



November 18, 2016



M-17-07

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: SHAUN DONOVAN  
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SUBJECT: Guidance on Awards for Non-SES/SL/ST Employees for Fiscal Year 2017

This memorandum applies to awards paid during FY 2017 (i.e., October 1, 2016 through September 30, 2017) and provides guidance applicable to all departments and agencies (referred to collectively as agencies). The U.S. Office of Personnel Management (OPM) and Office of Management and Budget (OMB) recognize that awards programs are valuable tools to help agencies reward employee performance excellence and reinforce a high-performing culture that will help improve organizational effectiveness. Agencies should communicate to their managers and supervisors the important role that awards can have in recognizing and rewarding results and exceptional service to American citizens. Agencies should also continue to exercise the authority to provide recognition responsibly.

In exercising their discretion in this area, agencies should honor all collective bargaining obligations and agreements prior to implementation. Agencies are encouraged to communicate broadly how the awards program is being implemented and provide appropriate forums and contacts for employees to have their questions answered.

**Budgetary Limitations for Individual Monetary Awards**

For FY 2017, these budgetary limits apply to agency spending for non-SES/SL/ST individual monetary awards only, which include both rating-based performance awards and individual contribution (e.g., special act) awards.

Agencies may spend up to 1.5 percent of the aggregate salaries of all non-SES/SL/ST employees at the end of the previous fiscal year on the combination of (1) individual performance awards for non-SES/SL/ST employees, and (2) individual contribution awards (e.g., special act awards) for non-SES/SL/ST employees. Since the SES/SL/ST awards are being administered separately, through guidance issued under OMB Memorandum M-16-22, SES/SL/ST salaries are no longer included in the 1.5 percent of aggregate salaries for purposes of non-SES/SL/ST awards calculation.

Agencies are encouraged to support good performance management throughout the year by providing ongoing feedback and promptly and appropriately recognizing excellent achievements. The use of timely awards, such as special act awards, may improve employee engagement and contribute to a high-performing culture. Agencies are encouraged to review their awards policies to ensure they are operating awards programs that optimize employee engagement and recognition through appropriate use of the various awards authorities.

In addition to setting the individual performance and individual contribution level at a combined spending level of up to 1.5 percent of aggregate non-SES/SL/ST salaries, this memo removes monetary caps for other awards that have been frozen at FY 2010 spending levels (i.e., group awards, referral bonuses, and suggestion/invention awards; recruitment, relocation, and retention (3Rs) incentives; and Quality Step Increases). This memo supersedes the January 15, 2016, OPM memorandum (<https://www.chcoc.gov/content/guidance-recruitment-relocation-and-retention-incentives>), which provided guidance on approving exceptions to fiscal year 2010 spending limits, because these spending limits no longer apply. While there is no cap set for other awards and bonus programs falling outside of individual performance and individual contributions awards, agencies should continue to use these other programs judiciously and in compliance with applicable regulations.

Previous awards spending guidance focused on the following two groups of awards and set spending limitations on each: (1) SES/SL/ST rating-based performance awards, and (2) individual contribution awards for SES/SL/ST combined with both ratings-based performance awards and individual contribution awards for non-SES/SL/ST. To promote greater clarity and increased precision in applying and tracking awards spending, the memorandum “Guidance on Awards for SES and SL/ST employees for Fiscal Year 2017” at <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2016/m-16-22.pdf> separated the respective award categories and spending limitations to address SES and SL/ST personnel separately from non-SES/SL/ST personnel (e.g., General Schedule employees).

### **Coverage**

These budgetary limits apply to all departments and agencies for all non-SES/SL/ST employees, including General Schedule, wage grade and others, except political appointees covered by the freeze on discretionary awards spending. The President's August 3, 2010, memorandum freezing discretionary awards, bonuses, and similar payments for political appointees continues to be in effect. Agencies should continue to apply this freeze in accordance with OPM's guidance at <https://www.chcoc.gov/content/guidance-freeze-discretionary-awards-bonuses-and-similar-payments-federal-employees-serving>.

### **Effective Date**

The budgetary limits specified in this memorandum apply to awards paid during FY 2017, with effective dates from October 1, 2016, through September 30, 2017.

### **Additional Information**

Agency Chief Human Capital Officers and/or Human Resources Directors should contact Stephen T. Shih, Deputy Associate Director for Senior Executive Services and Performance Management, in OPM's Employee Services, at (202) 606-8046 or [performance-management@opm.gov](mailto:performance-management@opm.gov), for any questions regarding this policy. Employees should contact their agency human resources offices for assistance.

cc: Chief Human Capital Officers  
Human Resources Directors  
Council of the Inspectors General on Integrity and Efficiency  
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