



DEFENSE LOGISTICS AGENCY
DISPOSITION SERVICES
74 WASHINGTON AVENUE NORTH
BATTLE CREEK, MICHIGAN 49037-3092

SEP 23 2016

MEMORANDUM FOR QUALIFIED RECYCLING PROGRAM MANAGERS

SUBJECT: FY16 and FY17 Qualified Recycling Program (QRP) Reimbursement Rate

As you are aware, in July 2016, DLA Disposition Services temporary halted FY16 QRP reimbursements to conduct an internal program review. The review noted two concerns with how reimbursements were calculated.

DLA QRP business processes must comply with DOD Financial Management Regulation (FMR), DOD 7000.14-R (Volume 11A, Chapter 5), Title 40-U.S.C. § 571 (b), and DODI 4715.4. These references require DLA to make reimbursements based on net proceeds and retain administrative and handling costs.

Prior to the review, participating QRPs in CONUS with scrap sales conducted under the Scrap Venture (SV) contract were reimbursed based on 100% of the gross sales proceeds received by our sales contractor minus \$0.04 per pound for the administrative and handling costs. Pursuant to the internal review and effective immediately, DLA Headquarters directed these reimbursements must be made based on the actual amount of proceeds received from the sales contractor. In FY16, DLA Disposition Services receives 37% of the gross sales proceeds. Beginning in FY17 under the new Scrap and Salvage Recycling (SSR) contract, the rate of return will increase to 64.5% of the gross sales proceeds. Additionally, our administrative and handling costs will increase to \$0.06 per pound to completely account for all expenses related to processing QRP eligible materiel. For non-SV/non-SSR scrap contracts, the only change is to the administrative and handling cost per pound.

While I understand these changes significantly impact our customers, DLA must ensure reimbursements to QRPs fully comply with statutory and regulatory requirements. We look forward to continuing to serve you in support of the DOD recycling programs. Please direct questions to my Customer Support Directorate leadership:

Recycling Branch Chief, Ms. Tiffany Emmons, tiffany.emmons@dla.mil, 269-961-5047
Disposition Support Division Chief, Ms. Sherri Underwood, sherri.underwood@dla.mil, 269-961-7229
Customer Support Director, Ms. Tina Aldrich, tina.aldrich@dla.mil, 269-961-7427.


MICHAEL O. CANNON, SES
Director

cc: DLA DS J411 (for Distribution to Military Service Major Commands)