



United States Department of the Interior



OFFICE OF THE SECRETARY
Washington, D.C. 20240

April 6, 1993

PERSONNEL MANAGEMENT LETTER NO. 93-2 (451)

SUBJECT: Updated Incentive Awards Program Policy

The purpose of this issuance is to establish an update of incentive awards program policy until such time as the Departmental Manual 370 DM 451 is revised. The policies are categorized for your convenience and are effective the date of this issuance.

1. Departmental Scales for Award Amounts Based on Tangible and Intangible Benefits. The scales for determining special accomplishment awards (special acts or service, suggestions or inventions) referenced in 370 DM 451, Appendix 1, have been changed for the Department of the Interior. The new scales are attached to this issuance as Attachment 1.

The award amounts for limited and extended applications and for high value/broad application have been increased. In addition, a range of percentages has been included in the computation process of the scale for tangible benefits. The Department will NOT be using the scales provided by the Office of Personnel Management in Federal Personnel Management Letter 451-11, dated February 9, 1993.

Exceptions to these scales are permitted in unusual circumstances. Departmental policy (370 DM 451) currently allows bureau incentive awards committees to increase the award amounts to members of group awards when shares of the award are too small to provide proper recognition or incentive. Bureaus may now delegate this authority to field activities, if they desire.

Exceptions to the scales may also be allowed in other unusual instances. Approval for this deviation must come from a higher authority than the authority approving the award, but no higher than the bureau head. Bureaus may wish to reserve this authority for bureau incentive awards committees. Documentation as to the specific reason for the deviation is required in order to provide an audit trail.

INQUIRIES: Ann Meroney, Division of Employee Relations,
MS 5203 MIB, Telephone (202) 208-5284

2. Deduction from Award Amounts. Cash awards are subject to the withholding of income taxes. For cash awards other than On-the-Spot Awards, income taxes are withheld from the gross amount of the award. For On-the-Spot Awards, the amount of the On-the-Spot Award may be adjusted upwards by a sum sufficient to cover the withholding of income taxes. The amount of the On-the-Spot Award shown on the SF-50, Notification of Personnel Action, should include the upward adjustment for the taxes withheld.

Employees subject to Social Security (OASDI) or Medicare deductions will have deductions from awards because awards are considered "wages" for deduction purposes. However, deductions for Civil Service Retirement System, Federal Employees Retirement System or Thrift Savings Plan are not made from cash awards.

3. Authority to Approve Group Awards. The amount of a group award for a special act or service, suggestion or invention is based on the total contribution or accomplishment of the group. The award is either divided equally among group members or in proportion to the group members' contribution toward the total accomplishment.

Bureaus may approve group awards which do not exceed \$10,000 in total amount and which do not exceed \$5,000 for any group member. Award amounts exceeding \$5,000 for any group member and/or any total group award exceeding \$10,000 must be approved by the Interior Incentive Awards Committee. Award amounts exceeding \$10,000 for any group member must be endorsed by the Interior Incentive Awards Committee and submitted to OPM for final approval.

4. Use of U. S. Savings Bonds. The Department will NOT offer to cash award recipients the option of receiving a U. S. Savings Bond instead of a Treasury check or cash. Award recipients may purchase U. S. Savings Bonds with their cash award, if they desire.

A U. S. Savings Bond may be used as a prize in an awards program competition where the bureau has established specific criteria.

5. Non-Monetary Awards and Recognitions. Awards granted under the Incentive Awards Program may take forms other than cash. Non-monetary awards are not intended to replace cash awards to deserving employees; Non-monetary awards may, however, be granted in conjunction with cash awards or time-off awards. Non-monetary awards may be granted to private citizens or organizations for contributions to the Department or bureau's mission; cash awards are not appropriate for citizen recognition. Non-monetary awards and recognitions fall into the following categories:

A. HONOR AWARDS. Honor awards are formal recognition of career achievements or specific significant achievements, and are customarily presented by high level officials in a ceremony. Honor awards may be Departmental Honor Awards, such as the Distinguished, Meritorious, and Superior Service Awards, or they may be awards established by the bureau or an organization within the bureau. Honor awards established by the bureau or an organization within the bureau must have specific criteria, must provide for approval at a level higher than the recommending official (but no higher than the bureau director), and must provide for documentation of accomplishments in the employee's Official Personnel Folder. Honor awards may take the form of certificates, plaques, citations, letters, medals, emblems, or other similar items.

B. INFORMAL HONORARY RECOGNITION. Informal honorary recognition recognizes a noteworthy accomplishment, contribution, or event, and is a less formal recognition than an honor award. Because it is less formal, informal honorary recognition does not require higher level approval, nor does it require documentation in the employee's official record. Informal honorary recognition may take the form of letters of commendation, certificates, plaques, or other similar items. Informal honorary recognition may be used to recognize an employee's retirement or length of career service.

C. NON-MONETARY AWARDS. Non-monetary awards are items of an honorary nature that include the Department or bureau seal, and can be worn, displayed, or used in the work environment. Non-monetary awards are used to recognize specific significant contributions or achievements. Items used as non-monetary awards must be of nominal value, i.e., \$100 or less, and may include pen and pencil sets, clocks, desk data banks, executive desk organizers, or other similar items.

Specific criteria must be established for granting non-monetary awards. In addition, non-monetary awards must be approved at a level higher than the recommending official (but no higher than the bureau director), and they must be documented in the employee's personnel records. Form DI-411, Recommendation for Monetary Award, may be modified to document a non-monetary award. (Standard Form 50, Notification of Personnel Action, is not required for non-monetary awards.)

The expenditure of appropriated funds for non-monetary awards is authorized by 5 U.S.C. 4503 and 5407, which permit agency heads to incur necessary expenses for the honorary recognition. Good judgment must be exercised when purchasing and granting non-monetary awards. The primary value of a non-monetary award must be its value as a form of recognition and not as an object with monetary value.

Bureaus must be particularly sensitive to public perceptions that could arise from granting expensive nonmonetary award items. Bureaus are also cautioned that they may not give personal gifts to employees or private citizens or organizations. Appropriated funds may not be used for personal gifts, unless there is a specific statutory authority for doing so.

D. INFORMAL NON-MONETARY RECOGNITION. Informal non-monetary recognition consists of items of extremely nominal value, i.e., \$10 or less, that may be used as an immediate thank you to an employee for a noteworthy act, a job well done, or a valued service to the public. Items used as informal non-monetary recognition may include coffee cups, key chains, lapel pins, pens, paperweights, or other similar items.

Because it is less formal, informal non-monetary recognition does not require higher level approval, nor does it require documentation in the employee's official record. Bureaus are cautioned that they may not give informal non-monetary recognition items as personal gifts to employees or private citizens or organizations. Appropriated funds may not be used for personal gifts, unless there is a specific statutory authority for doing so.

Acting  Director of Personnel

Attachment

SCALE FOR TANGIBLE BENEFITS

ESTIMATED FIRST-YEAR BENEFITS OR SAVINGS	AMOUNT OF AWARD
Up to \$10,000	10% of benefits
\$10,001 to \$100,000	\$1,000 for the first \$10,000, plus 3% - 5% of benefits over \$10,000
\$100,000 or more	\$3,700 for the first \$100,000, plus .5% - 1% of benefits/savings over \$100,000

VALUE OF BENEFIT	SCALE FOR INTANGIBLE BENEFITS			
	EXTENT OF APPLICATION			
	<u>LIMITED APPLICATION</u> Affects functions, missions or personnel of one office, facility, installation, or an organizational element. Affects a small area of science or technology.	<u>EXTENDED APPLICATION</u> Affects functions, missions or personnel of several offices, facilities or installations. Affects an important area of science or technology.	<u>BROAD APPLICATION</u> Affects functions, missions or personnel of an entire region or several regions, or an entire bureau. Affects a broad area of science or technology.	<u>GENERAL APPLICATION</u> Affects functions, missions or personnel of several bureaus, an entire Department, or is in the public interest throughout the nation or beyond.
<u>MODERATE VALUE</u> Change or modification to an operating principle or procedure with limited impact or use. Contribution may represent completion of a project or an assignment in a very successful manner.	\$50 - \$150	\$150 - \$500	\$500 - \$1,000	\$1,000 - \$3,000
<u>HIGH VALUE</u> Complete revision of a basic principle or procedure a highly significant improvement to the value of a product or service. Contribution may represent completion of a project or an assignment in a highly successful manner.	\$150 - \$750	\$750 - \$1,500	\$1,500 - \$3,000	\$3,000 - \$5,000
<u>EXCEPTIONAL VALUE</u> Initiation of a new principle or major procedure; a superior improvement to the quality of a critical product, activity, program or service to the public. Contribution may represent completion of a project or an assignment in an outstanding manner.	\$750 - \$1,500	\$1,500 - \$3,000	\$3,000 - \$5,000	\$5,000 - \$10,000