Summary of Circular Action Alliance's Proposed SB 54 Program Plan

CALIFORNIA RESTAURANT ASSOCIATION

Executive Summary
CAA California's program plan is the proposed operating blueprint for California's SB 54 packaging program. It explains how CAA will collect producer fees, fund recycling and composting systems, pursue material-specific phase-in or phase-out plans, invest in reusable food service ware, and manage producer reporting.

I. What is the CAA, and what is the status of its program plan?

The Circular Action Alliance of California (CAA) is the single Producer Responsibility Organization (PRO) selected by CalRecycle to administer SB 54 for participating producers.

SB 54, the state's extended producer responsibility program (EPR) aims to reduce single-use packaging waste by requiring 100% of single-use packaging and food service ware to be compostable/recyclable, 65% of it to be recycled, and a 25% reduction in the sale or distribution of plastic single-use packaging and food service ware – all by 2032. Additionally, it requires the PRO to pay $500 million per year in fees to the state to address plastic pollution, in addition to other costs outlined in the point below.

The plan is not the statute, and it is not yet the final approved operating plan. CAA states that it will solicit public feedback until August 14, 2026, and then expects to revise the plan before submitting a final version to CalRecycle in October 2026, which will then review and approve it before full implementation.

Source: *CAA California Program Plan, Introduction and pp. 1-3*

II. What does CAA's program implementation plan propose?

The plan explains how CAA will, in accordance with the authority granted to it by CalRecycle through SB 54 (2022):

- Register participating producers and collect annual packaging and food service ware data.
- Set and collect producer fees sufficient to fund the approved program budget.
- Reimburse local governments, collectors, recyclers, composters, and other service providers for eligible new SB 54 costs.
- Invest in collection, sorting, processing, responsible end markets, education, source reduction, and reuse/refill systems.
- Pursue special regulatory pathways for materials that cannot meet early recycling targets on time.
- Track compliance, audit information, and report statewide results to CalRecycle.

In total, the CAA estimates that to accomplish the abovementioned goals, its preliminary five-year program cost will be between $9.350 billion and $17.243 billion – a cost that will be funded entirely by producers, as established by SB 54. An exact cost breakdown for each budget item can be found on page 273 of CAA's program plan.

Source: *CAA Program Plan, Chapter 8, especially pp. 272-278.*

III. What restaurants will deal directly with CAA?

CAA will deal directly with businesses that are legally considered producers, including independently registered producers, who can expect CAA to communicate on coordination plans for activities including, but not limited to, education and outreach, and coordinating their proportional share of the Plastic Pollution Mitigation Fund.

Producers would either register with CAA or independently, and report material data, submit required source-reduction information, and pay fees. It's also important to note that the source reduction targets are a collective goal for the PRO, not a binding promise for every producer to meet statewide.

Moreover, while a restaurant that only buys generic food service ware may be less likely to be the producer, brand ownership, manufacturing, licensing, and first-sale arrangements can change the outcome.

Important considerations for the restaurant community to make include:

- A restaurant company that manufactures or packages branded goods may need a producer analysis.
- Franchisors and franchisees should not assume the other party is responsible without reviewing trademark, licensing, manufacturing, and distribution arrangements.
- Private-label foods, commissary products, custom-branded packaging, and licensed restaurant concepts deserve specific review.
- Restaurants that are not producers may still receive data requests or price changes from suppliers, distributors, or brand owners that are producers.

Source: *CAA Program Plan, pp. 325-331; CalRecycle Producer Flowchart; CalRecycle Source Reduction Reporting Guidance, pp. 2-3.*

IV. Exemptions & Exclusions

CAA is the only entity that is allowed to submit exemption applications for unique challenges. However, it has stated that it may establish a standardized procedure for the receipt and consideration of applications from producers. Apart from the four SB 54 exclusions and exemptions which CAA does not have a role in: statutory categorical exclusions, exclusions for conflicts with federal mandates, exclusions for packaging used for long-term protection or storage, and exemptions for small producers – CAA also outlines several that do involve the PRO.

For example, for covered material categories (CMCs) that CAA determines are unlikely to meet early recycling targets, it plans to seek "unique challenge" exemptions. There are also exemptions for health & safety reasons where certain covered materials may be unsafe to recycle, among others, which are listed below.

An important note: Material exemptions apply only to source reduction targets. Even when an exemption is granted for a specific material, CAA states that other producer obligations such as registration, reporting, and payment of producer fees still apply.

Exclusion or Exemption	Regulatory Effect	Selected Key Criteria	Determination Process	Role in Materials Strategy
Exclusion for reusable and refillable packaging	Reusable and refillable materials are not covered materials and are counted toward source reduction targets.	Specified standards in statute and regulations to ensure products are designed for and reused and/or refilled in practice.	Producers make design shifts, determine if qualified, and maintain records. CAA California establishes procedures to confirm producer claims.	Promote producer shifts via fee incentives, infrastructure investments, and E&O.

Exclusion or Exemption	Regulatory Effect	Selected Key Criteria	Determination Process	Role in Materials Strategy
Exemption for demonstrated high recycling rates	Qualified materials are not covered materials, but producers still must register with CAA California. Producers must re-apply every two years.	Producer material streams collected in non-residential programs, not commingled with unsorted curbside material, accepted by end markets meeting REM standards, with three-year recycling rate greater than 65% before Jan. 1, 2027, and greater than 70% afterward.	Producers apply to CalRecycle. CAA California provides information support and is allowed to apply on behalf of member producers but does not intend to.	Incentivize producers to keep materials in the program plan even if qualified, to help satisfy recycling rate targets.
Exclusion for de minimis plastic	Qualified materials are not covered materials.	Plastic components of small size or weight with no impact on recyclability or environmental health and safety risks.	Producers cannot apply directly. CAA California coordinates with producers and CalRecycle (CAA California anticipates submitting multiple de minimis determination requests on behalf of producers).	Seek exclusions to focus resources on achieving targets and reporting for plastic covered materials present in higher volumes and with higher impacts.
Exemption for unique challenges (with or without a phase-in plan)	Producers may use or sell these materials even if the targets are not met. But they are still covered materials and producers must register and pay fees. Exemptions are active for two to five years with the possibility for renewal.	Multiple standards involve considerations related to packaging alternatives and impacts on recycling system, environmental justice, and overall Act goals and intent. Must include phase-in to full compliance unless unneeded or infeasible. Phase-in periods may be longer than five years, but continued exemption requires approval of new requests.	Only CAA California as the PRO may apply. After consultations with producers and CalRecycle, CAA California is submitting two applications covering 56 CMCs for recycling rate targets, in parallel with this program plan.	Initial applications cover 41 CMCs with a viable compliance pathway but at risk of missing interim recycling rate targets; and 15 CMCs without a viable compliance pathway that need time for a plan to phase out use. Additional requests for specific covered materials may be identified.
Exemption for Health and Safety or Unsafe to Recycle	Same as for unique challenges exemptions above.	Similar to unique challenges but without a phase-in. The key standard is that compliance is not possible without increasing overall health, safety or environmental risks compared to risks posed by exemption.	Same as unique challenges but driven by producers, with CAA California review and synthesis. CAA California anticipates submitting vetted applications upon completion of this process.	CAA California anticipates limited requests covering specific producer packaging and products, not CMCs. Requests may be identified on an ongoing basis as producers identify needs.
Trending Towards Recyclable Designations	Not termed an exemption, but a conditional recyclable designation even if criteria are not yet fully met.	Must be more likely than not that specified CMCs will achieve the 60/60 SB 343 recyclability criteria before the next CalRecycle MCS study is completed.	CalRecycle makes a preliminary designation based on SB 343 MCS study findings or updates, with final determination after public input. CAA California and producers may submit to CalRecycle data and recommendations.	CAA California may recommend this designation for certain CMC groupings not currently recyclable that require significant system improvements.

Exclusion or Exemption	Regulatory Effect	Selected Key Criteria	Determination Process	Role in Materials Strategy
Extensions or Exemptions for Local Jurisdictions and Recycling Service Providers	Exempt from requirement to include designated CMCs for two years with possible renewal.	Must be impracticable due to local conditions, circumstances or challenges (e.g., no REM); rural jurisdiction resolution; material collected outside of local programs; or local ban adopted prior to CMC designation.	Local jurisdictions or recycling service providers apply to CalRecycle, but must first share applications with CAA California as the PRO.	Seek to minimize these exemptions where possible, by addressing local concerns.

Source: *CAA Program Plan, pp. 145-147*

V. CAA's approach to compostable food service ware

CAA considers compostable plastics to have a possible compliance pathway, but the plan documents major real-world operational and policy barriers. Many local programs and compost facilities do not accept compostable plastic, and some facilities report that certified products do not break down under their operating conditions and must be screened out and disposed of.

Compostable plastics are also currently at risk of being cut out as a compliance pathway.

Per CAA, "Plastics designed for compostability will no longer be deemed compostable under SB 54 once the NOP (National Organic Program) compliance deadline passes (June 30, 2027), unless CalRecycle further extends the compliance deadline, or the USDA makes changes to what is acceptable under the NOP."

However, up until the expiry of the compliance deadline, CAA plans to:

- Provide producer guidance, field testing, processor support, market development, and possible secondary sorting.
- Seek a unique-challenge phase-in exemption because collection and processing acceptance are limited.

If the deadline is not extended, the CAA states that it will shift to an effective phase-out approach.

Restaurant takeaway

Do not make a major compostable-product conversion based only on a certification logo or supplier claim. Confirm the exact CMC, lawful labeling status, local collection program, receiving processor, and what happens to the product at that facility.

Source: *CAA Program Plan, pp. 169-180; CalRecycle January 2026 CMC List, pp. 3-4 and 7-10.*

VI. CAA's Packaging Material Strategy

The CAA's current packaging plan to meet the recycling and compostability rate goals set by SB 54 separates these materials into three broad groups:

- **Phase-in approach:** CAA believes the material has a possible long-term compliance pathway, but needs more time, collection, sorting, processing, or market development.
- **Phase-out approach:** CAA does not currently see a practical path to full compliance and expects producers to move toward alternative covered materials or qualifying reusable/refillable systems.
- **Maintain & strengthen compliance:** Materials already designated recyclable or compostable by CalRecycle, which mainly require action to maintain acceptance and increase volumes of materials processed.

In its program plan, the CAA has stated it will apply for unique challenge exemptions for all CMCs that it has phase-in strategies for.

Below is a general list of materials grouped – these are materials that are most likely to be used in restaurant packaging, along with the CAA's proposed strategy, and current practical issue facing each one. This list is not exhaustive; for the full list with every CMC designation, see page 114 of CAA's program plan.

Restaurant-relevant material	**CAA Proposed Strategy**	**Current practical issue**
PET (#1) cups, lids, trays and tubs	Phase-in	Recyclable, but its estimated recycling rate is 4%.
Rigid PP (#5) cups, lids, plates, trays and tubs	Phase-in	Recyclable, but estimated recycling rate is 2%.
PP (#5) utensils	Phase-in	Not currently listed as recyclable or compostable; recycling data is insufficient.
PS (#6) Expanded/foam polystyrene food service ware	Phase-in	Not listed as recyclable or compostable; estimated recycling rate is below 1%.
PS (#6) Solid polystyrene food service ware and utensils	Phase-out	N/A - No identified compliance pathway.
Rigid plastics and flexible films designed for composting	Phase-in, with major conditions	CAA seeks more time, but may shift toward effective phase-out if the NOP June 27' deadline is not extended.
Plastic-coated or lined paper and molded fiber	Maintain/strengthen compliance or phase-in to achieve compliance, depending on CMC	Currently has low acceptance by local jurisdiction collection programs and materials recovery facilities; does not have a near-term path to 60% acceptance.
Flexible films (PET #1, HDPE #2, LDPE #4, PP #5)	Mostly phase-in, except for polyvinyl chloride (PVC #3) & polystyrene (PS #6) flexible films	Many have very low recycling rates or insufficient data and will require alternatives to curbside collection, along with other investments including development of new materials recovery facilities.
Small Plastic – two or more sides measuring 2 inches or less (e.g., condiment packets)	Phase-in	Not currently listed as recyclable or compostable; recycling data is insufficient.

Source: *CAA Program Plan, pp. 151-154, 163; CalRecycle January 2026 CMC List, pp. 7-10.*

Restaurant takeaway

A CAA phase-in plan does not guarantee that a material will remain inexpensive or unchanged. It means CAA intends to seek additional time and invest in a pathway. A phase-out designation is a stronger warning against long-term purchasing commitments.

VII. How are CAA's fees calculated, and what does that mean for restaurants?

CAA proposes to set fees by CMC and adjust them annually. The base fee is intended to reflect the cost of collecting, transporting, sorting, processing, and developing markets for each material. Materials that are more difficult or expensive to manage can carry higher costs.

Fee element	Fee Calculation Proposal	Purpose
EPR base fee	Applied across CMCs, based on total program costs, producer-reported supply of CMCs, and cost to manage each one (CMTs).	Funds collection, processing, reimbursement, infrastructure, and other program costs.
Reuse Investment Fees	Plastic only; allocated by plastic weight	Funds CAA's reusable and refillable packaging and food service ware investments.
PPMF fee	Plastic only; proposed formula is 80% plastic weight and 20% plastic component count	Funds the statutory Plastic Pollution Mitigation Fund.
Other CAA charges	Administrative, legal, organizational, reserves, and program continuity costs	The program plan describes additional cost categories beyond the simple material fee table.

For 2027, the fee rates in the plan are illustrative, not final. CAA says it will use verified supply data to publish the final 2027 fee schedule in October 2026 and issue invoices to producers in early 2027 after plan approval. SB 54 does not allow an EPR fee to appear as a separate line item on a consumer receipt for covered material.

Restaurant takeaway

A restaurant that is not the producer may not receive a CAA invoice, but manufacturers, brand owners, and distributors may incorporate program costs into the price, availability, or design of food service ware.

Source: *CAA Program Plan, pp. 281-296 and 308-311.*

VIII. CAA's reuse and refill plan

CAA identifies on-site reusable food service ware as its most important early reuse investment area. CAA says it will begin with controlled environments and large venues that can generate enough volume to support efficient washing and collection systems.

CAA has stated the following:

- It plans to prioritize large on-site food service venues such as K-12 schools, public colleges, and stadiums as early "anchor institutions."
- Converting one large closed-loop food service venue may take 5-14 months or longer.
- Total reuse costs can currently be 200%-500% higher than single-use costs before systems reach scale and cost parity.
- Reuse programs may require washing capacity, collection bins, storage, transportation, training, signage, additional labor, replacement inventory, and coordination with health and sanitation authorities.
- It may later use pilots, grants, technical assistance, and shared infrastructure to expand reuse to restaurants and other smaller venues.

Restaurant takeaway

CAA's plan treats reuse as a long-term infrastructure and behavior-change project. Restaurants considering a pilot should evaluate the full operating model: washing, storage, labor, loss rates, health requirements, customer behavior, and who pays ongoing costs.

Source: *CAA Program Plan, pp. 216-230, especially pp. 218, 221, and 229.*

IX. What information will CAA need from producers?

Participating producers will provide CAA with detailed material data; see pp. 323-331 for more.

- As outlined in the phase-in/phase-out table, material reporting is organized by CMC, not simply by a broad label such as "paper" or "plastic."
- Plastic source-reduction reporting uses both the number of plastic components and the plastic-only weight.
- Thin coatings, linings, adhesives, inks, labels, lids, and other subparts may matter unless affirmatively treated as de minimis.

Source: *CAA Program Plan, pp. 323-331; CalRecycle Source Reduction Reporting Guidance, pp. 4-7.*

X. Next steps for the restaurant community

- **Confirm who the producer is.** For branded, franchised, private-label, commissary, and licensed arrangements, identify in writing which entity will register, report, and pay CAA fees.
- **Ask suppliers for CAA-ready product data.** Request the CMC code, material construction, plastic component count, plastic-only weight, coatings/linings, and current recyclability or compostability determination.
- **Ask & confirm which material is in CAA's phase-in or phase-out strategy.** This is more useful for long-term procurement than relying only on a resin number or a marketing term.
- **Avoid long contracts for weak pathways.** Use caution with solid polystyrene, PS utensils, difficult films, and compostable products without a confirmed local system.
- **Budget for supply volatility.** CAA's final 2027 fees, material-specific investments, and supplier responses may change product prices and availability.
- **Treat reuse as an operations project.** Before joining a pilot, calculate washing, labor, storage, transport, breakage, loss, sanitation, and customer-participation costs.
- **Watch the final CAA plan and fee schedule.** The June plan is not final. Material treatment, investments, and cost assumptions may change before CalRecycle approval.

Note: This is a policy summary and does not constitute legal advice. Always consult with counsel on SB 54 compliance and how it could impact your operation.

Reference & Background Documents

- CAA California Extended Producer Responsibility Program Plan (June 18, 2026 revision)
- CalRecycle: Are You a Producer? situational screening tool (May 8, 2026)
- CalRecycle: Guidance for Submitting a Categorically Excluded Materials Notice (May 11, 2026)
- CalRecycle: Source Reduction Reporting Guidance (July 17, 2026)
- CalRecycle: Covered Material Categories Reporting Guidance (September 8, 2025)
- CalRecycle: Update to Covered Material Category List (effective January 1, 2026)