

Recycling Means Business:

The Critical Link between Wisconsin's Economic Growth and Recycling

Submitted by:

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The recycling infrastructure in Wisconsin - from collection to processing to manufacturing – is successful and well established. For the past 20 years, this unique system has involved public participation, private/public partnerships and contracts to collect and process materials, and supplied market demand for materials to manufacture new products. These public/private partnerships are strong and mutually beneficial to residents and businesses. Recycling and materials management remain a significant part of the economic picture in Wisconsin and hold great potential for its growth into the future.

Economic Benefits of Recycling in Wisconsin

The economic benefits of recycling have been documented in Wisconsin and other states, including jobs, business development, state and local taxes paid, feedstock for manufacturing new products, and reduced energy use. Local government and private business have developed strong partnerships, invested in capital equipment and developed infrastructure to collect, process, refurbish, and utilize recycled materials in the manufacture of new goods. Recycling is not just a feel good environmental movement; it is a vital component of Wisconsin's economy.

Jobs

A nationwide study conducted for the National Recycling Association in 2001 found that recycling was a vibrant and growing \$100 billion industry¹. Jobs related to recycling go well beyond collection and sorting of the materials set out by homeowners for collection. The impact of recycling extends to industries that are reliant upon recovered materials as feedstock, and includes the growing remanufacturing and reuse sector. Recently completed studies in Illinois, Michigan, North Carolina, and the Northeast have all confirmed the role of recycling in creating and supporting jobs.

The Illinois study found that for every job on the supply side (collection and processing) there were three jobs on the demand side of the equation (manufacturing, retail, reuse). A recycling job is not just the driver of the recycling truck; a recycling job also includes paper makers in the Fox Valley, computer recyclers in Glen Flora, glass tile manufacturers in Wausau, PET post-consumer plastic recyclers in Fitchburg, and glass bottle manufactures in Burlington.

In 2001 the National Recycling Economic Information Study found that:

- Recycling creates four jobs for every one created in disposal
- Economic activity related to recycling is comparable to the auto and truck manufacturing industry and significantly larger than mining and waste management and disposal industries
- Wages for workers in the recycling industry are notably higher than the national average for all industries

Value of Recycling

A study on the economic impact of Wisconsin's recycling sector conducted by the Wisconsin Department of Natural Resources in 2000 identified annual wages of \$1 billion and sales of \$5.7 billion tied to recycling.

¹ U.S. Recycling Economic Information Study by R.W. Beck, Inc. for National Recycling Coalition, July 2001.

According to the Illinois Report², the combined recycling collection, processing, reuse, and remanufacturing industries in contribute the following to the state and local economy:

- 111,500 jobs
- Payroll of \$3.6 billion
- \$30.3 billion in gross receipts
- Over \$1 billion in state and local taxes

The market value of the recyclable materials collected by Wisconsin municipalities alone is more than the state's annual recycling grant to Responsible Units (RUs)³. State recycling grants to municipalities and counties provide excellent investment return for Wisconsin of nearly \$11 million annually.

- Market value of paper and containers recycled annually from Wisconsin residents= \$40 million (400,000 tons/year @ \$100/T)
- Annual Recycling Grant award to RUs (2010)= \$29.3 million
- The Recycling Grant is awarded to RUs with Effective Recycling Programs and is funded through tipping fees charged at landfills. It covers an average of 30% of the actual costs of collecting and processing recyclable materials.

The 2009 DNR Waste Characterization Study⁴ shows that there is great potential for Wisconsin taxpayers and businesses to save money by recycling more materials rather than landfilling them. Increased recycling participation by residents and businesses would add further value to state, municipal and private sector infrastructure investments.

- Value of recyclables still thrown away by residents and businesses annually in Wisconsin = \$52 million
- Annual landfill per ton surcharge cost to taxpayers and businesses (to Recycling and Energy Fund)= \$28 million (4 million tons @ \$7/T)
- Annual cost to taxpayers and businesses to dispose of waste in a landfill= \$160 million (4 million tons @ \$40/T)

Investment, Innovation, and Business Development

There is great potential for business development, R & D, and innovation in the state using recycled materials to design and manufacture new products. Examples of public and private investments in infrastructure include:

- **Placon Industries** located in Madison recently began construction on a new \$16 million plastic processing facility that will use recycled PET bottles collected by local recycling programs to manufacture plastic sheet and containers.
- **Strategic Materials Inc.** located in East Troy is investing \$10 million this year to expand and upgrade recycled container glass processing capacity.
- **In 2007 Waste Management** invested \$24 million on the largest Materials Recovery Facility in the state in Germantown.
- **Tri-county Materials Recovery Facility** located in Appleton is a joint public investment of \$10 million by Brown, Outagamie and Winnebago counties via inter-municipal agreement to increase recycling processing capacity and cost-effectiveness.

² 2010 Recycling Economic Information Study Update by DSM Environmental for Illinois Recycling Association, November 2010.

³ WI Legislative Fiscal Bureau Informational Paper 71- Solid Waste Recycling and Waste Reduction, January 2011.

⁴ Wisconsin State-Wide Waste Characterization Study by MSW Consultants and Recycling Connections Corporation for Wisconsin Department of Natural Resources, June 2010.

Organization Contacts

Associated Recyclers of Wisconsin is a professional association with members from local government, businesses and non-profit groups that provides statewide proactive leadership on waste reduction and recycling through education, advocacy, collaboration, programs and services.

President Jennifer Semrau, Winnebago County Recycling Specialist, 920-232-1850
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Solid Waste Association of North America-Badger Chapter has more than 200 members in Wisconsin, providing information, training programs, and networking opportunities to solid waste professionals and sharing ideas and solutions to better manage municipal waste.

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Wisconsin Counties Solid Waste Management Association works with all counties to promote effective and environmentally sound waste management systems and resource recovery efforts. Chair Meleesa Johnson, Marathon County Solid Waste, 715-446-3101 X104
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Wisconsin Council on Recycling authorized in s. 287.22 Wis. Stat., consists of industry, business and local government representatives appointed by the Governor to advise the Governor, Legislature and state agencies on solid waste reduction, recovery and recycling policy. Chairman, Rick Meyers, City of Milwaukee Recycling Manager, 414-286-2334
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Demand for Recycled Material as Feedstock

With the long history and importance of the paper manufacturing industry in Wisconsin, recycled feedstock continues to be essential for paper mills. Demand is stronger than ever due to competition from markets in China.

- **Georgia-Pacific** employs approximately 2,400 workers at its Green Bay plant, using 400,000 tons per year of recycled paper collected from businesses and households to produce paper products.
- **SCA Tissue** located in Neenah employs approximately 1,000 people to produce tissue products made from 100% recycled fiber.

Average market price for baled recycled newsprint in the past year was over \$80/ton and corrugated cardboard was more than \$100/ton⁵.

According to a recent national survey of companies that reclaim PET and HDPE, there is surplus operating capacity to process more recovered material. Lack of supply of recycled feedstock is the biggest barrier to growth in the industry.

Looking Forward

The public/private recycling infrastructure in Wisconsin is well established and mutually beneficial to residents and businesses. Managing municipal solid waste, however, has grown increasingly more complex and costly in the past two decades as products and packaging have changed. There are more types of multi-material packaging, more personal electronic devices, and fewer traditional materials such as old newspapers and magazines that are easier to manage. At the same time, municipal budgets and staffing have decreased and yet the need and demand from Wisconsin residents for effective materials management systems has increased.

In recognition of this dynamic, members of Wisconsin's recycling and solid waste industry have been evaluating changes to the materials management infrastructure and recognize the need for careful planning so that long-term solutions are implemented in a way that continues the long-standing public support for recycling in Wisconsin, allows time for contract changes, and does not jeopardize the supply

of materials needed by manufacturers using recycled feedstock. Together we must explore and develop the best solutions to program funding and provide a roadmap for the transition to allow this important system to be sustainable into the future.

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⁵ UW-Extension Solid and Hazardous Waste Education Center 2010 Market Prices Summary Report by Joe VanRossum, January 2011.