tile Recycled	$0.10/pound	For carpet tile recycled output	Effective Q2 2015	1	Subject to adjustment, beginning Q4 2017
8	Type 1 Recycled Output Payout	$0.10/pound	Adjusted subsidy payout from $0.06/pound to $0.10/pound, tied to market indices; (Type 1 refers to recycled fiber output within ash content thresholds, currently less than 25% ash)	In Plan v.3.2.2 – March 2014; base payout rate adjustable, may be tied to market indicator using Models	3	$0.06/pound subject to adjustment, beginning; Q4 2017; $0.04/pound adjustable quarterly effective Jan. 2016.
9	Type 2 Recycled Output Payout	$0.03/pound	Type 2 refers to recycled output with higher ash content thresholds, currently more than 25% ash.	In Plan v.3.2.2 – March 2014	N/A	Subject to adjustment, beginning Q4 2017

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
10	Type 2 PC4 (Calcium Carbonate) Payout	$0.17/pound	Non-fiber recycled output containing predominately calcium carbonate for use as feedstock in secondary products; currently $0.17/pound	Change 1, effective Q2 2015; change 2, in June 2015; change 3, effective Q3 2015; [For use as a raw material (recycled output feedstock) only]	1, 3	Subject to adjustment, beginning Q4 2017
11	Commercial Broadloom	$0.02/pound	For California-generated commercial broadloom recycled output. NOTE: this incentive is currently suspended and not in force	Initially slated to go into effect implemented Effective Q3 2018, but implementation suspended due to operational concerns	N/A	Initiated beginning Q3 2018

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
12	Highest Recyclability	$0.05/pound	For California-generated PCC fibers meeting the Highest Recyclability parameters defined by the HR Committee (Plan Table 6), and calculated through the Subsidy Justification Model. Beginning 1/1/19, Nylon 6 and Nylon 6,6 broadloom and carpet tile qualify for Highest Recyclability incentive.	Effective Q1 2019	N/A	Initiated Q1 2019

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
13	COVID-19 Action Plan: Additional Type 1 PET and Polypropylene Payout	$0.05/pound	Initiated as an emergency fiscal support for California-generated PET and PP Type 1 fiber output, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2020 and beyond.
14	Carpet Tile Reuse / Recycling PILOT: Additional Carpet Tile Recycling Output Payout	$0.20/pound	Pilot subsidy to support additional carpet tile reuse by Processors	Effective April 1, 2021	N/A	Initiated 4/1/2021

Table 11.6.d. Tier 2 Manufacturers: Summary of Subsidy and Incentive Payouts (Accessible Version)

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
15	Tier-2 Manufacturer Non-Nylon Payout	$0.25/pound	For Type 1 non-nylon recycled output used as a feedstock in the manufacture of secondary products; currently $0.25/pound.	Change 1, effective Q2 2015; change 2, retroactive to Q3 2015	1, 3	Subject to adjustment, beginning Q4 2017
16	Tier-2 Manufacturer PET Payout	$0.25/pound	For Type 1 PET recycled output used as a feedstock in the manufacture of secondary products; currently $0.25/pound.	Effective Q3 2018	N/A	Initiated July 1, 2018; as a break-out from Non-Nylon
17	Tier-2 Manufacturer Polypropylene Payout	$0.25/pound	For Type 1 Polypropylene recycled output used as a feedstock in the manufacture of secondary products; currently $0.25/pound.	Effective Q3 2018	N/A	Initiated July 1, 2018; as a break-out from Non-Nylon

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
18	Tier-2 Manufacturer Nylon 6 Payout	$0.10/pound	For Type 1 nylon 6 recycled output used as a feedstock in the manufacture of secondary products; currently $0.10/pound.	Effective Q4 2017	NA	Initiated as a 6-month pilot, effective October 1, 2017 and remains in effect
19	Tier-2 Manufacturer Nylon 6,6 Payout	$0.10/pound	For Type 1 Nylon 6,6 recycled output used as a feedstock in the manufacture of secondary products; currently $0.10/pound.	Effective Q1 2019	N/A	Initiated Q1 2019
20	Tier-2 Manufacturer PET Pellets Payout	$0.11/pound	For California-generated PET fiber converted into PET Pellets.	Effective Q4 2019	N/A	Initiated Q1 2019
21	Tier-2 Manufacturer Polypropylene Pellets Payout	$0.05/pound	For California-generated Polypropylene fiber converted into Polypropylene Pellets.	Effective Q1 2020	N/A	Initiated Q1 2020

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
22	COVID-19 Action Plan: Additional Nylon 6 Payout	$0.15/pound	Initiated as an emergency fiscal support for Type 1 Nylon 6 recycled output used as feedstock in the manufacture of secondary products, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2020 and beyond.
23	COVID-19 Action Plan: Additional Nylon 6,6 Payout	$0.03/pound	Initiated as an emergency fiscal support for Type 1 Nylon 6,6 recycled output used as feedstock in the manufacture of secondary products, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2020 and beyond.

11.7 Accessible Data Sources for Figures

Most figures in the main report include an accessible version of the source data in alternative text. For the following figures with larger and more complex data sets, the data are provided in accessible tabular format in this appendix:

- Figure 5-1. Gross Collection and Recycled Output Over Time
- Figure 8-1. Program Remittances, Expenditures, and Balance Over Time
- Figure 8-3. Summary of Subsidy Funds Paid to Participants Over Time by Type
- Figure 8-4. Annual and Cumulative Subsidy Payouts Over Time

Figure 5-1. Gross Collection and Recycled Output Over Time (Data Table)

This figure shows the change over time in Gross Collection of carpet and Recycled Output, in millions of pounds.

Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross Collected	111.8	107.2	123.1	103.0	107.2	98.0	93.5	82.1	77.4	88.5	93.3	93.1
Recycled Output	36.0	44.1	43.4	34.8	37.7	47.2	49.3	58.0	52.6	67.6	73.6	66.1

Figure 8-1. Program Remittances, Expenditures, and Balance Over Time (Data Table)

The figure shows the income, expenses, fund balance, and reserve (portion of fund balance), in millions of dollars, for each of the four quarters of the year.

Category (millions of dollars)	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Income	$4.7	$9.2	$8.7	$7.4
Expenses	$7.1	$8.2	$7.5	$7.0
Fund Balance	$0.8	$1.8	$3.0	$3.4
Reserve (Portion of Fund Balance)	$4.7	$5.5	$5.0	$4.7

Figure 8-3. Summary of Subsidy Funds Paid to Participants Over Time by Type (Data Table)

The figure shows the change over time in subsidy funds paid to participants by participant and payout type, in millions of dollars.

Payout Type	2019	2020	2021	2022	2023
CSE Payout	$1.4	$2.2	$3.1	$3.7	$3.4
Tier 1 Processor Payout	$7.5	$7.5	$10.4	$11.2	$10.0
Tier 2 Manufacturer Payout	$5.6	$7.2	$9.6	$10.2	$9.8
Total	**$14.6**	**$16.9**	**$23.1**	**$25.1**	**$23.3**

Figure 8-4. Annual and Cumulative Subsidy Payouts Over Time (Data Table)

The figure shows the subsidies paid annually and in total (cumulative), in millions of dollars, since 2011.

Subsidy Payouts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Payouts	$0.7	$2.1	$3.2	$4.6	$6.4	$10.1	$11.1	$12.9	$14.6	$16.9	$23.1	$25.1	$23.3
Cumulative Payouts	$0.7	$2.8	$6.0	$10.6	$16.9	$27.0	$38.2	$51.1	$65.6	$82.5	$105.7	$130.7	$154.0

11.8 Examples of Education & Outreach Materials

The following pages contain examples of education and outreach materials that the Program used in 2023:

- "Carpet Recycling in California" Annual Newsletter sent to all retailers and licensed contractors, Summer 2023 (2 pages)
- Installer outreach: Drop-off site info sheet and signage in English and Chinese, Summer 2023 (1 page)
- Consumer outreach: RecycleMyCarpet.com logo and webpage screenshot, Summer 2023 (2 pages)
- CARE Partner Toolkit (10 pages)
- Flyer for Haulers to Distribute to Commercial & MFD (2 pages)
- Postcard for Recycling Coordinators (1 page)

11.9 Annual Report Review Checklist

CalRecycle provided the checklist of statutory and regulatory requirements included on the following pages. CalRecycle provided this list as of May 26, 2023, and confirmed in April 2024 that it has not changed. CARE included the “Section & Pages” column to show where in this 2023 Annual Report the required elements are addressed.

CalRecycle’s introduction to the checklist states:

> By September 1 of each year, a manufacturer of carpet sold in the state shall, individually or through a carpet stewardship organization, submit to the department an annual report. This checklist includes statutory and regulatory requirements that carpet stewardship annual reports must address. Annual reports must also meet requirements specific to a carpet manufacturer or stewardship organization's program found in its approved stewardship plan and CalRecycle Request for Action documents on CalRecycle's **Stewardship Plan**, **Annual Reporting**, and **Program Goals** webpages. This checklist is not intended to provide a comprehensive list of legal requirements and should be checked for statutory or regulatory changes prior to use. Use of this checklist is voluntary.

Statutory Requirements from California Public Resources Code (PRC)

Row	Statutory Requirements	Sections & Pages
1	PRC 42972(a)(2) Achieve a 24-percent recycling rate for post-consumer carpet by January 1, 2020, and any other recycling rate established by the department pursuant to Section 42972.2.	Section 2.2
2	PRC 42975(a) In order to achieve compliance with this chapter, a carpet stewardship organization shall, on or before September 1 of each year, demonstrate to the department that it has achieved the amount and rates of recycling and a reduction in disposal of post-consumer carpet subject to its stewardship plan and the other goals included in the organization's plan pursuant to paragraph (2) of subdivision (a) of Section 42972. In determining compliance, the department shall consider all of the following:	Chapter 5
3	PRC 42975(a)(1) The baseline rate of compliance against which the demonstrated improvement is compared, including progress in achieving the goals outlined in subparagraphs (A) to (E), inclusive, of paragraph (2) of subdivision (a) of Section 42972.	Table 5-1
4	PRC 42975(a)(2) The quantifiable five-year goals and annual goals included in the carpet stewardship plan pursuant to paragraph (2) of subdivision (a) of Section 42972.	Table 5-1
5	PRC 42975(a)(3) Information provided in the organization's report to the department pursuant to Section 42976.	*see below*
6	PRC 42976(a) The amount of carpet sold by square yards and weight, in the state during the reporting period. A carpet stewardship organization with more than one manufacturer may use average weight.	Section 5.2

Row	Statutory Requirements	Sections & Pages
7	PRC 42976(b) The amount of post-consumer carpet recycled, by weight, during the reporting period.	Section 5.8
8	PRC 42976(c) The amount of post-consumer carpet recovered but not recycled, by weight, and its ultimate disposition.	Section 5.9
9	PRC 42976(d) The total cost of implementing the carpet stewardship plan.	Section 8.1
10	PRC 42976(e) An evaluation of the effectiveness of the carpet stewardship plan, and anticipated steps, if needed, to improve performance.	Chapter 5
11	PRC 42976(f) Examples of educational materials that were provided to consumers during the reporting period.	Appendix 11.8

Regulatory Requirements from California Code of Regulations (CCR), Title 14

Row	Regulatory Requirements	Sections & Pages
12	CCR 18942(c) The annual report shall be submitted by a corporate officer acting on behalf of a manufacturer or stewardship organization that is operating a carpet stewardship program under a department-approved stewardship plan.	*Done* (organization information in Chapter 1)
13	CCR 18942(c)(1) The annual report must be submitted electronically to the department, according to instructions provided by the department. A hard copy, signed by a corporate officer of a manufacturer or stewardship organization under the penalty of perjury, must also be submitted.	*Done*
14	CCR 18942(c)(2) The information submitted in an annual report shall address the criteria for a finding of compliance per 42976 as outlined in § 18944 Annual Report Compliance Criteria and be organized according to this standard outline: (A) Contact Information (B) Executive Summary (C) Scope (D) Program Outline (E) Description of Goals and Activities (F) Market Development (G) Financing Mechanism (H) Education and Outreach (I) Audits	Entire document, summarized in Table of Contents
15	CCR 18944(a) The annual report must contain the following:	*see below*
16	CCR 18944(a)(1) Contact information. Identify the manufacturer or stewardship organization responsible for the annual report submittal.	Chapter 1

Row	Regulatory Requirements	Sections & Pages
17	CCR 18944(a)(2) Executive Summary. Provide an evaluation of the effectiveness of the carpet stewardship plan, and anticipated steps, if needed, to improve performance.	Chapter 2
18	CCR 18944(a)(3) Scope. The program described in the stewardship plan accepts and manages all applicable post-consumer carpet.	Chapter 3
19	CCR 18944(a)(3)(A) Indicate any changes in the program scope from the approved stewardship plan.	Chapter 3
20	CCR 18944(a)(3)(B) Indicate the scope is unchanged, if no changes have occurred during the reporting period.	Chapter 3
21	CCR 18944(a)(4) Program Outline. Describe the carpet stewardship program, including information on the following topics:	Chapter 4
22	CCR 18944(a)(4)(A) Types of collections sites and basic information about recycling facilities in California, e.g., how carpet is collected, number and location of processors, throughput and capacity of recycling facilities.	Sections 4.1 and 4.2
23	CCR 18944(a)(4)(B) Include facility name(s) and address(es) for each method of disposition.	Sections 4.4–4.7, Section 5.6, Appendix 11.3
24	CCR 18944(a)(5) Description of goals and activities based on the stewardship plan. State goals from the approved plan, the baseline from which goals were measured, and report on achievement during the reporting period.	Chapter 5, including Table 5-1

Row	Regulatory Requirements	Sections & Pages
25	CCR 18944(a)(5)(A) The annual report shall include, but is not limited to, quantitative information data and discussion, specific to sales in California, on the following:	*see below*
26	CCR 18944(a)(5)(A)1. Amount of carpet sold by square yards and pounds, in the state during the reporting period that is covered under the approved stewardship plan. A stewardship organization with more than one manufacturer may use average weight.	Section 5.2
27	CCR 18944(a)(5)(A)2. Amount (pounds) of post-consumer carpet that is available for collection.	Section 5.3
28	CCR 18944(a)(5)(A)3. Amount (pounds) of carpet source reduced, if measurable.	Section 5.4
29	CCR 18944(a)(5)(A)4. Amount (pounds) of post-consumer carpet collected, by weight, during the reporting period.	Section 5.5
30	CCR 18944(a)(5)(A)5. Disposition, that is, amounts reused, recycled, incinerated for energy recovery or disposed of in a landfill; of collected post-consumer carpet, by pounds, during the reporting period.	Section 5.6
31	CCR 18944(a)(5)(A)6. Describe efforts to increase recyclability of carpets.	Section 5.7
32	CCR 18944(a)(5)(A)7. Describe efforts to increase recycling of post-consumer carpet.	Section 5.8
33	CCR 18944(a)(5)(A)8. Describe efforts to increase diversion of post-consumer carpet from landfills.	Section 5.9

Row	Regulatory Requirements	Sections & Pages
34	CCR 18944(a)(5)(A)9. Describe other environmental impacts as data are available, e.g., green house gas emissions. Descriptions of any enforcement actions or problems related to plan implementation.	Section 5.10
35	CCR 18944(a)(5)(A)10. Describe efforts to increase the market growth of secondary products made from post-consumer carpet.	Section 5.11 and Chapter 7
36	CCR 18944(a)(5)(A)11. Describe number of jobs attributable to the carpet stewardship program as data are available.	Section 5.12
37	CCR 18944(a)(5)(B) Information on goals shall be accompanied by supporting information covering, but not be limited to the following topics:	*see below*
38	CCR 18944(a)(5)(B)1. Report describes the measurement methodology, assumptions, conversion factors, and data sources.	Section 5.13
39	CCR 18944(a)(5)(B)2. Report demonstrates that over time source reduction, reuse, and recycling increased, while environmentally safe transformation and land disposal decreased.	Section 5.4
40	CCR 18944(a)(5)(B)3. Report covers progress toward achievement of all goals in the approved stewardship plan.	Chapter 5
41	CCR 18944(a)(6) Market Development. The annual report shall include a description of possible market development activities to incentivize the market growth of secondary products made from post-consumer carpet.	Chapter 7

Row	Regulatory Requirements	Sections & Pages
42	CCR 18944(a)(7) Financing Mechanism. The annual report shall include a description and evaluation of the program's financing mechanism, including whether or not the funding was sufficient to recover, but not exceed, the full cost of the stewardship program. The annual report shall include, but not be limited to, the following total program cost information, and include any supporting documentation. Any proposed change in the amount of the carpet stewardship assessment fee must be submitted to the department for re-approval (See §18943 Criteria for Plan Approval):	Chapter 8
43	CCR 18944(a)(7)(A) Total Program Cost	Section 8.1
44	CCR 18944(a)(7)(B) Cost($)/capita	Section 8.2
45	CCR 18944(a)(7)(C) Cost ($)/pound collected	Section 8.3
46	CCR 18944(a)(7)(D) Education/Communications (% of total program cost)	Section 8.4
47	CCR 18944(a)(7)(E) End-of-life materials management (% of total program cost)	Section 8.5
48	CCR 18944(a)(7)(F) Program administration (% of total program cost, including annual administrative fee for service payments to the department)	Section 8.6
49	CCR 18944(a)(7)(G) Governance (program oversight) (% of total program cost)	Section 8.7
50	CCR 18944(a)(7)(H) Total cost to local government (if applicable)	Section 8.8

Row	Regulatory Requirements	Sections & Pages
51	CCR 18944(a)(7)(I) Amount of the assessment, aggregate assessment funds collected, how spent and amounts of each major expenditure	Section 8.9 (assessment), Section 8.1 (spending)
52	CCR 18944(a)(7)(I)a. Funds, if spent on CAAF, must be supported with documentation reporting on economic and environmental impacts and that incentives shall expire, if they no longer serve a benefit.	Section 8.5
53	CCR 18944(a)(7)(I)b. A carpet stewardship organization shall not expend funds from the assessment for engineered municipal solid waste conversion, as defined in Public Resources Code Section 40131.2, the use of cement kilns to burn carpet, or transformation, as defined in Public Resources Code Section 40201.	Section 8.5
54	CCR 18944(a)(7)(J) Surplus funding, if any, and how it will be applied to reduce program costs	Section 8.10
55	CCR 18944(a)(7)(K) An evaluation of the assessment rate	Section 8.9

Row	Regulatory Requirements	Sections & Pages
56	CCR 18944(a)(8) Outreach/Education. List educational outreach activities in the stewardship plan. Provide a description of educational materials that were provided to retailers, consumers, carpet removers/installers, contractors, during the reporting period (provide electronic samples). Identify the method used to determine the effectiveness of educational and outreach surveys (e.g., surveys, hits on specific web pages, number of participants at events, etc.). Education and outreach materials may include, but are not limited to, signage, written materials, advertising or other promotional materials pursuant to Section 42972 (a) (5) and Links to website(s) created and maintained by the manufacturer or stewardship organization.	Chapter 9
57	CCR 18944(a)(9) Audits. The annual report shall include an independent financial audit funded from the carpet stewardship assessment. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, and standards set forth in Government Auditing Standards issued by the Comptroller General of the United States. The audit report shall also include a separate state compliance report on the carpet program requirements as directed by the department.	Chapter 10 and Appendix 11.11
58	CCR 18944(a)(9)(A) The department may investigate further. If the department decides to further review the findings of the independent auditor, the review will be conducted based on same information the individual manufacturer or stewardship organization provided to the independent auditor.	*N/A (CalRecycle authority)*
59	CCR 18944(a)(9)(B) Financial audits must be prepared by a Certified Public Accountant.	Chapter 10 and Appendix 11.11

Row	Regulatory Requirements	Sections & Pages
60	CCR 18944(a)(9)(C) The department may request supplemental information from the individual manufacturer or stewardship organization during the course of review of a manufacturer- or stewardship organization-submitted financial audit, if necessary.	*N/A (CalRecycle authority)*
61	CCR 18944(a)(9)(D) The department will inform the individual manufacturer or the stewardship organization within 60 days of the results of its review.	*N/A (CalRecycle authority)*
62	CCR 18944(a)(9)(E) If after conducting further review of the audit, the Department deems it to be necessary, the Department may conduct its own audit.	*N/A (CalRecycle authority)*

11.10 California Differential Assessment Analysis in 2023

This appendix provides the supporting table and graph that show that the January 2024 assessment increase meets the 6-month fund balance goal by the end of the 2025. In the amendment document, Table 7-3 and Figure 7-4 were amended.

Updated Table 7-3

This table provides final audited numbers for 2022, based on the recently completed 2022 Annual Report, and updated assessment revenue and fund balances as compared to the approved Plan based on the proposed assessment levels and annual recycling rates as required by the May 2022 RFA. Note that final carpet sales in 2022 were slightly lower than projected in the Approved Plan, resulting in a slight reduction in sales projections for the years 2023 to 2027. Q2 carpet sales in Q2 2023 were approximately 15% lower than projected, reflected in lower 2023 carpet sales as compared to the Approved Plan. The assessment revenue projections reflect the lower sales, maintaining a 32 percent reduction in sales between 2022 and 2027. The projected ending fund balance on December 31, 2025, reflects projected sales, subsidy payments, and program expenditures as of September 2023. Given inherent uncertainties in the industry, actual revenues and expenditures will vary; however, CARE expects that the proposed assessment levels will achieve the projected 6-month reserve requirement based on the average of projected expenditures between 2023 and 2025. CARE will utilize the quarterly monitoring to track ongoing progress toward meeting the reserve requirement and propose adjustments if needed.

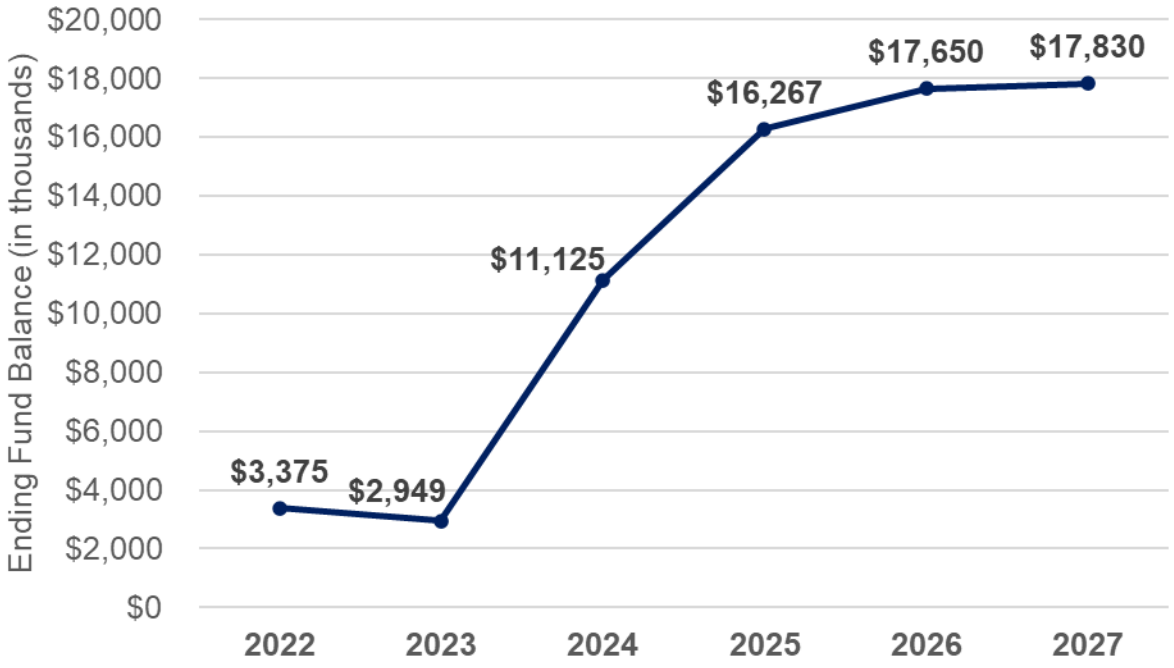
Table 7-3. Carpet Stewardship Program Budget, 2021 and 2022 Actual and 2023–2027 Forecast (in thousands of dollars)

Budget Components	2021 (actual)	2022 (actual)	2023 (projected)	2024 (projected)	2025 (projected)	2026 (projected)	2027 (projected)
Annual Recycling Rate Goal	27.9%	34%	31%	34%	37%	41%	45%
Beginning Fund Balance	$18,387	$12,165	$3,375	$2,949	$11,125	$16,267	$17,650
Carpet Sales (thousand square yards)	67,340	61,911	55,934	53,547	49,798	46,014	42,333
Assessment Revenue	$23,545	$22,726	$30,499	$40,243	$37,426	$36,078	$33,192
Total Expenditures	$29,802	$31,596	$30,925	$32,067	$33,364	$34,197	$34,847
Ending Fund Balance	$12,165	$3,375	$2,949	$11,125	$16,267	$17,650	$17,830

Updated Figure 7-4

Figure 7-4 illustrates the Program's projected fund reserve balance from 2022 through 2027. Assessment levels, as provided in this Amendment and subsequent adjustments to be determined, will provide adequate coverage of the projected Program expenditures necessary to achieve a 45% recycling rate and to meet the reserve requirement. The Program tracks costs on a detailed monthly basis, by individual recycler and subsidy category, and has the ability to examine trends with sufficient lead time to make adjustments if needed.

Figure 7-4. Projected Fund Reserve Balance (thousands), 2022—2027



11.11 CARE Response to Advisory Committee Feedback on 2023 Annual Report

California Carpet Stewardship Advisory Committee

July 11, 2024

To: CARE

CC: CalRecycle

From: California Carpet Advisory Committee

Re: Comments on CARE Annual Report 2023

Dear CARE and CalRecycle Staff,

The California Carpet Committee met on July 11, 2024 in accordance with Bagley-Keen rules. The following motions were discussed and voted on during the meeting according to Robert's Rules of Order. Additional details are available in the minutes from the meeting.

The set of motions are pertaining to the 2023 Annual Report. 2023 ANNUAL REPORT

MOTIONS

Motion 1: AC recs that CARE adds these items to the annual report:

- Results from the tool known as the Subsidy Justification Model;
- Recyclability survey in regards to implementing changes from findings into next years performance;
- List members of SPC, Technical committee, SFOC, advisory committee, and other committees;

- List of commitments from the Plan for the current year that were not accomplished.

Motion by Eric Nelson; Seconded by Wes Nelson Ayes: 12

Noes: 0

Abstentions: 0

The motion passes.

CARE Response:

Motion 1-1 Justification Model-Appendix 11.6

The Subsidy Justification Model is one tool, albeit an important one, used by CARE to understand market dynamics and aid in setting subsidies. The tool was used in 2023 to help understand and guide actions taken to administer the program. Further analysis has raised significant concerns about the accuracy of the tool given how the markets have evolved. Since the tool uses real-world recycler cost data, it cannot be shared due to confidential business information concerns.

Motion 1-2 Recyclability Survey

The CARE Assessment of Post-Consumer Carpet Recyclability Survey was initiated in 2023, and work progressed into 2024. The results and analysis will be fully reported on in the 2024 annual report. As noted in Section 5.7, CARE is committed to using its 2023 recyclability survey findings to enhance carpet recyclability in next year's performance. Planned actions include conducting PCC characterization studies, providing innovation grants, investing in technology and markets, improving collection infrastructure, establishing communication guidelines, and creating a formal recyclability guide. **This link has more information to work completed in 2024**, but since no analysis was completed in 2023 it will be reported in the 2024 report.

Motion 1-3 List of Committee Members

The CARE program operates by not publicly disclosing the names of its planning, technical, and oversight committee members. This approach is taken to maintain objectivity and prevent conflicts of interest. Committee members are selected based on their engineering, recycling, zero waste, and finance expertise and must sign a code of ethics and conflict of interest statement. Maintaining confidentiality allows for adequate vetting of candidates and prevents conflicts with industry competitors, ensuring unbiased decision-making. This upholds the integrity of the decision-making process

and provides leverage for the best technical expertise while mitigating risks of bias or conflicts of interest.

CARE agrees that while confidentiality of technical committees is a common practice, the historical precedent around the Advisory Committee (AC) makes it appropriate and advisable to continue listing the member names in program reports. This level of transparency demonstrates the program's oversight by a qualified and capable committee. The 2024 AC members are provided below:

1. David Bender, Circular Polymers by Ascend
2. Douglas Williams, Los Angeles Fiber Co.
3. Eric Nelson, Aquafil Carpet Recycling
4. Howard Sapper, Carpet Manufacturers Warehouse
5. Joanne Brasch, Ph.D., California Product Stewardship Council
6. Mikhail Davis, Interface
7. Nat Isaac, City of Los Angeles Bureau of Sanitation
8. Rachel Palopoli, Tarkett
9. Russ DeLozier, Carpet and Rug Institute
10. Steve Belong, Carpet, Linoleum, & Soft Tile Workers Local Union No. 12, District Council 16
11. Steve Landreth, ProSpectra Contract Flooring
12. Wes Nelson, GreenWaste Carpet Recycling

Additionally, while we will not list the names of members of the Stewardship Planning Committee (SPC), **the roster list can be found at this link**.

Motion 1-4 List of Commitments Not Accomplished

CARE realizes that involving stakeholders through focus groups, interviews, and surveys can provide valuable insights for shaping program outreach and communication efforts. However, due to practical considerations, the program postponed these activities until the first year of the new plan. The Program's priority in the plan's first year was establishing a solid foundation before allocating resources to more extensive stakeholder engagement. As the program advances, increased stakeholder engagement will be reported in the CARES report to demonstrate the impact of these communication strategies.

Motion 2: The AC recs that CARE provides lbs. collected by County for the public drop off sites and distribution of lbs collected annually, and an explanation on the successes of public drop off sites added in 2023.

Motion by Rachel Palopoli; Seconded by Nat Isaac Ayes: 12

Noes: 0

Abstentions: 0

The motion passes.

CARE Response:

CARE is committed to protecting our stakeholders' confidential business information. Therefore, we do not disclose data at the site or recycler level to maintain confidentiality. Instead, we include total public pounds collected and associated costs in our Annual Reports to show the program's impact without compromising our partners' proprietary information.

To support its success, CARE engaged with local communities to establish new drop-off sites, formed partnerships with government agencies and businesses, introduced incentive programs, and expanded container sizes and hauling services to grow the drop-off site network. CARE provides more detailed information about this work in Section 4 (Challenges and Successes).

Motion 3: The AC recs following processing capacity, the following items need to be addressed:

- Restate the reduction in the supplemental subsidies to clarify the real percentage change in the total subsidy;
- All CA processors should be listed on a separate table;
- Separate CSE subsidies from processor subsidies on page 10;

Motion by Nat Isaac; Seconded by Rachel Palopoli Ayes: 12

Noes: 0

Abstentions: 0

The motion passes.

CARE Response:

Motions 3-1 and 3-3 Subsidies

CARE agrees with this recommendation and has updated the language on page 10 of the report as follows (changes in red):

> Effective April 1, 2024, out-of-state supplemental processing subsidies (for Type 1 Recycled Output) will be reduced by 50 percent (a 33 percent reduction in overall Type 1 Recycled Output subsidy, applying to PET and PP only), and all supplemental collection subsidies will be eliminated for any post-consumer carpet shipped out of California (a 50 percent reduction in overall collection subsidies).

Motion 3-2 Separate table for CA Processors

CARE agrees with this recommendation and has added in a separate table for CA processors as Figure 4-6. Processor Capacity in California (millions of pounds) on page 29.

Motion 4: The AC recs CARE address in future annual reports:

- Engaging with and documenting types of reuse businesses, including installers;
- Giving specific successful examples of reuse;
- Expanding education and awareness on reuse.

Motion by Mikhail; Seconded by Joanne Ayes: 11

Noes: 1

Abstentions: 0

The motion passes.

CARE Response:

CARE agrees with this recommendation and will incorporate the following enhancements to our annual reporting in the future:

- Document the program's engagement with different types of reuse businesses, including carpet installers, that participate in our program.
- Provide specific successful examples that showcase the reuse of collected materials.
- Expand our education and awareness efforts to promote reuse benefits and opportunities to our stakeholders and the broader public.

Motion 5: The AC recs that CARE include specific numbers of union members that have been trained in the 2023 calendar year, and future annual reports, who have benefited from the union training expenditures.

Motion by Howard; Seconded by Wes Ayes: 11

Noes: 1

Abstentions: 0

The motion passes.

CARE Response:

CARE is pleased to report the following in response to the information you referenced from the advisory committee draft:

In-person Training:

- Four in-person training courses were conducted at DC16 and DC36, reaching 37 trainers, apprentices, and journeymen.
- Additionally, one in-person presentation and training were provided at the International Union of Painters and Allied Trades (IUPAT) Summit, attended by over 50 floor-covering journeymen and trainers.

Online Quiz:

- The online training quiz was taken 39 times in 2023, with an average score of 90%.
- This multi-modal approach, including in-person and online training opportunities, has enabled the program to effectively reach and educate various stakeholders, including union members, apprentices, and seasoned professionals.

Motion 6: The AC recs that CARE include details in the annual report on training for best management practice, including excluded materials.

Motion by Nat Isaac; Seconded by Joanne Brasch Ayes: 8

Noes: 0

Abstentions: 4

The motion passes.

CARE Response:

CARE agrees that it is crucial that flooring installers are knowledgeable on the best management practices for handling hazardous materials and other excluded items to ensure the safety of workers and the integrity of carpet recycling programs. However, this is outside the scope of Program responsibilities. As part of their training, CARE will advise flooring professionals who may encounter hazardous carpet materials to take the following step:

- Immediately stop work and contact a licensed hazardous waste disposal company to safely remove and dispose of the contaminated carpet and any other affected materials.

Motion 7: The AC recs CARE expand on why CSE's, processors, and manufacturers didn't take funding in certain quarters.

Motion by Doug Williams; Seconded by Steve Landreth Ayes: 9

Noes: 3

Abstentions: 0

The motion passes.

CARE Response:

The carpet recycling ecosystem's complex and autonomous nature poses challenges for CARE in independently determining why entities decline available funding. CARE is not involved in individual company decision making when it comes to monthly subsidy application. Obvious reasons include mechanical issues, overhauls, loss of business, market slowdown, weather interruptions in the supply chain, or staffing issues. Operational issues, regulatory requirements, and confidentiality concerns influence the decision to accept or decline funding. Many companies have stated reluctance to share details for competitive reasons. If a recycler does not request subsidies for all three months of a quarter, they are shown as a "NO" for that quarter.

Signed,

Wes Nelson, Chair

Attendance and roll-call vote records are available on the Carpet Advisory Committee's Google Drive:
https://docs.google.com/spreadsheets/d/1PeYTMnRjFrSVcPi_w6EbzN9rzQFh9uxRAML3N8_fx eU/edit?gid=2018239515#gid=2018239515

11.12 Audited Financial Statements

This appendix includes the following financial statements of the California Carpet Stewardship Program for the year ending December 31, 2023.

The statements were audited by independent Certified Public Accounting firm Carr, Riggs & Ingram, LLC, of Atlanta, Georgia, and are presented without modification, except formatting for accessibility.

Note: This document has been reformatted to make it compliant with CalRecycle requirements for accessibility. Pagination and formatting in this ADA-compliant version of the audit report may differ from the original non-compliant version of the audit report. Page numbers have been modified for inclusion in this Annual Report appendix.

California Carpet Stewardship Program

FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note: This document has been reformatted to make it complaint with CalRecycle requirements for accessibility. Pagination and formatting in this ADA complaint version of the audit report may differ from the original non-compliant version of the audit report. Page numbers have been removed to avoid confusion with the compiles annual report and appendix, which has one continuous set of page numbers.

REPORT

Independent Auditor's Report .....

FINANCIAL STATEMENTS

Statements of Financial Position .....

Statements of Activities .....

Statements of Functional Expenses .....

Statements of Cash Flows .....

Notes to Financial Statements .....

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* .....

Summary of Findings.....

Independent Auditor's Report on State Compliance Requirements.....

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California Carpet Stewardship Program

Opinion

We have audited the accompanying financial statements of California Carpet Stewardship Program (the Program) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Carpet Stewardship Program as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Programs' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Programs' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2024, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 16, 2024

California Carpet Stewardship Program
Statement of Financial Position

Assets

Description	2023 ($)	2022 ($)
Cash and cash equivalents	4,871,700	3,305,609
Accounts receivable, net	2,396,690	4,986,205
Prepaid expenses and other assets	63,652	5,250
Total current assets	7,332,042	8,297,064
Property and equipment, net	12,326	4,238
Total non-current assets	12,326	4,238
Total assets	7,344,368	8,301,302

Liabilities and Net Assets

Liabilities

Description	2023 ($)	2022 ($)
Due to recyclers	3,653,520	3,624,286
Due to CalRecycle	168,564	224,754
Due to related party	273,418	316,849
Grants payable	128,642	43,842
Accounts payable and accrued expenses	737,755	640,630
Performance obligation liabilities	-	35
Total current liabilities	4,961,899	4,850,396
Total liabilities	4,961,899	4,850,396

Net Assets

Description	2023 ($)	2022 ($)
Net assets without donor restrictions	2,382,469	3,450,906

Total Liabilities and Net Assets

Description	2023($)	2022($)
Total liabilities and net assets	7,344,368	8,301,302

The accompanying notes are an integral part of these financial statements.

California Carpet Stewardship Program
Statement of Functional Expenses

For the years ended December 31,

Description	2023 ($)	2022 ($)
Revenue and Other Support		
Carpet recovery assessments	29,368,840	22,585,802
Interest income	3,576	9,982
Total revenue and other support	29,372,416	22,595,784
Expenses		
Program services		
Program	29,347,266	30,444,843
Total program serves	29,347,266	30,444,843
Supporting services		
General and administrative	1,093,587	1,151,141
Total supporting services	1,093,587	1,151,141
Total expenses	30,440,853	31,595,984
Change in Net Assets		
Change in net assets	-1,068,437	-9,000,200
Net assets at beginning of year	3,450,906	12,451,106
Net assets at end of year	2,382,469	3,450,906

The accompanying notes are an integral part of these financial statements.

California Carpet Stewardship Program
Statement of Functional Expenses

For the year ended December 31, 2023

Description	Program Services ($)	General & Administrative ($)	Total Expenses ($)
Salaries and benefits	993,077	159,885	1,152,962
Payroll taxes	49,716	10,766	60,482
Subsidies	23,265,323	-	23,265,323
Collection program	1,951,456	216,828	2,168,284
Communications (E&O)	1,004,417	111,602	1,116,019
Grants for capacity expansion	601,328	-	601,328
Professional services	268,462	14,130	282,592
Legal	218,667	24,269	242,936
Technical assistance	7,826	-	7,826
Program studies	33,414	-	33,414
Reporting database	48,064	-	48,064
Product testing	6,432	-	6,432
Accounting	-	529,943	529,943
CalRecycle expenses	687,816	-	687,816
Facilities	15,407	15,407	30,814
Leases	1,596	3	1,599
Program travel	47,280	5,253	52,533
Annual report to CalRecycle	56,894	-	56,894
Modeling consultant	44,330	-	44,330
ID technology project	20,160	-	20,160
Advisory committee	3,000	-	3,000
Bank service charges	5,438	1,360	6,798

For the year ended December 31, 2023 (Continued)

Description	Program Services ($)	General & Administrative ($)	Total Expenses ($)
Dues and subscriptions	2,360	787	3,147
Shipping & mailing	3,941	-	3,941
Supplies and other	2,223	741	2,964
Telephone	4,157	1,386	5,543
Insurance	1,226	1,227	2,453
Depreciation	3,256	-	3,256
Total	29,347,266	1,093,587	30,440,853

For the year ended December 31, 2022

Description	Program Services ($)	General & Administrative ($)	Total Expenses ($)
Salaries and benefits	721,063	234,755	955,818
Payroll taxes	39,895	8,639	48,534
Subsidies	25,081,570	-	25,081,570
Collection program	1,615,932	285,165	1,901,097
Communications (E&O)	1,080,354	190,651	1,271,005
Grants for capacity expansion	237,233	-	237,233
Professional services	337,159	845	338,004
Legal	125,939	13,978	139,917
Technical assistance	6,000	-	6,000
Program studies	148,688	-	148,688
Reporting database	34,508	-	34,508
Product testing	30,884	-	30,884
Accounting	-	393,413	393,413
CalRecycle expenses	712,113	-	712,113
Facilities	14,587	14,587	29,174
Leases	2,394	6	2,400
Program travel	41,193	4,577	45,770
Annual report to CalRecycle	38,268	-	38,268
Modeling consultant	89,734	-	89,734
PET Project allocation	24,000	-	24,000
ID Technology Project	46,992	-	46,992
Advisory committee	3,000	-	3,000
Bank service charges	2,573	858	3,431
Dues and subscriptions	2,158	719	2,877

For the year ended December 31, 2022 (Continued)

Description	Program Services ($)	General & Administrative ($)	Total Expenses ($)
Shipping & mailing	1,386	-	1,386
Supplies and other	1,071	357	1,428
Telephone	3,833	1,278	5,111
Insurance	1,237	1,239	2,476
Depreciation	848	-	848
Miscellaneous	231	74	305
Total	30,444,843	1,151,141	31,595,984

Cash Flows from Operating Activities

Description	2023 ($)	2022 ($)
Changes in net assets	-1,068,437	-9,000,200

Adjustment to Reconcile Change in Net Assets to Net Cash Used in Operating Activities

Description	2023 ($)	2022 ($)
Depreciation	3,256	848

Changes in Operating Assets and Liabilities

Description	2023 ($)	2022 ($)
Accounts receivable	2,589,515	435,658
Prepaid expenses and other assets	-58,402	1,150
Due to recyclers	29,234	639,806
Due to CalRecycle	-56,190	54,643
Due to related party	-43,431	91,972
Grants payable	84,800	-123,589
Accounts payable and accrued expense	97,125	421,525
Performance obligation liabilities	-35	35
Net cash provided by (used in) operating activities	1,577,435	-7,478,152

Changes in Investing Assets and Liabilities

Description	2023 ($)	2022 ($)
Purchase of property and equipment	-11,344	-5,086

Cash and Cash Equivalents

Description	2023 ($)	2022 ($)
Net change in cash and cash equivalents	1,566,091	-7,483,238
Cash and cash equivalents, at beginning of year	3,305,609	10,788,847
Cash and cash equivalents, at end of year	4,871,700	3,305,609

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

The California Carpet Stewardship Program (the Program) has previously been referred to as the AB2398 California Carpet Stewardship Plan. Due to the passage of new legislation, the program is now called the California Carpet Stewardship Program.

The California Carpet Stewardship Plan (the Plan) is authorized by California Assembly Bill (AB2398) to implement measures to achieve measurable improvements in the landfill diversion and recycling of post-consumer carpet. AB2398 was signed into law by the governor of California on September 30, 2010.

In October 2017, California Governor Jerry Brown signed into law AB1158 placing additional requirements on any Carpet Stewardship Organization (CSO). Key Changes to the law include:

- Achieve 24% recycling rate by January 1, 2020 and meet or exceed annually thereafter;
- Incentivize (grants or subsidies) materials that have the “highest recyclability;
- Supply all data necessary for CalRecycle to evaluate effectiveness of program;
- The Program cannot use funds to pay penalties or litigation against the state;
- The Program cannot pay subsidies for kiln, waste to energy (WtE), carpet as alternative fuel (CAAF) or incineration;
- All state projects must be managed in a way consistent with carpet stewardship laws;
- Department of General Services must publish minimum post-consumer carpet (PCC) content specs for purchases of carpet by 7/1/18;
- Must increase diversion and increase collection;
- Must increase collection convenience;
- Must expand and incentivize markets for products made from PCC;
- Must increase processor capacity, including in California;
- Must increase recyclability of carpet;
- Must describe measures that enable source reduction, source separation & processing to segregate & recover recyclable materials, environmentally safe management of materials that cannot feasibly be recycled; and
- Must provide incentives or grants to state-approved apprenticeships programs for training apprentices and journey-level installers in proper practices for recycling PCC.

In October 2019, California Governor Gavin Newsome signed into law AB729 placing additional requirements on any CSO. Key changes to the law include the inclusion of a contingency plan, the establishment of a trust fund or escrow account for unexpended funds and required approval of increases or decreases in the assessment rate.

Collectively, AB2398, AB1158 and AB729 are referred to as the carpet stewardship laws. Approved regulations are found in Title 14, Division 7, Chapter 11.

The Plan became effective on July 1, 2011, and is managed by the Carpet America Recovery Effort, Inc. (CARE). The Plan is a set of guidelines that CARE uses to administer the Program. The Plan was developed by CARE and an initial plan document was conditionally approved by the California Department of Resources Recycling and Recovery (CalRecycle). A revised stewardship plan document (version 3.2.2) was approved by CalRecycle on January 21, 2014, and plan amendments on January 5, 2015 (Addendum #1), October 21, 2015 (Addendum #2), and January 26, 2016 (Addendum #3). Collectively this Plan was referred to as Version 3.2.2.

On October 16, 2018, CalRecycle conditionally approved CARE's 5-Year Plan for 2018-2022 and gave CARE 60 days to resubmit addressing findings of non-compliance. On February 19, 2019, the revised Plan was approved by CalRecycle. Version 3.2.2 continued in force and CARE continued to manage the Program until the new Plan was approved.

On September 22, 2022, CARE submitted its California Carpet Stewardship Plan 2023 to 2027 (2023 to 2027 Plan) to the California Department of Resources Recycling and Recovery (CalRecycle). On November 18, 2022, CalRecycle's director disapproved CARE's 2023 to 2027 Plan, provided notice of the reasons for disapproval, and allowed CARE to revise and resubmit its 2023 to 2027 Plan within 60 days of disapproval pursuant to Public Resources Code (PRC) section 42973 and Title 14, California Code of Regulations (CCR) section 18942(b)(2).

On December 31, 2022, CARE's California Carpet Stewardship Plan 2018 to 2022 Plan (2018 to 2022 Plan) expired, and on January 1, 2023, CARE's California Carpet Stewardship Program Contingency Plan (Contingency Plan) became effective. Pursuant to PRC section 42972(a)(7) and 42972.7, CalRecycle began administering the carpet stewardship program via the Contingency Plan until a new carpet stewardship plan was approved by CalRecycle. CARE continued to run the Program under contract with CalRecycle.

On January 17, 2023, CARE submitted a revised California Carpet Stewardship Plan 2023 to 2027 (January 2023 Revised Plan) to CalRecycle to address the requirements specified in CalRecycle's November 2022 Request for Action. On March 6, 2023, CalRecycle's director conditionally approved CARE's January 2023 Revised Plan and specified that CARE's plan is not approved until the necessary revisions are submitted by CARE within 60 days and approved by CalRecycle. CalRecycle continued to carry out the activities in the previously approved 2018 to 2022 Plan pursuant to the Contingency Plan.

On March 29, 2023, CARE submitted its revised California Carpet Stewardship Plan 2023 to 2027 (Revised Plan) to CalRecycle to address the conditions specified in CalRecycle's March 2023 Request for Action. CalRecycle approved the Revised Plan on April 21, 2023, and CARE resumed administering the Program under that plan.

CARE was the sole carpet stewardship organization until April 1, 2015. At that time, other organizations could apply for status as a "Carpet Stewardship Organizations". As of August 16, 2024, no other Carpet Stewardship Organizations have submitted a Plan or approved.

The carpet stewardship laws require carpet manufacturers or retailers to collect an assessment based on the square yardage of carpeting sold in California. CARE mill members participating under the Plan collect the funds from California retailers. Mills (manufacturers) submit funds directly to CARE quarterly based on reported yards sold in the prior quarter. CARE disburses the proceeds in accordance with the Plan.

Disbursements are to promote carpet recycling in California and cover the costs of administering the Plan. The primary use of funds is to carpet recyclers who are paid by the pound of qualifying products that are processed and subsequently sold.

Manufacturers or retailers participate voluntarily in the Plan; however, the carpet stewardship laws require that they participate in CARE's Plan, or development and implement their own Carpet Stewardship Plan.

CARE does not have authority to levy administrative penalties for failure to comply with contractual requirements. That authority belongs solely to the state of California.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to useful lives of depreciable assets and the allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable represent amounts owed to the Organization which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. There is no allowance for credit losses at December 31, 2023 and 2022 respectively.

Property and Equipment

All acquisitions of property and equipment in excess of $2,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Net Assets

The Program reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Program, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue from carpet recovery assessments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries, benefits and payroll taxes are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 16, 2024. See Note 8 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Organization adopted ASU 2016-13 on January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Program maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Program's expenditures come due. The following reflects the Program's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Description	2023 ($)	2022 ($)
Total assets at year end	7,344,368	8,301,302
Less non-financial assets: prepaid expenses and other assets	-63,652	-5,250
Less non-financial assets: property and equipment, net	-12,326	-4,238
Financial assets at year-end	7,268,390	8,291,814
Financial assets available to meet cash needs for general expenditures within one year	7,268,390	8,291,814

The Program is principally supported by assessments collected on carpet sold in California.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

Description	2023 ($)	2022 ($)
Carpet recovery assessments	2,396,690	4,986,205
Accounts receivable, net	2,396,690	4,986,205

Note 5: PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2023 and 2022 are as follows:

Description	Estimated Useful Lived (in years)	2023 ($)	2022 ($)
Computer equipment	3	20,123	8,779
Less accumulated depreciation		-7,797	-4,541
Property and equipment, net		12,326	4,238

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to $3,256 and $848, respectively.

Note 6: REVENUE

The Program recognizes revenue at a point in time for its assessments. As of December 31, 2023 and 2022, there were no performance obligations to be satisfied.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

Description	2023 ($)	2022 ($)
Receivable from contracts, beginning of year	4,986,205	5,421,863
Receivable from contracts, end of year	2,396,690	4,986,205

Note 7: CONCENTRATIONS

At December 31, 2023 and 2022, the Organization's cash balances consist of deposits with one financial institution during 2023 and two financial institutions during 2022. The amounts in the Organization's bank accounts at one of the financial institutions are in an insured cash sweep account, and therefore, there are no amounts that exceed FDIC's insured limits at December 31, 2023 and 2022. At December 31, 2022, the Organization's cash balances at the other institution did not exceed the FDIC's insured limits.

For the years ended December 31, 2023 and 2022, a small number of carpet manufacturers accounted for approximately 81% and 80%, respectively, of the carpet recovery assessments. These manufacturers also accounted for 73% and 79% of assessments receivable at December 31, 2023 and 2022, respectively.

Note 8: COMMITMENTS AND CONTINGENCIES

During the years ended December 31, 2023 and 2022, the Sustainable Funding Oversight Committee (SFOC) allocated $592,023 and $625,000, respectively, to support grants. Additionally, for the years ended December 31, 2021 and 2018, the SFOC allocated $1,217,000 and $3,484,673, respectively, to support grants. The actual amount of reimbursements is expected to differ from the authorized amounts depending on the number of applicants, projects selected, changes in project scope, and grantees' ability to meet contract obligations. As of December 31, 2023, $34,669 remains committed for the grants committed during the year ended December 31, 2018, $122,067 remains committed for the grants committed during the year ended December 31, 2021, $19,487 remains committed for the grants committed during the year ended December 31, 2022, and $433,381 remains committed for the grants committed during the year ended December 31, 2023. Amounts were allocated to support grants for the years ended December 2019 and 2020; however, no amounts remain committed for the grants committed during the years ended December 31, 2019 and 2020.

During the year ended December 31, 2021, CalRecycle found CARE noncompliant with its California Carpet Stewardship Plan 2018-2022 for failure to achieve recycling goals in 2019 and 2020. CARE was referred to the Waste Permitting, Compliance and Mitigation Division for enforcement. In May 2022, CalRecycle presented an accusation regarding noncompliance covering CARE's performance during fiscal years 2019 and 2020. CalRecycle was seeking penalties in the amount of $1,538,365. CARE has rejected this ruling and has filed an appeal with the State of California. During 2020, measures were implemented by CARE including contributing approximately $11,000,000 of unbudgeted funds to avoid a collapse of the recycling system during the pandemic. This consisted of two direct cash infusions to qualified recyclers in April and July of 2020, along with enhanced Covid Action Plan (CAP) subsidy increases meant to last through Q2 of 2020. However, the CAP subsidies have remained through the end of 2022 due to other factors. In May 2023, an order was issued by the California Office of Administrative Hearings, which ordered CARE to pay a total of $737,000 in civil penalties. The Director of CalRecycle has rejected the ruling. The Organization's liability under the above referenced litigation remains unknown as of the date of issuance of these financial statements. Therefore, no amounts have been recorded in the accompanying financial statements.

In January 2024, subsequent to year end, CalRecycle found CARE noncompliant with its California Carpet Stewardship Plan 2018-2022 for failure to achieve one of the recycling goals in 2022. No action has been taken by CalRecycle; therefore, the Organization's liability as a result of the noncompliance remains unknown as of the date of issuance of these financial statements. Therefore, no amounts have been recorded in the accompanying financial statements

Note 9: RELATED PARTIES

The Program is administered by the Carpet America Recovery Effort, Inc. (known by the trade name CARE). CARE was established in 2002 to represent the carpet industry's effort to support market-based carpet recycling solutions. CARE is a not-for-profit, 501(c)(3) organization that was formed to oversee and enable market-based solutions for the recovery and recycling of post-consumer carpet.

To participate in the Program, manufacturers and retailers must maintain a membership in good standing with CARE. Recyclers who wish to receive disbursements must also maintain a membership in good standing to receive funds.

The primary organizer of CARE was the Carpet and Rug Institute, Inc. (known by the trade name CRI). CRI is a 501(c)(6) organization under the Internal Revenue Code and one of the primary trade groups of the carpet industry. CRI initiated CARE's organization to represent and to promote the industry's carpet recycling efforts and manage the industry's recycling programs.

CARE was created in dialog with the U.S. Environmental Protection Agency (EPA), several States, non-governmental organizations (NGOs), and carpet industry members as a result of a Memorandum of Understanding signed January 8, 2002.

CRI acts as an advocate of the carpet industry and actively works to represent its interest in legislative, regulatory, and judicial issues at the federal, state, and local levels. CRI played an active role in the development of the current legislation in California, and actively lobbies for the carpet industry in other states considering similar product stewardship or extended producer responsibility (commonly referred to as EPR) legislation.

CARE and CRI share one common non-voting director and facilities and they provide administrative and technical support to each other and the Program.

Under the carpet stewardship laws, CARE is allowed to be reimbursed for costs it incurs administering its Carpet Stewardship Plan. Costs incurred directly by the Program are paid from Program funds. Shared labor and other costs of the Program and CARE are systematically allocated and periodically settled. These shared labor costs totaled $1,153,673 and $941,047 for the years ended December 31, 2023 and 2022, respectively.

The Program has accounts payable of $273,418 and $316,849 due to CARE as of December 31, 2023 and 2022, respectively for expenses paid by CARE but incurred by the Program.

Some of the members of the Board of Directors work for various organizations that receive subsidies from the Program. Management does not believe the risk of undue influence associated with these relationships is significant.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
The California Carpet Stewardship Program:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The California Carpet Stewardship Program, (the Program), which comprise the statements of financial position as of December 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 16, 2024.

Reporting on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as finding number 2023-001. There were no other findings except for the CalRecycle accusations included in Note 8 of the Program's financial statements.

Carpet America Recovery Effort's Response to Findings

Carpet America Recover Effort's (CARE) response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CARE's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 16, 2024

SUMMARY OF COMPLIANCE FINDINGS

2023-001

Criteria: California laws and regulations require the Program reach a goal of a recycling efficiency rate of 75% as of December 31, 2023, as outlined in the plan.

Condition: As a result of our audit procedures, it was determined that the methods used to measure whether California carpet is managed in a manner consistent with the state's waste management hierarchy are accurate. However, we noted the Program did not reach the recycling efficiency rate of 75%.

Effect: By not reaching this goal by the target date, CalRecycle may find CARE non-compliant and assess penalties or other performance requirements against CARE.

Recommendation: We recommend procedures be implemented to ensure the program meets future recycling goals as outlined in the plan.

Cause and Views of Responsible Officials and Planned Corrective Actions: CARE has worked diligently and aggressively to meet or exceed all compliance requirements. In 2023, the Program achieved 95% of its recycling efficiency rate goal of 75%. Although this goal did not reach its target, it is important to consider the factors that affect the efficiency rate outcome.

1. Market conditions and output - Market conditions, such as changes in demand, commodity prices, and industry dynamics, can significantly impact the overall recycled output (i.e., sold and shipped material). During the period under review, processors encountered a collapse in market demand. As a result, processed output was placed in inventory and thus decreased the overall recycled output in Q4. This resulted in a smaller numerator and thus lower Recycling Efficiency Rate (RER) than forecast. Such cycles are not uncommon. Those extra inventory pounds were subsequently sold and shipped in Q1 of 2024, as expected.

2. Fiber inventory and post-consumer - Significant amounts of fiber inventory held by processors affected the calculation of the program's RER. Substantial quantities of declared post-consumer material stored in producers' inventories slightly decreased the recycling efficiency rate for 2023. While these materials were not immediately counted as recycled output, they are still valuable resources for future recycling efforts.

3. Decrease in discards of consumer material - One contributing factor to the RER is the significant decrease in discards of post-consumer carpet. Carpet sales in California have continued to decrease since the Program’s inception.

We continue to diligently review all compliance requirements and have successfully implemented procedures to ensure the program continues to meet future recycling goals as outlined in the plan.

INDEPENDENT AUDITOR'S REPORT
ON STATE COMPLIANCE REQUIREMENTS

To the Board of Directors of
The California Carpet Stewardship Program
100 S. Hamilton Street
Dalton, GA 30720

Compliance

We have audited Carpet America Recovery Effort Inc.'s (CARE) compliance with the requirements specified in the State of California's Code of Regulations, Title 14, Division 7, Chapter 11, Article 1 applicable to CARE's statutory requirements identified below for the year ended December 31, 2023.

We have also audited the basic financial statements of The California Carpet Stewardship Program (the Program) as of and for the year ended December 31, 2023 and have issued our report thereon dated August 16, 2024.

Both audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

CARE's management is responsible for the Program compliance with laws and regulations. In connection with our audits referred to above, we selected and tested transactions and records to determine compliance with state laws and regulations applicable to CARE's program.

Auditor's Responsibility

Our responsibility is to express an opinion on CARE's compliance based on our audit. We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State of California's Code of Regulation, Title 14, Division 7, Chapter 11, Article 1 applicable to CARE's statutory requirements. Those standards and the State of California's Code of Regulations require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance

requirements referred to above that could have a material effect on the statutory requirements listed below occurred. An audit included examining, on a test basis, evidence about CARE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CARE's compliance with those requirements. In connection with the audit referred to above, we selected and tested transaction and records to determine CARE's compliance with state laws and regulations including, but not limited to, the following applicable items:

Performance Goals and Activities

Description	**Audit Procedures Performed**	**Compiled**
List each compliance requirement	(Yes/No)	(Yes/No)
Measurement methods accurately identify:		
a. Amount of California carpet that is diverted to landfills	Yes	Yes
b. Amount of California carpet that is processed in new commodity	Yes	Yes
c. That California carpet is managed in a manner consistent with the state's waste management hierarchy.	Yes	No See Note 1
d. Amount of California carpet discarded each year (estimated using a formula based on sales). Assumption used in the formula are appropriate for California.	Yes	Yes

Financing Mechanisms

Description	**Audit Procedures Performed**	**Compiled**
List each compliance requirement	(Yes/No)	(Yes/No)
a. Assessments are paid to CARE on all carpet sold in the state of California at the rate indicated in the Plan (i.e., 5 or 10 cents per sq. yd).	Yes	Yes
b. The assessments collected for the Program are only spent on the program.	Yes	Yes
c. The payments are accurately presented by categories found in the Regulations, Section 18944 (7). Annual Report Compliance Criteria, Financing Mechanism.	Yes	Yes
d. The annual report accurately presents information.	Yes	Yes

Program Performance Measurement

Description	Audit Procedures Performed	Compiled
List each compliance requirement	(Yes/No)	(Yes/No)
a. Applicants applying for incentive payments submit documentation as required in the Plan (and Agreed Upon Procedures) that are in place at the time documents are submitted.	Yes	Yes
b. CARE is tracking information needed to include in Annual Report per regulations Section 18944.	Yes	Yes
c. CARE's practices support a level playing field among those requesting Program funds.	Yes	Yes
d. CARE has a method to determine the effectiveness of educational and outreach activities that is appropriate for use in California.	Yes	Yes

Note 1: See audit finding 2023-001 in the Audit of California Carpet Stewardship Program financial statements. As a result of our audit procedures, it was determined that the methods used to measure whether California carpet is managed in a manner consistent with the state's waste management hierarchy are accurate. However, during our testing, we noted one goal within the waste management hierarchy that were not met as of December 31, 2023. The Program did not reach the goal of a recycling efficiency rate of 75%.

CARE has taken a number of steps to address this important metric. Management's response to the finding is detailed in the Audit of California Carpet Stewardship Program financial statements.

Opinion

In our opinion, except for the noncompliance noted above, CARE complied, in all material respects, with the compliance referred to above that are applicable to the statutory requirements listed above for the year ended December 31, 2023.

This report is intended solely for the information of the Board of Directors of the Carpet America Recovery Effort, Inc. and CalRecycle and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

CARR, RIGGS & INGRAM, LLC

Atlanta, GA
August 16, 2024