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WASHINGTON, DC 20310-0111

SAMR

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance on Awards for Fiscal Years (FY) 2011 and 2012

1. References:

a. Office of Personnel Management (OPM) and Office of Management and Budget (OMB) memorandum, Subject: Guidance on Awards for Fiscal Years 2011 and 2012, dated June 10, 2011.

b. Office of the Under Secretary of Defense memorandum, Subject: Supplemental Guidance on Award Limitations for Department of Defense (DoD) Civilian Employees in Fiscal Years 2011 and 2012, dated July 6, 2011.

2. In reference 1.a. above, OPM and OMB established that agencies must reduce performance award and individual contribution awards spending for all non-Senior Executive Service/Senior Level and Scientific and Professional employees to no more than one (1) percent of their aggregate salaries.¹ Further, these award spending targets apply for awards with effective dates during fiscal year 2012, with progress toward that level in fiscal year 2011. The Office of the Under Secretary of Defense, reference 1.b., implemented the OPM/OMB direction. Accordingly, this memorandum provides Department of the Army (DA) guidance for individual awards which include rating-based awards and individual special act awards for FY 2011 and FY 2012 and other categories as specified in the aforementioned guidance. This guidance is applicable to employees covered by the General Schedule and Federal Wage Systems and all other pay systems identified in the DoD guidance, including employees paid under the authorities of the Defense Civilian Intelligence Personnel System (DCIPS). Additional guidance is being developed by the Office of the Under Secretary of Defense for Intelligence (USD (I)) for the DCIPS employees.

3. Generally, if funding levels specifically prescribed in the Federal Register notices are greater than the limitation prescribed by OPM/OMB, the Federal Register amounts are controlling. If however, the Federal Register language is not prescriptive, then the OPM/OMB limitations apply. It should be noted that reference 1.a. acknowledges that though agency executives retain flexibility to allow for group and individual recognition in

¹ Amounts budgeted for, or paid to, employees as recruitment, relocation, or retention incentives or the use of non-monetary rewards (to recognize performance and contributions to mission) are not included in the definition of an "award" and, thus, are not subject to the OPM/OMB awards limitation.

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ways that are “meaningful, fair, and clearly distinguish levels of performance”, you are expected to honor all collective bargaining obligations.

4. The recently published OPM/OMB guidance requires that for FY 2012, agencies must reduce spending on performance awards and individual contributions awards for all employees to no more than one (1) percent of aggregate base salary (base salary rate plus locality adjustment). In addition, agencies should show progress toward this funding target in FY 2011. However, with respect to Nonappropriated Fund (NAF) employees, the DoD guidance stipulates that the aggregate salary for NAF employees will be based on salary only. While we should strive to make progress toward the one (1) percent target, it is realized that a number of rating cycles, to include performance recognition, have already been completed for FY 2011 and that some rating cycles are currently in progress. Given this fluid situation, both the OPM/OMB and the DoD guidance encourage organizations to be fiscally responsible while ensuring fairness and equity for employees covered by different rating cycles.

5. This policy guidance neither limits the sum of a monetary performance award to a particular employee nor the percentage of employees receiving awards. A reduction in current award spending levels may be required to achieve the mandated cap of one (1) percent in FY 2012. Performance awards are discretionary and are based on the employee’s rating of record. In this challenging economic environment, we must continue to maintain the high performance of our civilian force and recognize excellence; it is imperative that management officials fully utilize our awards system to fairly and meaningfully recognize our employees. There should be equitable distribution of awards between managers/supervisors and non-supervisory employees.

6. A quality step increase (QSI) may also be granted to a GS employee based on his/her rating of record. With respect to those employees who were subject to NSPS, although QSIs are excluded from the one (1) percent budgetary limit, spending on QSIs granted in FY 2011 and FY 2012 may not exceed FY 2010 spending levels. When determining the previous QSI spending level, keep in mind that while NSPS *did not* provide QSIs, it redirected funds that historically had been paid as QSIs into the pay pool fund. Therefore the FY 2011 QSI limitation will be calculated using the FY 2010 QSI portion of the pay pool fund. This amount should be articulated as a percentage of aggregate salaries, instead of a dollar amount. For example, if your FY 2010 aggregate salaries were \$100,000 and you spent \$1,000 on the QSI portion of the pay pool fund, the QSI spending level was one (1) percent of the aggregate salaries. If your aggregate salaries are now \$90,000, your QSI spending level is limited to \$900 (one (1) percent of the aggregate salaries), not the \$1,000. However, for those organizations who had non NSPS employees, you will use the actual FY 2010 spending level for QSI. However, if you had a combined workforce of NSPS and non NSPS employees, your QSI funding level will be the combination of the NSPS and non NSPS percentage levels.

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Commands and rating officials must continue to exercise due diligence in maintaining the integrity of the awards system. A QSI should only be approved for employees who have demonstrated exceptional accomplishments that are expected to continue and warrant an ongoing increase in pay. Commands should ensure that these awards are not used to circumvent the one (1) percent limitation, and are expected to monitor award nominations for anomalies. These payments must be managed carefully as they create ongoing financial obligations for the Army.

7. Army civilian employees provide invaluable contributions to the Army mission. The goal of the Army awards program is to foster mission accomplishment by recognizing excellence. Commands are encouraged to consider the full range of the Army incentive awards program, which includes honorary awards, time-off-awards, etc., to recognize performance excellence.

8. Army organizations must ensure all collective bargaining obligations are fulfilled prior to implementing any provisions of this guidance.

Enclosures
as


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