Solid Waste Disposal = $30 billion in 1992

Waste disposal costs rose more than 17% between 1988 and 1990
MSW Costs Are Rising

- Focus on MSW services is increasing
- MSW percentage of total municipal budget is growing

Solid waste disposal = $30 billion in 1992
• Do you know how much your solid waste program really costs?
• Is it cost-effective?
• Is it sustainable in the long term?
Why Is Cost Information Important?

• Make informed decisions about programs/services
• Improve efficiency
• Better prepare/plan for the future
Full Cost Accounting = Full Information
What is full cost accounting?
How are communities using it?
How is EPA involved?
What Is Full Cost Accounting?

- No official definition
- Not strictly an accounting issue but requires accounting inputs
- Working definition: *Systematic approach for identifying and characterizing the cost of providing solid waste management services*
What Are the “Full Costs”?muşaafir

Upfront

Backend

Operating (Direct + Indirect)
FCA Does Not Equal TCA

“True cost accounting”

FCA costs = Environmental costs + Social costs + Health costs
FCA Vs. Cash Flow Accounting

All resources used or committed vs. Current outlays of cash
Uses of Full Cost Accounting

- Making decisions
- Planning and setting goals
- Evaluating program
- Educating citizens
- Negotiating with vendors
Barriers to Full Cost Accounting

- Political opposition
- Resistance from private sector
- Lack of standardized methodology
- Accounting system changes
- Cost allocation
Full Cost Accounting In Practice

Mandated FCA:
- Florida
- Indiana
- Georgia
- North Carolina

Voluntary FCA:
- Laramer County, Colorado
- Phoenix, Arizona
- Shawnee County, Kansas
- Houston, Texas
- Bethel, Maine
Phoenix, Arizona:

• Provides best service for least cost
  – City bids with private companies for waste management services
  – Purchased better equipment
  – Extended life of landfill

• Made program more cost-effective, especially in times of recession
Full Cost Accounting in Practice

Palm Beach County, Florida:
• Tracks and analyzes project activities
• Makes long-term projections
• Evaluates trends in costs
• Assesses and changes rates when necessary
Full Cost Accounting In Practice

Franklin, Indiana:
• Realized unseen costs
• Implemented streamlining actions such as contracting out waste services
• Started a curbside recycling program
Bethel, Maine:
• Re-evaluated fees charged to residents for municipal services
• Adjusted fees to cover the true cost of services
Why Is EPA Involved with FCA?

- Promote good management practices
- Help communities control waste management costs
- Encourage unit-based pricing and enterprise funds
Unit-Based Pricing and Enterprise Funds

Unit-based pricing:
- “Pay as you throw”
- Establishes equitable rates

Enterprise funds:
- Run municipal services like private business
- Account for all costs, no matter how small
Outreach

Outreach Strategy

Workgroup

Technical Guidance

Action Agenda

Outreach Materials: Primer, Resource Guide, Brochure

Satellite Forums
Conclusion

- Make more informed decisions
- Take the challenge
- Help promote full cost accounting