

Understanding EPR Fee-Setting

What is Fee-Setting?

Producer Responsibility Organizations (PROs) like Circular Action Alliance (CAA) divide program costs among producers, using a fee-setting methodology built on principles of fairness.

Three Core Components of Fee-Setting



Total Program Costs

Each year, CAA determines the costs required to implement the program in each state. These costs vary state-to-state due to the existing system and specific requirements outlined in laws and regulations.



Relative Material Costs

Some materials cost more per ton to manage than others. To reflect this in fee rates, CAA developed indices that represent the relative cost to manage each type.



Producer-reported Supply

Each year, producers report how much material they supply in the state. Reports follow state-specific categories.

The Fee-Setting Process

1

Build the State Budget

CAA creates a program budget for each state based on system costs and the requirements in law and regulation.

2

Create Material Cost Indices

CAA Analyzes cost drivers (volume and density of materials, equipment, labor, recovery rates) to estimate relative cost of managing each material.

3

Collect Producer Data & Determine Total Supply

Producers report the amount and type of materials supplied into the state. CAA combines this data to calculate total supply by material category.

4

Allocate Costs and Revenue by Category

CAA allocates overall system costs to all material categories using supply data and cost indices, and distributes commodity revenue only to those categories that generate revenue.

5

Set Fee Rates for Each Category

Fee rates are expressed in cents per pound of packaging material supplied into the market.

$$\text{Material Fees} = \frac{\text{Program Costs}}{\text{Producer Supply}}$$

6

Calculate each Producer's Fee

Producer fee = (producer's amount in each category × that category's rate) ± adjustments like bonuses & maluses.

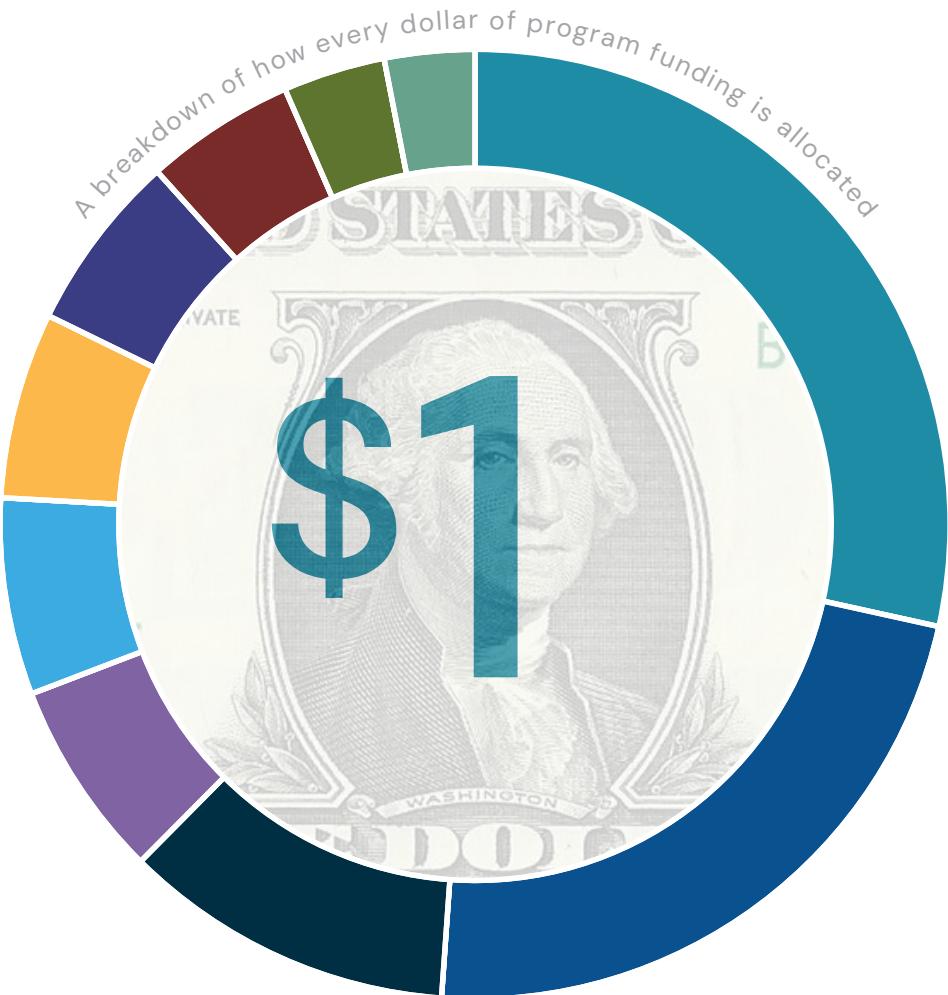
Producer Fees Supporting EPR

Producer fees fund investments that drive positive environmental outcomes for communities.

How Producer Fees Are Spent in Oregon – 2026

A breakdown of how every dollar of program funding is allocated

Payments to Commingled Recycling Processing Facilities (CRPFs)	28.5¢
Collection Services Expansion	22.7¢
90+ Drop-off RecycleOn Centers for PRO Acceptance List	11.3¢
PRO Management and Administration	6.7¢
Program Reserves	6.7¢
Contamination Reduction Programming	6.3¢
Oregon Audit Center, Responsible End Market Support, etc.	6.1¢
Transportation Reimbursement (USCL)	5.1¢
Required Reimbursement to the State for Administrative Costs	3.5¢
Resident Education and Outreach	3.1¢



Where Producer Fees Drive Impact in Oregon

System improvements & expansion

- **\$80 million to be invested** statewide to expand recycling access — including **150,000+** new recycling bins and nearly **100 new collection trucks**.
- Funding for **140+ free RecycleOn Centers** to collect additional materials not accepted in curbside recycling.
- Consistent statewide recycling education developed & printed by CAA.

Reducing Contamination

- **\$3 per resident** to local governments & service providers for anti-contamination programs.
- Contamination Management Fees for sorting facilities to remove non-recyclables.
- Processor Commodity Risk Fee to buffer global commodity price swings without increasing prices for ratepayers.

Strengthening Recycling

- Investments in responsible end market (REM) development and auditing to ensure materials are recycled in an environmentally responsible way without causing harm to communities.
- Statewide outreach campaigns to increase participation and build confidence in Oregon's recycling system.

Administration and Oversight

- CAA's national model shares admin, compliance, and data management across EPR states to reduce duplication and keep Oregon efficient.
- CAA is building a standard to drive program efficiency across states.

Seven Principles. One Fair Fee System.

CAA has created a set of seven guiding principles to ensure the development of fair and equitable fees payable by producers.

Harmonization

The national fee-setting methodology will be used consistently across states, but will vary by state due to state requirements and program costs.

Fairness

Producers supplying covered materials to consumers must contribute to the costs of the recycling system, including those who use materials that are not recycled.

Material-specific Costs

Fee rates will reflect material-specific management costs in each state using the best available data.

Commodity Revenue

Fee rates will reflect state-specific commodity revenues, and these revenues will be attributed to the corresponding material categories that earned them.

Eco-modulation

Fee-setting will account for measurable environmental objectives and state-mandated eco-modulation policies.

Responsible End Markets

Fee-setting will factor in the development and maintenance of viable responsible end markets with any associated costs attributed to the material category that requires end market development.

Clarity

Fee-setting materials and consultations will be prepared and conducted in a manner that clearly communicates to producers the principles, methodologies, and approach that CAA is using to determine fee rates.