



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, July 12, 2019
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MEMORANDUM FOR: EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: MARGARET M. WEICHERT, ACTING DIRECTOR
RUSSELL T. VOUGHT, ACTING DIRECTOR, OFFICE OF
MANAGEMENT AND BUDGET

Subject: Guidance on Awards for Employees and Agency Workforce Fund Plan

This memorandum applies to awards paid during fiscal year (FY) 2020 (i.e., October 1, 2019 through September 30, 2020) and subsequent fiscal years and provides guidance applicable to all departments and agencies (referred to collectively as agencies).

The Office of Management and Budget (OMB) and the U.S. Office of Personnel Management (OPM) recognize that strategic awards and recognition programs add value to organizations and support the retention of high performing employees and those with mission-critical skill sets. The ongoing use of awards and recognition throughout the year is particularly important as agencies address workforce challenges and look for opportunities to reward and recognize high performing employees and those with talent critical to mission achievement. Currently, most awards are tied to rating-based performance awards. We encourage agencies to reexamine, and adjust as appropriate, the balance between rating-based awards and individual contribution awards (e.g., special act awards). When granting rating-based awards, agencies should allocate awards in a manner that provides meaningful distinctions in performance.

In doing so, agencies are expected to honor all collective bargaining obligations and agreements to the extent consistent with law and regulation.

Spending Guidelines for Individual Monetary Awards

Effective with this memorandum, prior guidance from OMB and OPM for agency awards is rescinded. Rather, OMB and OPM expect agencies to plan and pay out awards in accordance with the guidelines that appear below for Agency Workforce Fund Plans.

The spending guidelines below apply to all departments and agencies for all employees, 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 remains in effect. Agencies should continue to apply this freeze in accordance with OPM's guidance at <https://chcoc.gov/content/guidance-freeze-discretionary-awards-bonuses-and-similar-payments-federal-employees-serving>.

When granting awards for Senior Executive Service (SES) members, Senior-Level (SL) and Senior Professional and Scientific (ST) employees, as well as non-SES/SL/ST employees, agencies must continue to follow the requirements found in law and regulation (5 U.S.C. chapter 45 and 5 C.F.R. part 451). In addition, agencies may provide performance awards for SES members in accordance with 5 U.S.C. § 5384 and 5 C.F.R. § 534.405.

Agency Workforce Fund Plans

Agency Workforce Fund Plans will guide agency spending toward the strategic use of employee awards and recognition. OMB's passback to agencies for the FY 2020 President's Budget previously referenced these plans. In developing Agency Workforce Fund Plans, agencies are encouraged to work with internal components or bureaus to address component-specific challenges.

Agencies are expected to review and update, as needed, their current awards spending plans (i.e., Agency Workforce Fund Plans) to ensure that those respective plans set forth a comprehensive strategy to develop and foster a culture of recognition, including formal and informal recognition. At a minimum, Agency Workforce Fund Plans must:

- Identify the projected awards spending level, as a dollar amount, for FY 2020, by bureau or major subdivision;
- Align with agency strategic goals and support organizational values (e.g., innovation, integrity, teamwork);
- Specifically address how the agency will strategically spend its determined amount in FY 2020 and subsequent years consistent with its broader recognition plan;
- Explain how the strategic spending plan will result in improved outcomes and organizational performance;
- Explain how the agency has evaluated and adjusted, as appropriate, the balance between rating-based awards and individual contribution awards;
- Ensure use of an evidence-based approach to support issuing awards and the amount; and
- Define how the agency will determine the effectiveness of awards and recognition programs and the measures used to evaluate effectiveness.

Agencies must submit their Agency Workforce Fund Plans to OMB with their FY 2021 budget submission. Agency Workforce Fund Plans can be agency-wide or specific to each component or bureau. Plans should be approved by the agency's President's Management Council representative and the agency's Chief Human Capital Officer for CFO Act Agencies, and at the agency level for all other agencies. To submit a plan to OMB, an agency should upload it to this MAX community page (<https://community.max.gov/display/OMB/Agency+Workforce+Fund+Plans>) and notify their respective OMB program examiner.

Additional Information

Agency Chief Human Capital Officers and/or Human Resources Directors should contact Laura Lynch, Deputy Associate Director for Senior Executive Services and Performance Management, in OPM's Employee Services, at (202) 606-8046 or performance-management@opm.gov for any questions regarding this policy.

cc: Chief Human Capital Officers (CHCOs), Deputy CHCOs, Human Resources Directors, Council of the Inspectors General on Integrity and Efficiency, Inspectors General, and Small Agency Council