

Performance Management Recognition

Overview

In the Department, there are three types of recognition -- cash, nonmonetary, and honor awards. Each type of award has its own specific criteria and documentation requirements.

Cash Awards

Cash awards (one-time, lump-sum payments) may be granted to individuals or groups for various reasons such as performance or superior accomplishments (special acts, suggestions, or inventions). Cash awards offer employees and supervisors an array of recognition possibilities that are flexible enough to recognize and reward differences in individual performance. However, sound judgment is essential. Mistakes that result in undeserving employees receiving recognition, or deserving employees going unrecognized, will undermine both management's credibility as well as the credibility of the program. Cash awards have their own unique technical requirements. In granting a cash award, supervisors must ensure that the award is based solely on merit and that the award amount is proportionate to the level of the contribution to the organizational unit to ensure that awards granted are viewed as reasonable and justified.

Normally, cash awards are paid by the operating unit(s) benefiting from the contribution. When an award is paid to an employee in another operating unit or another federal agency, arrangements must be made to reimburse the employing operating unit or agency. Refer to 5 CFR 451.104(d) and 5 U.S.C. 4502(d) regarding the administrative costs outweighing award amounts to determine the method of reimbursement.

NonMonetary Awards

Nonmonetary awards are more varied and unique than cash awards and offer two major advantages over cash awards -- they help meet employees' needs for recognition, growth, and responsibility, and most can be relatively inexpensive. In the Department, nonmonetary awards range from small merchandise awards to certificates of appreciation. The technical requirements are equally varied, ranging from awards with no documentation (certificates of appreciation) to awards requiring management's signature (external awards) before being submitted to the Department.

Honor Awards

Since 1949, the Department has granted honor awards in the form of Gold, Silver, and Bronze Medals. The Gold and Silver Medals are the highest and second highest honor granted by the Secretary for distinguished and exceptional performance. The Bronze Medal is granted by the head of an operating unit or Secretarial Officer for superior performance. Honor Awards are granted in seven categories: Leadership, Personal and Professional Service, Scientific/Engineering Achievement, Organizational Development, Customer Service, Administrative/Technical Support, or Heroism.

Chapter 1. General Incentive Award Provisions

Introduction

The Recognition section of the Performance Management Handbook prescribes Department of Commerce policies, procedures, and requirements for awards based on performance, one-time special achievements, and other superior accomplishments, which improve Government operations and services.

Scope

The Incentive Awards section of the Performance Management Handbook applies to all awards that the Department grants or for which the Department offers nominations, except those unique to the Senior Executive Service, Senior Foreign Service and NOAA Corps members.

Related Award Documents

Other documents which describe systems or programs related to the incentive awards program are:

5 U.S.C. Chapter 45, Government Employees Incentive Awards Act

5 CFR 451, Awards

5 CFR 531, Pay Under the General Schedule

U.S.C. Chapter 53, Pay Under the General Schedule

DAO 202-920, Executive Personnel and Policy Manual

DAO 202-452, Incentive Awards for Federal Inventors

DAO 202-453, Awards for the Disclosure of Fraud, Waste or Mismanagement

Foreign Service Act of 1980, as amended, Applicable Provisions for Foreign Service Employees

Foreign Affairs Manual, Vol. 3, Awards for Foreign Service Americans and Foreign Service Local Hires

Foreign Service Personnel Management Manual, Subchapter 500-3, Precepts of the Foreign Service Selection Boards

33 U.S.C. 853R, NOAA Corps: Personnel Board

NDM 56-68.05, NOAA Corps Uniform Regulations (Awards)

B-233607 (10/26/89), Comptroller General Decisions (payment of travel expenses to 55 CG-800 (1976) attend honor awards ceremonies)

65 CG-738 (1986), Comptroller General Decisions (payment for refreshments for awards ceremonies)

Confidentiality of Nominations

Documentation in support of recommendations for recognition is confidential information and is available only to those involved in the awards decision process and other officials on a need-to-know basis.

As a general rule, recommendations are not to be discussed with nominees or with anyone not involved in the decision process until the award has been approved within the Department, or in the case of external award nominations, until the nominee has been selected by the Department as its nominee.

When nominations for external awards require personal information (*e.g.*, date of birth, home address, professional affiliations, employment history), operating units must obtain permission from the nominee(s) before submitting the information to the Department.

Former Employees

Awards may be granted to former employees or to their legal heirs or estates if the contribution recognized by the award was made during their employment with the Department.

Nongrievable Action

The granting of, or failure to, grant an employee an award is not grievable.

Award Concurrences

An award nomination for an employee outside the nominator's office, division, or operating unit must be concurred with by the appropriate management official in the employee's supervisory chain of command.

Promotional Items as Awards

Overview

Managers have often asked about the propriety of purchasing special merchandise items to use as rewards for employees. Often this inquiry is presented within the context of promoting a particular program, such as giving tokens (*i.e.*, tee shirts) as "thank you's", or providing morale boosters to promote an "esprit de corps" among employees.

What is Allowed

Managers can use existing merchandise award programs (*i.e.*, On-the-Spot Awards) to reward employees for special accomplishments. Appropriated and/or reimbursable funds may only be used to purchase merchandise for employees within an approved award program.

What You Cannot Do

Managers may not independently create their own award programs in which they give merchandise items outside of an approved award program. Legally, such programs are prohibited since the award items are viewed as "personal gifts" and as such, are not allowed under the provisions of this Handbook.

This guidance is not related to the authority agencies may have to purchase legitimate promotional materials for which specific funding has been allocated for marketing and outreach activities.

Up-Front Incentives

The Federal Government typically uses recognition programs (*i.e.*, recognizes something you have already done). However, the definition of an award (5 CFR 451.102) permits agencies to use incentives ("if you do what we asked we will give you an award") to motivate employees. Existing award programs should be used as the incentive. These programs include: Special Acts, Cash-in-Your-Account, Time-Off, or On-the-Spot Awards.

Operating units must make a determination that an "up-front incentive" is an appropriate means to motivate employees to accomplish a specific project or task.

A written signed agreement is required between the employee and the granting official that clearly:

- identifies the incentive to be granted upon successful completion of the project or assignment;
- sets clear and specific goals, milestones, and measures (*i.e.*, attendance at meetings staying within budget, meeting deadlines, etc.);
- defines the level of participation for each member of the group and how that relates to the incentive; and
- communicates the agreement in writing to all participants.

Inter- and Intra-Agency Transfer

As a general principle, it is wise for a supervisor who plans on giving an award to an employee who is in the process of moving to another agency, other than the DOC bureau or going into another pay system, to know in advance if the receiving agency can and will process the award.

The current supervisor should carefully coordinate with the receiving agency supervisor to ensure that the:

- employee remains eligible for the award;
- receiving agency has a mechanism for processing the award;
- awards do not conflict with a receiving agency's policies or processing timetable; and
- receiving agency has sufficient funds, and is willing to expend them, to cover the award amount.

Recordkeeping

Effective January 1, 1999, the SF-50 documenting awards may not be filed on the right side of the Official Personnel Folder (OPF). However, QSIs and MSIs must be filed on the right side. The SF-50 and other documentation (*i.e.*, award justification and other reference material) may be filed on the left (temporary) side of the OPF or in the Employee Performance File (EPF). Each operating unit may determine its internal processing procedures regarding filing award documentation.

Incentive Awards Program records must be kept for 3 years in a manner, which facilitates efficient reviews, audits, and evaluations of the program, and in accordance with privacy act regulations.

Exceptions

Within the limits of administrative discretion permitted to the Department, the Director for Human Resources Management may grant exceptions to the provisions of this Handbook from time to time in unusual cases whenever the facts indicate that such an exception will promote the objectives of the Incentive Awards Program. Each request for an exception must be submitted in writing through the head of the operating unit or appropriate Program Secretarial Officer or equivalent and must contain a full justification for the request.

Effect on Other Orders

This Recognition Section of this Handbook supersedes DAO 202-450 (Establishment of Awards and Service Certificates), dated September 9, 1975; DAO 202-451 (Incentive Awards Program), dated November 3, 1978, as amended; and DAO 202-451, dated August 16, 1990, as amended. This Handbook also supersedes all operating unit or regional directives prescribing policy for the Incentive Awards Program.

Chapter 2. Roles and Responsibilities

Supervisors and Managers

Supervisors and managers have the major responsibility for assuring the effective use of incentive awards and preserving the program's credibility. Effective use means:

- encouraging better performance and employee ideas for improvement;
- rewarding superior achievements promptly;
- being fair and objective in granting awards; and
- publicizing what awards are granted to whom and why.

Chief Financial Officer and Assistant Secretary for Administration

The Chief Financial Officer and Assistant Secretary for Administration is responsible for Department-wide administration of the Incentive Awards program.

Director for Human Resources Management

The Director for Human Resources Management is responsible for giving central direction and coordinating the Incentive Awards Program. Specifically, the Director is responsible for:

- developing and promulgating the Department's policies and procedures;
- serving as permanent Chairperson of the Department's Incentive Awards;
- obtaining required higher level concurrence and approval of major awards that require Departmental action;
- approving the purpose, form, criteria, selection method, and manner of presentation of all Special Recognition programs. (including changes made in the basic parameters of existing special awards programs);
- evaluating program results, as part of overall evaluation or oversight reviews to assure incentives are granted equitably on the basis of merit and performance and providing feedback to managers, supervisors, and employees; and
- designating a Departmental Incentive Awards Officer to serve as technical advisor to operating units on incentive awards matters and to serve as Executive Secretary to the Department's Incentive Awards Board; and
- transmitting the following for approval through the Secretary of Commerce to the Office of Personnel Management:
 - award recommendations over \$10,000, and
 - recommendations for Presidential awards.

Principal Human Resources Managers

The Principal Human Resources Managers are responsible for planning, coordinating, and administering the Incentive Awards Program for their respective operating unit(s).

Servicing Human Resources Managers

The Servicing Human Resources Managers coordinates procedural, processing, and other requirements with operating units in the serviced population.

Department's Incentive Awards Board (DIAB)

The Department's Incentive Awards board consists of 10 members. Board members are appointed by the Chief Financial Officer and Assistant Secretary for Administration, and

are normally at the Deputy Assistant Secretary level or equivalent. The Board acts as an advisory body on incentive awards policies and procedures, when requested, and considers specific actions at the request of the Secretary.

The Board reviews and recommends actions to the Secretary, or appropriate approving authority, on award nominations in the following categories:

- Gold and Silver Medal Awards;
- Presidential recognition;
- awards sponsored by outside organizations; and
- any other award requiring Departmental approval.

Chapter 3. Delegations of Authority

Agency Officials

The following officials of the Department are delegated the authorities described in the delegations section below:

General Counsel

Under Secretary for Oceans and Atmosphere (Administrator)

Under Secretary for Economic Affairs

Under Secretary for International Trade

Under Secretary for Technology

Under Secretary for Industry and Security

Assistant Secretary for Communications and Information

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

Inspector General

Assistant Secretary for Economic Development

Director, National Institute of Standards and Technology

Director, Bureau of the Census

Director, Minority Business Development Agency

Delegated Authorities

The following authorities are delegated:

- to grant Bronze Medal Awards;
- to recommend the establishment of and grant special operating unit awards in accordance with provisions of this Order;
- to recommend individuals or groups for cash awards over \$10,000 for superior accomplishments;
- to recommend individuals for cash awards based on a performance rating which exceeds \$10,000; and
- to recommend individuals, organizations, or groups to the Secretary for Presidential, Departmental, and external awards.

Redelegated Authorities

The following authorities may be redelegated. Redelegations of authority must be made in writing with notification to the Servicing Human Resources Office:

- to grant cash awards to individuals or groups for superior accomplishments in amounts not to exceed \$10,000;
- to grant cash awards to individuals based on a performance rating in amounts not to exceed \$10,000;
- to grant Quality Step Increases to General Schedule employees;
- to grant length-of-service recognition to employees for completion of 10 years of service and for subsequent 5-year intervals;
- to grant nonmonetary awards; and
- to grant Time Off awards.

Authority for NonSES Awards in Excess of \$5,000

NonSES monetary awards in excess of \$5,000 must be reviewed by bureau Performance Review Boards (PRBs) in the same manner as proposed SES performance bonuses and pay level adjustments. This will ensure that the narrative justifications for both SES and

nonSES award proposals are reviewed in the context of relative contribution to the organization's mission and strategic objectives accomplishments.

The PRB recommendations regarding nonSES awards in excess of \$5,000 will be provided to the appropriate Under Secretary, or equivalent official, who will make final decisions and certify in writing the merit of those approved. This certification authority may be redelegated to the Deputy Under Secretary or equivalent. The appropriate HR Offices must retain copies of these certifications for record purposes.

Awards in excess of \$10,000 for individuals and individuals as members of a group require approval by the Office of Personnel Management.

The following groups of employees under Demonstration Programs or Alternative Personnel Management System (APMS) are exempt from the \$5,000 rule, since awards in excess of that amount are permitted under their project plan:

Technology Administration

Office of the Under Secretary

Office of Technology Policy

National Institute of Standards and Technology (APMS)

Economics and Statistics Administration

Bureau of Economic Analysis

National Telecommunications and Information Administration

Institute for Telecommunications Sciences

National Oceanic and Atmospheric Administration (Parts of the following line offices)

Office of Oceanic and Atmospheric Research

National Environmental Satellite, Data, and Information Service

National Marine Fisheries Service

Office of Chief Financial Officer and Assistant Secretary for Administration

Office of Human Resources Management

Office of the Secretary

Office of Financial Management

Office of Administrative Services

Office of Management and Organization

Chapter 4. Performance Awards

Introduction

The Department's Performance Recognition System is two-tiered. It includes: 1) the use of an annual performance award to take into account an employee's contributions to the accomplishment of organizational goals and objectives; and 2) the use of other awards available for managers to recognize specific achievements at any time during the performance cycle. This balanced approach will ensure that the awards and recognition system provides managers a comprehensive set of tools to build a new performance culture at the Department.

Definition

A performance award is a performance-based cash payment to an employee based on the employee's rating of record for the current appraisal period. The award may not exceed 20 percent of the employee's annual rate of basic pay. A performance award does not increase base pay.

Eligibility

- To qualify for a performance award, an employee must occupy a position, which is covered by the General Workforce Performance Appraisal System, on the last day of the annual appraisal cycle for which performance awards are being granted.
- When an employee changes positions within the last 120 days of the appraisal period, the employee may receive an award based on his or her interim rating (which becomes the rating of record at the end of the appraisal period) for the position held immediately before the change in position. For example, if the employee changes positions three months before the end of the appraisal period, the award is based on the nine months of the appraisal period preceding the change in position.

Determining Performance Award Amounts

Performance awards are linked directly to the summary rating score on the employee's rating of record and are calculated as a percentage of base pay (including locality payment). When determining the appropriate performance award amount, supervisors and managers should consider an employee's contributions to the achievement of the organization's mission and goals.

Qualifying Summary Rating Ranges	Rating	Award Ranges (Percent of Base Pay Including Locality Payments)
470 - 500 points	Level 5	up to 10 percent
380 - 469 points	Level 4	up to 6 percent
290 - 379 points	Level 3	up to 3 percent

Approval

Each operating unit must specify the delegations of authority for approval of performance awards in accordance with the overall awards delegations.

Timing

Approved performance awards must be submitted to the Servicing Human Resources Office within the time frames specified in the operating unit plan, but no later than within 90 days of the end of the appraisal cycle.

NOTE: See **APPENDIX A. Guidelines for Total Award Recognition** (Performance Awards and Special Acts)

Chapter 5. Quality Step Increases

Definition

A Quality Step Increase (QSI) is an increase in an employee's rate of basic pay from one step of his or her position to the next higher step of the grade. A QSI may be granted in addition to a regular within-grade increase. Before a QSI is granted, careful consideration should be given to the long-term impact on resources and appropriateness in light of other forms of recognition.

Eligibility

QSIs may be granted to General Schedule employees to recognize high-quality performance. A QSI requires, but is not automatically granted for, a Level 5 rating.

In addition, an employee must:

- not have received a QSI within 52 consecutive calendar weeks preceding the effective date of the increase;
- not be at the top step of his or her pay range;
- not be in the process of being promoted within 60 days after the effective date of the increase;
- have held the same grade and type of position (or similar position) in a pay status for at least six months before the end of the appraisal cycle;
- be expected to continue at the same high level of performance in the same grade and type of position for at least 60 days after the effective date of the increase; and
- not have been on detail or temporarily promoted to another position during the last six months of the appraisal period, unless detailed to the same grade and type of position.

Impact of a QSI on the Recipient's Anniversary Date

The anniversary date is the date of the employee's next regularly scheduled Within-Grade Increase (WGI). A QSI affects the waiting period for the next WGI when the QSI moves the employee from steps 3 to 4 or from steps 6 to 7 in the General Schedule.

Approval

Each operating unit must specify the delegations of authority for approval of QSIs.

Timing

QSI recommendations must be submitted within 90 days following the end of the performance cycle. The final authority for approving QSI rests with the servicing human resources office.

QSIs become effective on the first day of the first pay period on or after approval by the appropriate management official and received/certified for processing by the servicing human resources office. QSIs may not be retroactive except to correct an administrative error that occurred after the approval of the award.

Multiple QSIs

When an employee has received a QSI based on performance during the previous appraisal period and is being recommended for another QSI for the current appraisal period, the following apply:

- The employee must have demonstrated performance that is at a significantly higher level than the performance, which warranted the previous QSI.
- The servicing human resources manager must review the QSI and forward it to the head of the operating unit with a recommendation for approval or disapproval. The recommendation must address whether the current performance is at a significantly higher level than the performance, which warranted the previous QSI.
- The head of the operating unit must personally approve the QSI.
- If an employee receives more than two QSIs in a four-year period, the recommendation for each QSI beyond two must be submitted to the Director for Human Resources Management for approval.

Limitation

Except in unusual circumstances where an employee's performance is exceptionally outstanding or is a significant contribution to the agency mission or strategic goals, an employee may not receive a QSI and a performance award, both of which recognize the same performance during an appraisal period. The situations are considered so rare that a written request for approval must be sent to the Director for Human Resources Management. The combined value of the QSI and the performance award must not exceed the percent limitation in Appendix A, Guidelines for Total Award Recognition (Performance Awards and Special Acts)

Chapter 6. Superior Accomplishment Awards (Special Act, Suggestion, or Invention)

Introduction

A superior accomplishment award is a monetary or nonmonetary award for a contribution resulting in tangible benefits or savings or intangible benefits to the Government. There are three types of superior accomplishment awards: special act awards, suggestion awards, and invention awards. Suggestion awards are given through suggestion programs developed and implemented by individual operating units. Invention awards are covered in DAO 202-452.

Eligibility

To be eligible for a special act or service award, an employee must have a current rating of record of at least Level 3 or higher.

Group Awards

When a cash award is granted to a group for superior accomplishments, the following provisions apply:

- The accomplishments must have substantially exceeded normal expectations for the group as a whole;
- All employees to whom the accomplishment or contribution is creditable, including a supervisor, may share in the award;
- A cash award may be divided in equal shares or allotted to each member in proportion to his or her share of credit for the contribution;
- Separate justifications for each member of the group must be included with the overall description of the accomplishment if the members of the group receive different dollar amounts; and
- The total amount of a cash award to a group should be based solely on the value of tangible and intangible benefits accruing from the contribution; the total amount of the award may not exceed the amount that would be authorized if the contribution had been made by one individual; and exceptions should be justified in writing.

Scale of Tangible and Intangible Benefits

The award scales in Appendix C offer guidelines for determining awards based on tangible and intangible benefits to the Government.

Chapter 7. Special Recognition

Presidential Recognition

The President may grant a cash award for honorary recognition of an employee who:

- by his or her superior accomplishment, suggestion, invention, or other personal effort contributes to the efficiency, economy, or improvement of Government operations; or
- performs an exceptionally meritorious special act or service in the public interest in connection with or related to his or her official employment.

A Presidential Award, authorized under 5 U.S.C. 4504, may be in addition to an agency award.

Career Service Recognition

Career service recognition is granted to employees who complete 10 years of federal service, and thereafter at 5-year intervals up to 50 years of service. This policy was issued April 8, 1992, and is not retroactive for employees who reached their career milestone before that date.

Creditable service is determined by using the service computation date for leave purposes, which includes total civilian service and some honorable military service. Retired uniformed service time may be combined with civilian service time for purposes of computing length of service. It is the responsibility of the employee to present the appropriate official documentation from prior Uniformed Service to the appropriate official overseeing this program.

The Department recognizes career service with a certificate and emblem:

- Bronze Certificate and Emblem (10 and 15 years);
- Silver Certificate and Emblem (20 and 25 years);
- Gold Certificate and Emblem (30, 35, 40, 45 and 50 years).

The Secretary signs 50-year certificates. In addition, operating units may request a letter from the President for career service, which exceeds 50 years.

Honorary Recognition - Private Citizens and Organizations

A certificate of appreciation may be granted in recognition of special services or other beneficial contributions to the Department. Examples of the types of actions or contributions appropriate for this award may include:

- exemplary service in an advisory capacity to the Department's programs or projects;
- direct assistance to the Department through actions or useful ideas which are beneficial in eliminating or minimizing problems or in actively contributing to mission accomplishment;
- assistance to the Government through the cooperative use of facilities, equipment, or staff; or
- courageous or heroic actions in support of a federal activity or mission.

Special Operating Unit Awards

Individual operating units may establish new award programs which are appropriate to their particular interests in recognizing certain groups of employees. There are a large variety of programs, ranging from recognition for scientific accomplishments to employee of the year. These award programs may be cash or honorary. Each program is designed to recognize a particular group of individuals with specific criteria. If you have additional questions on how to develop an award program, contact that bureau's Human Resources Office.

Related Sites

- [Appendix D](#) - Template for developing an award program
- [Chapter 14](#) - How to establish a certificate for an award program

Chapter 8. Team-based Recognition

Introduction

In highly productive organizations, individual employee contributions to the success of a project may often be made as part of a team. Teams are a way of organizing people to support interdependence and cooperation and require coordination among team members—often representing all levels of an organization. A team can be defined as two or more employees who coordinate their activities to accomplish a common goal.

As more organizations are using teams to accomplish work, management is faced with the challenge of developing mechanisms to acknowledge both the accomplishment of the team's efforts and the contributions of its individual members.

Within an operating unit's authority to recognize employees and pay cash awards based on predetermined criteria such as productivity standards, performance goals, measurement systems, and award formulas, the following are appropriate methods to acknowledge excellence in individual and team performance:

- gainsharing;
- goalsharing; and
- team recognition.

Gainsharing Awards

Gainsharing is an incentive award system for organizations that have operations that are monetarily quantifiable. It is based on measurable improvements, where the employer shares a percentage of the improvements with individual employees and/or a group of employees. Improvements usually increase productivity, quality, and customer service.

Major components of gainsharing are:

- shared rewards;
- system to solicit and implement improvement ideas;
- continuous, measurable improvement systems;
- employee empowerment; and
- positive management practices.

Organizations that have used gainsharing find that it:

- improves communication within the organization;
- improves levels of mutual trust between leadership and operations employees;
- increases cooperation because the organization has a focus on productivity improvement;
- improves "team spirit";
- improves product quality; and
- improves customer service.

Current DOC Gainsharing Programs

There are several gainsharing programs currently in place within the Department. Please contact the appropriate servicing human resources office for additional information about these programs.

Goalsharing Awards

Goalsharing is a relatively new approach to incentive awards that can extend to virtually all groups of federal employees. It serves to unify all employees in the accomplishment of the organization and requires teamwork, pride in service, better communication and

higher quality service. The events that trigger goalsharing awards are not limited to work that is measurable using production and cost formulas. Instead, awards are triggered by reaching a wide variety of goals established for the group or the organization as a whole. Progress toward the goals must be measurable, but the measurements can include qualitative data such as information from customer surveys and project reviewers.

Some basic features:

- clearly stated objectives;
- performance measures and baseline;
- stretch goals;
- specified performance periods;
- employee involvement;
- agency commitment;
- quality evaluation;
- goalsharing formula;
- payout size and frequency; and
- award alternatives.

If goalsharing programs are to be successful, operating units should not pay out promised awards when goals are nearly--but not quite--reached. Proceeding to grant the awards can undermine the program's purpose. It is more effective for managers and employees to acknowledge and analyze the reasons for the shortfall and agree to new strategies to overcome the obstacles.

Comparison of Gainsharing and Goalsharing Award Programs

Listed below is a comparison of the major features of gainsharing and goalsharing programs.

GAINSHARING	GOALSHARING
Only operations that are monetarily quantifiable	All Government Operations
Bottom-up program	Fully participatory program
Driven by preset productivity formulas	Driven by group performance indicators
Emphasis on efficient operations	Emphasis on achieving organizational outcomes
Payout trigger: exceeding baseline from past work	Payout trigger: reaching "stretch goals" in future work
Usually cash awards paid periodically	Range of award options annually or at milestones
Customer service is usually held constant	Improvement of customer service is frequently a goal
Self-funding	Technically, not self-funding

Team Recognition

A team needs to know how its efforts and results will help the organization, and individuals on the team need to know what the team requires of them to reach the team's goal.

The following elements are critical to successfully developing and implementing team-based recognition programs:

- knowing existing organizational measures;
- developing specific team measures;
- linking team measures to organizational measures;
- making team and organizational measures understandable and known;
- clearly identifying individual and team roles;
- linking individual and team roles to team results and processes;
- developing team and individual performance measures and standards;
- making performance measures and standards known and understandable;
- incorporating performance measures and standards into performance plans;
- developing tracking systems to properly measure individual and team performance;
- frequently and consistently publishing team performance;
- frequently providing feedback on individual performance;
- ensuring prompt payout when goals are achieved; and
- celebrating the achievement.

Measuring Team Performance

The following chart provides an overview of individual and team level contributions, behaviors/processes, and results that will be useful in developing team-based recognition programs.

Team-Related Measures Matrix

Contribution	Behaviors/Process	Results*
Individual Level: An Employee's Contribution to the Team	The employee: cooperates with team members, communicates ideas during meetings, participates in the team's decision-making processes.	The number of significant ideas contributed by the employee, the rapid turnaround time for the individual's product, the quality and accuracy of data supplied to the team.
Team Level: The Team's Performance	The team: runs effective meetings, communicates well as a group, allows all opinions to be heard, comes to consensus on decisions.	Customer satisfaction with the team product, the number of cases the team completed, the cycle time for the team's entire work process.

(*) Awards are granted based on the results not the process.

For Additional Information

Contact your servicing human resources office.

Chapter 9. Peer Awards

Introduction

A peer recognition program is based on the premise that employees are often the first to notice the achievements of their peers. Awards based on peer nominations give the employees a vested interest in their awards programs and thus increase the incentives to work collectively for the objectives of the organizational unit. Peer awards also demonstrate that management trusts the employees to acknowledge those who are truly deserving of recognition.

Eligibility

Employee eligibility for peer awards is determined by the nature of the award being granted.

Program Development

Because official peer recognition programs are fairly new, organizations have some degree of latitude in the creation of such award programs. Other federal agencies, such as the Federal Highway Administration, initiated the Red Tool Box Award to be used for peer acknowledgment. A large red tool box is filled with items of nominal value (mugs, caps, etc.), and these prizes are distributed by both managers and peers to recognize achievements that are not substantial enough for cash or time-off awards.

Factors to consider in developing a peer award program include the following:

- *nature of recognition*: How will recipients be awarded?
- *nominator eligibility*: Can managers be nominators or should they be limited to non-supervisory employees? Can employees nominate themselves?
- *nomination criteria*: What achievements can be considered to merit a peer award?
- *frequency of awards*: How often should awards be distributed: yearly, quarterly, etc.?
- *selection process*: How will potential awardees be nominated; how will recipients be chosen (office-wide voting, managerial approval, etc.)?
- *limitation*: How many times may an employee be nominated and/or receive an award within a specific time period?

Chapter 10. Honor Awards

Purpose

The purpose of honor awards is to provide high-level recognition to deserving employees for their contributions to the Department.

Criteria

There are three types of Honor Award Medals:

- *Gold Medal* - The highest honorary award granted by the Secretary. A Gold Medal is defined as distinguished performance characterized by extraordinary, notable, or prestigious contributions that impact the mission of the Department and/or one or more operating units, which reflects favorably on the Department.
- *Silver Medal* - The second highest honorary award granted by the Secretary. A Silver Medal is defined as exceptional performance characterized by noteworthy or superlative contributions, which have a direct and lasting impact within the Department.
- *Bronze Medal* - The highest honorary award granted by a head of an operating unit or Secretarial Officer or equivalent. A Bronze Medal is defined as superior performance characterized by outstanding or significant contributions, which have increased the efficiency and effectiveness of the operating unit.

Categories

To warrant a Gold, Silver, or Bronze Medal, a contribution must focus on qualitative and quantitative performance measures cited in the Department's Strategic Plan and be identified in one of the following categories:

- Leadership
- Personal and Professional Excellence
- Scientific/Engineering Achievement
- Organizational Development
- Customer Service
- Administrative/Technical Support
- Heroism.

For a detailed explanation of the categories, see [Appendix G](#), Honor Awards Criteria.

Types of Awards and Recognition

See [Appendix H](#), Honor Awards - Types of Awards and Recognition

Program Requirements

- Nominating officials are responsible for ensuring that only those individuals and organizations which have made exceptional contributions and which are truly deserving of high honor are nominated.
- When deciding which individuals are to be recognized, nominating officials should carefully consider the overall record of each person.
- Gold and Silver Medals are ordinarily given only to employees whose performance is at Level 4 or better. If a nominee does not have a current performance rating of Level 5 or Level 4 (or its equivalent), specific reasons must be provided in the justification for why the award is recommended. This includes employees who are nominated as members of a group.

- Secretarial Officers and Heads of Operating Units are responsible for ensuring that nominations reflect the broad spectrum of employees in their workforce. All employees are to be given equal consideration, based on their contributions, to be nominated in any of the seven categories. Neither an individual's discipline, occupation, nor grade are to be used to screen out potential nominees in this process. Bureau nominations that do not reflect this spectrum will be returned for reconsideration.
- An employee may be nominated in more than one group, but may not be nominated as both an individual and as an individual member of a group.
- An employee who received a Bronze Medal may not be nominated for a Gold or Silver Medal for the same accomplishment. However, an employee who has received a special operating unit award may be nominated for a Gold or Silver Medal.

Gold and Silver Medals

Nominating Process

- The Secretary requests nominations for Gold and Silver Medal Awards annually. Appropriate management officials then request nominations from within their organizations.
- Incentive Awards Program Officers review nominations for adherence to award criteria and coordinate action with boards or committees, if appropriate. Nominations are then reviewed and approved by the head of the operating unit. Secretarial Officer nominations of employees from other operating units must include the concurrence of that operating unit head. Approved nominations must be submitted through the Secretarial Officer (or equivalent) to the Director for Human Resources Management and be ranked in priority order for the entire organization. Gold and Silver Medal nominations must be ranked separately; nominations for organizational awards should be ranked among nominations for individuals or groups.
- Nominations must be received by the Department's Office of Human Resources Management by the due date established each year.

Submission Requirements

- Nominations must be submitted using the web-based Honor Awards Nomination System (HANS). No paper copies will be accepted. For additional details on HANS, see [Appendix E](#), HANS Overview.
- Each nomination must describe clearly, in nontechnical language, the contribution to be recognized, its impact on the operating unit or Departmental mission, or strategic objective, and the degree to which the contribution exceeds normal job responsibilities. The justification should specify which of the seven criteria in Appendix G the contribution meets.
- Each operating unit must verify internally that there is no information that would negatively affect the nominations.

Review Procedures

- The Department's Incentive Awards Board (DIAB) reviews Gold and Silver Medal Award nominations and recommends approval or disapproval to the

Secretary. In addition to reviewing the accomplishments, the Board will determine that each nominee has demonstrated qualities of strength, leadership, integrity, industry, and personal conduct of a level that has established and maintained a high degree of public confidence and trust. The DIAB may recommend the approval or disapproval of each member of a group award nomination.

Award Presentation

- Awards are presented by the Secretary at a Departmental Honor Awards Ceremony.

Bronze Medals

Nominating Process

- Operating units are encouraged to request nominations for Bronze Medal Awards at the same time Gold and Silver Medal Award, nominations are requested.
- Any employee who has a current performance rating of less than Level 3 (or its equivalent) may not be nominated for a Bronze Medal Award.
- An employee who received a Bronze Medal Award may not be nominated for a Gold or Silver Medal Award for the same accomplishment.

Submission Requirements

- The Incentive Awards Program Officers must provide specific submission requirements to the organizations they service when nominations are requested.

Review Procedures

- Operating units should design appropriate procedures for review and recommendation of Bronze Medal nominations.

Award Presentation

- awards are presented by the appropriate Secretarial Officer or Head of the Operating Unit (or equivalent) at an annual ceremony scheduled by the operating unit. Operating unit Bronze Medal Awards ceremonies must be held following the Secretary's annual Honor Awards ceremony to ensure that nominees not approved for Gold or Silver Medals have the opportunity to be fully considered for Bronze Medals.

Chapter 11. On-The-Spot Awards

Purpose

The purpose of this award is to provide supervisors with a means of recognizing employees for those day-to-day efforts which contribute "in a special way" to getting the job done. This nonmonetary award program provides for immediate recognition with minimal documentation and serves as a means of giving employees recognition for nonrecurring contributions.

Overview

On-the-Spot Awards are granted by supervisors to recognize accomplishments which represent steps toward achievement of organizational goals or purposes, but for which higher level recognition such as honor awards, performance awards, or special act awards are not appropriate. Awards may be granted to employees for noteworthy contributions, which have benefited the employing office, the employee's bureau, or the Department. Operating units may implement on-the-spot award programs, which meet their specific needs and are compatible with their organizational climate. This program is not meant to replace other traditional methods of recognition, but rather to increase supervisors' options in rewarding and reinforcing employee excellence.

Value of Award Item

The program must reward small contributions, which would not qualify for either performance awards or special act or service awards. The value of an individual award item may not exceed \$75, and an employee may not receive awards under this program, which exceed \$125 in value in a single *performance year*. For example, if awards are valued at \$25, then the employee may receive only five awards during that performance year.

Departmental Requirement

The program must be described in a document, signed by the Head of the Operating Unit or Departmental Office, and contain at least the information prescribed in "How to Establish an On-the-Spot Award Program."

How to Establish an On-The-Spot Award Program

To establish an On-the-Spot Award Program, prepare a program plan, which addresses the following:

- the purpose of the program;
- who is eligible to participate in the program (SES are excluded);
- the delegations of authority under the program, including supervisory authorities;

- the award items that will be given out under the program, including the dollar values;
- what types of contributions are eligible for recognition under the program?
Examples include, but are not limited to:
 - planning a special event which is particularly successful,
 - completion of a short-term project, or
 - handling an unusually heavy workload.
- the frequency and timing of awards (The presentation of the award to the employee must be made shortly after the contribution);

- the plans for procuring, distributing, and controlling access to supplies of award items;
- the procedures for publicizing the program to employees and supervisors;
- the procedures for documenting awards on form CD-326, "Recommendation for Recognition";
- the recordkeeping requirements.

Chapter 12. Cash-in-Your-Account Award Program

Purpose

The purpose of this award is to provide supervisors with a means of recognizing employees for going the extra mile in getting the job done. This small monetary award provides immediate recognition with minimal documentation and serves as a means of giving employees recognition for nonrecurring contributions.

Overview

Cash-in-Your-Account (CIYA) Awards recognize accomplishments representing steps toward achievement of organizational goals or purposes, but for which higher level recognition such as honor awards, performance awards, or special act awards are not appropriate. Awards may be granted for noteworthy contributions benefiting the individual's employing office, bureau or the Department. This program does not replace other traditional methods of recognition, but rather increases the supervisors' options in rewarding and reinforcing employee excellence.

Eligibility

All Commerce employees, except Presidential Appointees, Political Appointees and Senior Executive Service (or equivalent) employees are eligible for consideration for awards under this program.

Examples of Eligible Contributions

- completion of a short-term project or significant milestone in less time than expected or where there were unusual difficulties to overcome;
- development of new or revised procedures or other contributions toward improvement of office productivity;
- handling an unusually heavy workload, such as when coworkers are absent or when vacant positions are not filled immediately;
- completion of a significant special assignment that is outside normal job responsibilities;
- planning a special event that is particularly successful because of the employee's personal efforts;
- a contribution that improves public awareness and/or understanding of Department/Operating Unit programs.

Award Amounts

Under this program, an employee may receive instant awards in net amounts of \$50, \$100, \$150, \$200, \$250, \$300, \$350, \$400, \$450 or \$500. An employee, either as an individual or part of a group, may not receive awards under this program, which exceed a net total of \$1000 in a single calendar year. It is the responsibility of the supervisor to ensure that the \$1000 limit is not exceeded. (Cumulative amounts should be tracked by individual supervisors; however, they may be verified through the appropriate record system or the servicing human resources office).

Nomination and Approval Procedures

- The supervisor prepares a CD-326, Recommendation for Recognition, including a written recommendation describing the basis for the award and the net amount of the award.

- The supervisor prepares and signs Form CD-326, Recommendation for Recognition. The supervisor must include the total dollar amount of Cash-in-Your-Account Awards that the employee has received during the current calendar year. The current dollar amount being recommended is not included in that total.
- The supervisor submits an original CD-326 for each employee nominated to the servicing human resources office, for a technical review and verification of year-to-date total.
- Upon approval by the servicing human resources office, the award will be inputted into the National Finance Center (NFC) system for payment on or before the next payday.
- The servicing human resources office should notify the approving official by e-mail (when feasible) of the effective date of the award so that he or she can notify the employee in advance of the award being deposited in his or her account.

Taxes

- All awards granted under this program are subject to federal, state and local, and FICA (including Medicare) taxes. Awards are granted in net amounts. The NFC system then calculates and reports the gross amount of the award to include the required federal income and FICA tax withholdings on the employee's next Statement of Earnings and Leave. All awards will be included in gross annual wages on the employee's Form W-2, Wage and Tax Statement.
- Awards may be granted any time during the year, except during the last two pay periods (usually 25 and 26) of the year due to IRS tax provisions.

Taxes for Cash-in-Your-Account Awards given to Foreign Service Nationals should be worked out by the overseas servicing personnel office based on local compensation laws.

How to Establish a Cash-in-Your-Account Award Program

To establish a Cash-in-Your-Account Award Program, prepare a program plan which addresses the following:

- the purpose of the program;
- who is eligible to participate in the program;
- the delegations of authority under the program, including supervisory authorities;
- a description of how the servicing human resources office will exercise oversight of awards to ensure compliance with the technical requirements of the program;
- the procedures for documenting awards on Form CD-326, Recommendation for Recognition.

The program plan must be described in a document, approved by the head of the operating unit or Departmental Office, the Principal Human Resources Manager, and it must contain at least the information prescribed in "How to Establish a "Cash-in-Your-Account Award Program."

Chapter 13. Time Off Awards

Purpose

The Time Off Award Program implements the provisions of Section 201 of the Federal Employees Pay Comparability Act of 1990, which authorized agencies to grant employees time off in recognition of certain accomplishments or contributions. The authority is regulated by 5 CFR Part 451.

Overview

A Time Off Award means an excused absence granted to an employee without charge to leave or loss of pay. Scheduling of time off is subject to supervisory approval. Before utilizing the Time Off Award Program, managers should consider the full resource implications of the award, including:

- salary of employee, and
- impact on workload and customer service.

Eligibility

All employees of the Department are eligible for time off awards except:

- Presidential appointees;
- employees who do not have a regular, established tour of duty prescribed in advance, (*i.e.*, intermittent or WAE employees);
- employees paid on a fee basis;
- commissioned officers of the NOAA Corps;
- employees in the Senior Executive Service (SES and Senior Foreign Service (SFS) and
- employees whose current rating of record under one of the Department's performance appraisal systems is less than Level 3 (or its equivalent).

Examples of Eligible Contributions

Time Off Awards are intended to recognize the following types of accomplishments or contributions:

- making a high quality contribution involving a difficult or important project or assignment;
- displaying initiative and skill in completing an assignment or project before the deadline;
- using initiative and creativity in making improvements in products, activities, programs, or services; or
- ensuring the mission of the work unit is accomplished during a difficult period by successfully completing additional work or an additional project assignment while maintaining the employee's own workload.

Use of Time Off

Time off granted as an incentive award must be scheduled and taken within 1 year after the date the award is made (*i.e.*, the date of the SF-50 effecting the award, normally the first day of the first pay period following final approval of the award). If the time is not taken off within 1 year, it is lost and may not be restored. No other award or compensation may be substituted.

If an employee is incapacitated for duty during a period of time off as an incentive award, that period may be recorded as sick leave, and the time off scheduled for another time, within the 1 year limitation.

Processing of Time Off Awards

Time off awards must be recommended and approved in writing on Form CD-326, Recommendation for Recognition. Detailed instructions on processing the actions and record keeping are presented in Personnel/Payroll Processing note issuances.

The time off taken by the employee must be documented on the Time and Attendance Report as a "Time Off as an Incentive Award" and a copy of Form CD-326 must be attached to the Certified Time and Attendance Report as supporting documentation. Detailed instructions for timekeeping are in the Department's Time and Attendance Manual.

Limitations

For a full-time employee, the total amount of time granted as an incentive award during a leave year may not exceed 80 hours. For a part-time employee or an employee with an uncommon tour of duty, the total time off granted, during a leave year as an incentive award may not exceed the average number of hours of work in the employee's biweekly scheduled tour of duty.

Time off granted as an incentive award, for any single contribution by a full-time employee, may not exceed 40 hours. For part-time employees or employees with an uncommon tour of duty, the limit for any single contribution is one-half the maximum that may be granted during the leave year.

The minimum time off award is a half day (half of the scheduled work hours for the employee on the day of the excused absence).

The amount of time off granted must be proportionate to the value of the contribution being recognized. Appendix C in this Handbook may be used as a guide to compare the value of the contribution to the value of the time off granted. Appendix C need not be rigorously followed, but serves as a broad benchmark for setting award amounts.

Time off awards may not be converted to cash nor transferred from Commerce to another agency, nor the reverse.

Delegation of Approval Authority

Authority to approve time off awards is hereby delegated to Secretarial Officers and Heads of Operating Units. This authority may be redelegated. Any redelegation of this authority must be documented in writing before the authority may be exercised.

Authority to grant up to a full day of time off as an incentive award may be delegated to any leave approving official of the Department. A full day is the length of the normal work day for the particular employee being recognized on the day that the time off is given.

Time off of more than 1 day must be reviewed and approved by an official at a higher organizational level than the manager or supervisor who initiated the award nomination.

Chapter 14. Certificates, Medals, Emblems and Forms

Introduction

The Department has standardized award certificates, medals, emblems and forms for a number of award and recognition programs. With the exception of the Gold and Silver Medals and Emblems and Certificates, the servicing human resources office is responsible for ordering and distributing other recognition items.

Honor Awards Certificates

- Gold and Silver Medal Awards certificates are granted by the Secretary and presented at the Annual Honor Awards Ceremony. Gold and Silver Medal Awards Certificates may not be duplicated or replicated.
- Bronze Medal Award Certificates are presented by a Secretarial Officer or equivalent at an appropriate ceremony. Bronze Medal Certificates may not be duplicated or replicated.

Certificates of Appreciation

- Certificates of Appreciation may be granted to both employees and non-employees in recognition of outstanding contributions or in appreciation of their services for the Department.
- Depending on the nature and significance of the contribution, the certificate may be signed by the Secretary, Secretarial Officer, Head of the Operating Unit, or other appropriate official.

Certificates of Recognition

- Certificates of Recognition are granted to employees who receive Performance Awards, Quality and Meritorious Step Increases, or Special Act Awards.
- They may also be granted to an employee who has received a Level 5 performance rating, if the employee did not receive a performance award.

Length of Service Certificates

- Length of Service Certificates are granted to employees to recognize milestones in career service.
- Certificates are typically presented to the employee by the supervisor or other appropriate official within the operating unit.
- The 50-year certificate is signed by the Secretary.

How to Establish a New Certificate

A new certificate may be established in conjunction with a special operating unit award program, or in rare circumstances, to recognize a unique, one-time event or accomplishment.

Content of Certificate

All certificates must include the following information:

- U.S. Department of Commerce,
- name of Bureau,
- seal of Department or Operating Unit, and
- signature line and/or Name/Title of Signature Authority.

Approval Procedures

- All requests must be forwarded through the appropriate Secretarial Officer, or equivalent, to the Director for Human Resources Management.
- The request must include a graphic representation of the certificate.

- The Office of Human Resources Management will consult with the Visual Design Branch on appropriateness of the certificate design and format.

Where to Order Certificates and Forms

The servicing human resources office may obtain certificates, and forms are available from the Department of Commerce Forms Store.

Certificate and Form Numbers

Certificates	Form Number	Package Amount
Certificate of Recognition	CD-184	100
Certificate of Appreciation (8 1/2 x 11)	CD-521	50
Certificate of Appreciation (11 X 14)	CD-522	50
Bronze Medal Certificate (Individual)	CD-523	50
Bronze Medal Certificate (Group)	CD-524	50
Length of Service Certificate (10 year)	CD-530	50
Length of Service Certificate (15 year)	CD-530A	50
Length of Service Certificate (20 year)	CD-531	50
Length of Service Certificate (25 year)	CD-531A	50
Length of Service Certificate (30 year)	CD-532	50
Length of Service Certificate (35 year)	CD-532A	50
Length of Service Certificate (40 year)	CD-533	25
Length of Service Certificate (45 year)	CD-533A	20
Length of Service Certificate (50 year)	CD-534	10
Form	Form Number	Package Amount
Recommendation for Recognition	CD-326	100

NOTE: Length of Service pins may be obtained from GSA.

Bronze Medals

It is the responsibility of the servicing human resources office to order Bronze Medals.

<p>Vendor: Regal Emblem Company, Inc. 250 West Broadway New York, NY 10013 Contact: Mike Bottino Telephone: (212) 925-8833</p>

Chapter 15. External Awards

Introduction

Each year, the Department participates in award programs sponsored by external organizations, associations, or foundations. Awards run the gamut from those which recognize financial management to awards for women in science and engineering. Employees who meet the award programs' specific criteria may be nominated. Due dates vary by each award.

Note: Although some external organizations permit the submission of nominations on-line, bureaus are still required to submit nominations to the Department for review and approval by the Department's Incentive Awards Board before submission to the sponsoring organization. This is to ensure that the Department has an opportunity to conduct a clearance on all nominees to ensure that only high quality nominations, which reflect favorably on the Department, are forwarded to the sponsoring organization.

Nomination Process

Listed below are the steps in the external award process:

- The Department's Incentive Awards Officer forwards a request for nominations to the Principal and Servicing Human Resources Managers and Incentive Awards Program Officers with a due date.
- The Operating Units distribute the request for nominations to line and staff organizations with an internal due date.
- The Operating unit reviews the nomination for compliance with the external organization's submission requirements and forwards the nomination to the Secretarial Officer or Head of the Operating Unit for approval.
- The approved nomination is forwarded to the Secretarial Officer or Head of the Operating Unit for approval.
- The nomination is reviewed by the Department for compliance with the organization's submission requirements.
- The approved nomination is forwarded to the Department's Incentive Awards Board for review and recommendation.
- Nominations approved by the Board are forwarded to the sponsoring organization.
- Nominations must be signed by the Secretarial Officer or Head of the Operating Unit.

External Award Checklist

This checklist will assist you in the process of formulating quality nominations. This checklist must accompany the letter transmitting your nominations and be signed by the Incentive Awards Program Officer certifying the nomination's are complete and meet the criteria of the sponsoring organization.

Name of Award:

Transmittal Letter

- The letter is signed by the Head of the Operating Unit.
- The name of each nominee is listed, by category, if appropriate.

Nomination packages

- The package is assembled in the correct format, as specified by the sponsoring organization.
- The package includes ten copies for DOC review (and electronic copies) and correct number of copies specified by sponsoring organization.

Written Justification

- The written justification meets the sponsoring organization's criteria.
- The written justification was reviewed for grammar, punctuation, and spelling.
- An electronic copy of the nomination and all supporting documentation.

Social Security Numbers

- SSN listed for all nominees

Name of Nominee(s) SSN

I certify the nomination meets the criteria and has been reviewed for quality.

Incentive Awards Program Officer Date

Chapter 16. Awards for Foreign Service Employees

Introduction

Foreign service employees are eligible for awards covered in this Handbook, with the exception of Quality Step Increases (QSIs). Specific guidance on the establishment of awards programs for foreign service employees should be directed to the Office of Foreign Service Personnel Human Resources, U.S. and Foreign Commercial Service, International Trade Administration.

Eligibility

This chapter is applicable to American Foreign Service Officers and Administrative Assistants/Secretaries, and Foreign Service local employees of the Department of Commerce.

Meritorious Service Increase

A Meritorious Service Increase (MSI) is an increase in a foreign service employee's rate of basic pay from one step of the employee's class to the next higher step of the class. It is the foreign service equivalent of the QSI.

For foreign service officers and administrative assistants/secretaries, MSIs are granted based on recommendations of a selection board when performance during the past year is regarded as superior but not warranting promotion. Additionally, the employee's performance must have been sustained at a high level for a sufficient time that it is considered characteristic of the individual's performance and is, therefore, expected to continue in the future. MSI's are also considered when the foreign service employee is recommended for promotion but is ineligible.

For foreign service local employees, MSI's are recommended by the supervisor for outstanding performance that is expected to continue into the future.

Chapter 17. Tax Implications for NonMonetary Awards

Introduction

Government-wide regulations on awards at 5 CFR 451 include a provision that requires agencies to comply with all applicable regulations when conducting its awards program. This requirement includes regulations that address the impact of the various tax laws on the Government Awards program, as prescribed by the Internal Revenue Service. The following is information on the impact of taxes on awards:

Tax Obligations

Cash awards and cash equivalents provided by the employer to the employee are always taxable regardless of the amount and are subject to federal, state, local, and FICA taxes. However, most nonmonetary awards used in the Government may not be considered taxable.

Taxing Nonmonetary Awards

A non-monetary award (*i.e.*, honorary award or informal recognition award) is considered to be a fringe benefit and can be tax exempt if it meets two conditions:

- when it is a *de minimis* fringe benefit, and
- when it meets the definition of "employee achievement awards" and does not exceed the employer's deduction limits.

Determining Whether a Non-monetary Award is *de minimis*

The Internal Revenue Code defines a *de minimis* fringe benefit as an item which, taking into account the frequency with which it is given, has a value so small that accounting for it is unreasonable or too administratively impracticable (26 CFR 1.132-6(a)). No specific dollar amount is defined as *de minimis* by the Internal Revenue Service. The determination as to whether honorary awards might be considered *de minimis* is based on the fair market value of the item given. "In general, fair market value is determined on the basis of all the facts and circumstances. Specifically the fair market value of a fringe benefit is the amount that an individual would have to pay for the particular fringe benefit in an arm's length transaction."

An example of informal recognition awards that could be considered to have a *de minimis* fair market value might be ballpoint pens, mugs, or desk clocks, with a team motto or Departmental logo that are given to employees for completing an assignment ahead of schedule or under budget. The fair market value of the item given to each employee is very small and administratively inefficient to report it as a part of the employee's gross income and wages.

Effect of Employee Choice

The element of choice plays a significant role in determining whether a non-monetary award can be considered to be a *de minimis* fringe benefit and tax exempt. The Internal Revenue Service considers giving an employee significant choice in what they actually get as an award (*i.e.*, gift certificate or catalog category), equivalent to giving them cash which is taxable and reported as gross income and wages. When there is a very limited choice among two or three items of nominal value in a particular award category, the award can normally be considered to be a *de minimis* fringe benefit and exempt from taxation.

Constructive Receipt

If an employee is given a choice between a cash award, time-off award, merchandise item, or Quality Step Increase (QSI) and the employee does not choose the cash, the employee is considered to be in constructive receipt of the cash and taxes must be withheld based on the cash award considered. Therefore, supervisors and managers generally should not attempt to give employees a choice. Any attempts supervisors and managers make to find out employee preferences, in order to carry out a more effective awards program, clearly should be made separately from granting any actual awards and should not be accompanied by any stated or implied award amounts. In these cases, agencies can determine employee preferences without implying that an award will be given, much less offering the employee a *bona fide* choice between two forms of an actual award. For example, polling the staff on what types of awards they would determine as meaningful to them would not be considered constructive receipt of cash by any employee.

Tax Exclusions for "Employee Achievement Awards"

The second basis under which a nonmonetary award might be tax exempt is if it is defined as tangible personal property given as part of a meaningful presentation, and not as disguised compensation, in recognition of length of service or safety. These are not cash awards.

Withholding Income Tax and "Grossing Up"

When a nonmonetary award cannot meet the criteria for *de minimis* fringe benefit or an "employee achievement award," then the item must be reported as gross income and wages, and the applicable taxes withheld.

It is the agency's choice whether to "gross up" the employee's wages in order to cover the employee's taxes due (*i.e.*, income taxes and the employee's share of FICA taxes) on an award. "Grossing up" has been recommended to avoid diminishing the value of the award to the employee. Agencies with delegated authority should develop their own policy on whether to "gross up" taxable nonmonetary awards, and if so, whether for all awards or for those above specified amounts. If agencies decide to "gross up" nonmonetary awards, such expenditures would be authorized as part of the expenses incurred for the honorary recognition of the employee.

APPENDIX A. Guidelines for Total Award Recognition (Performance Awards and Special Acts)

Performance award amounts are limited to 10 percent of basic pay (including locality payments). However, an employee may receive a performance award amount up to the statutory limit of 20 percent (base pay including locality payments). Performance awards between 10 percent and 20 percent must be approved by the Secretarial Officer or Head of the Operating Unit. There is no percentage limit on performance-based awards (i.e., Special Act Awards) except an employee's total aggregate compensation, by the end of the tax year, may not exceed Executive Level 1.

APPENDIX B. Eligibility for Awards

Category of Employee	Performance Award	QSI/MSI	Special Act Suggestion Invention	Honor Awards Gold, Silver, Bronze	On-the-Spot Cash-in-Your Account	Time Off	Presidential Honorary	Presidential Rank	Certificate of Appreciation
Presidential Appointee (advice & consent of Senate)	No	No	No	No	No	No	Yes	No	Yes
Noncareer Senior Executive and Foreign (SES/SFS) Service	No	No	No	Yes	No	No	Yes	No	Yes
Career Senior Executive and Foreign Service (SES/SFS)	No ⁸	No	Yes ¹	Yes	No	No	Yes	Yes	Yes
Senior Level, AD (above GS-15) or Section 3104	Yes	Yes/No	Yes	Yes	No	No	Yes	No	Yes
General Schedule (incl. GM)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Foreign Service American	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Foreign Service local employees (direct hires)*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Commissioned Corps, NOAA	No	No	No	Yes	No	No	Yes	No	Yes
Wage Grade, Leader or Supervisor	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes

Excepted Service	Yes	Yes ²	Yes	Yes	Yes	Yes	Yes	No	Yes
Temporary	Yes	No	Yes	Yes ³	Yes	Yes	Yes ⁴	No	Yes
Part-Time Permanent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Schedule C	No	Yes ⁹	No	Yes	No	No	Yes	No	Yes
Term Employees	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Consultants	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes
Contractors	No	No	No	No	No	No	No	No	Yes
Details	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes ⁷	Yes
Reemployed Annuitants	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes ⁷	Yes
Former Employees	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes
Volunteers	No	No	Yes ⁵	No	No	No	Yes ⁶	No	Yes
Private Citizens	No	No	Yes ⁵	No	No	No	Yes ⁶	No	Yes
Employees of Other Federal Agencies	No	No	Yes	No	No	No	Yes	No	Yes
Post Secondary Interns (AISES, HCAU, ORAU, TWC, Minority Access)	No	No	Yes ⁵	No	No	No	Yes ⁶	No	Yes
Presidential Management Intern	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Truman Scholars	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Student Career Employee Program	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Student Temporary Employee Program	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes

1 - Requests require approval of Chief Financial Officer and Assistant Secretary for Administration
2- Unless appointment is limited (*e.g.*, not to exceed one year)
3 - Yes, if pending the establishment of a register
4 - Presidential Letters and Management Improvement Awards only
5 - Honorary only
6 - President's Citizen Medal of Honor only
7- Career SES employees only
8- Senior Foreign Service Officers are eligible for performance pay only
9 - Not eligible between June 1 of any year in which there is a Presidential election and January 20 of the following year.
(*) Foreign Service local employees covered under Personnel Service Agreements fall under the Post Awards Programs

APPENDIX C. Scale for Tangible and Intangible Benefits (Awards as a Percentage of Pay)

The amounts listed below apply to individuals and individual members of a group or team. However, if the total award amount for the entire group or team exceeds \$50,000, the award recommendation must be forwarded to the Director for Human Resources Management for concurrence. We need to be aware that high dollar awards may be subject to public scrutiny. Consequently, we need to balance the total award amounts against the need for recognition.

While an employee is eligible to receive an award at the Distinguished and Extraordinary level, award amounts above \$5,000 (individuals and individual members of a group or team) must be reviewed by the operating unit's Performance Review Board as specified in Chapter 3, Delegations of Authority. Award amounts at those levels should be considered rare and should be reviewed in light of available resources. Most awards are appropriate for the Noteworthy and Significant levels.

Noteworthy	Significant	Distinguished	Extraordinary
\$50 - \$2,000	\$2,001 - \$4,500	\$4,501 - \$7,000	\$7,001 - \$10,000
4 - 8 hours	9 - 16 hours	17 - 32 hours	33 - 40 hours

Definitions

- Noteworthy - an accomplishment that has aided in meeting organizational goals; deserving of recognition because the employee has exceeded expectations for his or her position. *Impact: limited to an office or part of an organization.*
- Significant - an accomplishment that has substantially contributed to achieving organizational objectives or resulted in a marked change in organizational policies or procedures. *Impact: an organization or a bureau.*
- Distinguished - an accomplishment that effects a total change in policies or procedures that cross bureau lines and/or is exceptional in advancing multiple bureaus/Departmental objectives. *Impact: more than one bureau.*
- Extraordinary - a rare level of achievement characterized by the initiation of innovative policies or procedures and substantial promotion of Departmental or Administration goals. *Impact: Department-wide, Government-wide, or Partnerships with the Private Sector.*

APPENDIX D. Awards Template

Use of this format is recommended to ensure consistency or guidance and that all program elements are addressed and explained.

Purpose

Describe the objective/intention of the award.

The frequency of the award.

What type of contributions do you want to recognize?

Eligibility

Describe who is eligible to be nominated for this award (*e.g.*, managers, supervisors, employees of other federal agencies, private citizens, etc.).

Types of Accomplishments

Specify the type of accomplishment appropriate for this award.

Define accomplishments as either specific or broad descriptors.

Specify categories of awards (*i.e.*, supervisors/managers or nonsupervisory/technical), and list separate and distinct accomplishments for each category.

Nominating Procedures

Who will make the initial request for nominations? (*i.e.*, Director for Civil Rights)

What level of approval authority is required for this award? (*i.e.*, managers, Secretarial Officers, Heads of Operating Units, etc.)

Specify the due date for the nominations.

Specify the maximum length of the written justification.

Specify that the nomination needs to be submitted on form CD-326, Recommendation for Recognition.

Selection Criteria

Describe the qualitative and/or quantitative factors that will be considered in evaluating the accomplishment.

Selection Procedures

Describe who will review and approve the nominations.

- Specify whether there is an ad hoc or standing board or committee that will review the nominations.
- Determine who should receive the board or committee recommendations for final approval.

Type of Recognition

Describe what the recipient will receive as an award.

Specify the award amount.

Specify the type of certificate or plaque.

Define what differing categories of recognition will be received.

Presentation

Who will present the award?

When the award will be presented? (*i.e.*, in the fall of each year)

At what type of venue will the award be presented? (*i.e.*, ceremony)

APPENDIX E. Honor Awards Nomination System (HANS) Overview

The HANS is a centralized web-based system for entering, editing, reviewing, and approving award nominations. This system is designed to be very user-friendly, with all actions originating from a menu-driven HANS Main Menu. The system will prompt you every step of the way and provide detailed instructions, in the form of help boxes, on most blocks of the form.

Internet Address

Access HANS by entering the following address:

<http://hr.ohrm.doc.gov/hans/hanshome/hh.html>

Security

Nomination information that is transmitted over the Internet is encrypted to ensure privacy.

System Requirements

Browser - The system is designed to operate using Netscape Navigator or Microsoft's Internet Explorer at 4.0 or higher. If your current browser is less than 4.0, you may download an upgrade, at no cost, at: <http://www.microsoft.com/> or <http://www.netscape.com/>.

Screen Resolution - HANS was designed to work best with a screen resolution of 800 x 600. A resolution of less than that amount may affect the appearance of the image. You may adjust your resolution through the Control Panel feature in Windows.

About HANS

Click on the About HANS button from the HANS Main Menu to view the information.

APPENDIX F. Honor Awards - Crossover Nominations

Crossover nominations apply to groups or organizations where one bureau submits a nomination that includes an employee(s) from another bureau. Crossover nominations appear in a table format to the Official Reviewer and the Approving Official. The reviewer must recommend action on all crossover nominations since the nominating bureau cannot take action on the overall nomination until crossover employees have been approved. The reviewer's recommendation will be forwarded to the Secretarial Officer who must make the final decision on inclusion of these employees in a nomination by another bureau. *The bureau nominations will not be available for review until a recommendation is reached by both the official reviewer and the approving official on each crossover nomination.*

APPENDIX G. Honor Awards Criteria

Each operating unit must verify internally that there is no information that would negatively affect the nominations. The Offices of Inspector General, General Counsel, Security, Human Resources, and Civil Rights will advise the Department's Incentive Awards Board in determining that each nominee has demonstrated qualities of strength, leadership, integrity, industry, and personal conduct commensurate with the level expected of Gold or Silver Medal recipients. The Department's Incentive Awards Board will remove from consideration any nominee found not possessing these qualities.

Gold Medal

The highest honorary award granted by the Secretary. A Gold Medal is defined as distinguished performance characterized by extraordinary, notable, or prestigious contributions that impact the mission of the Department and/or one operating unit and which reflect favorably on the Department. To warrant a Gold Medal, a contribution must focus on qualitative and quantitative performance measures reflected in the Department's Strategic Plan and be identified in one of the following areas: leadership, personal and professional excellence, scientific/engineering achievement, organizational development, customer service, administrative/technical support, or heroism.

Silver Medal

The second highest honorary award granted by the Secretary. A Silver Medal is defined as exceptional performance characterized by noteworthy or superlative contributions, which have a direct and lasting impact within the Department. To warrant a Silver Medal, a contribution must focus on qualitative and quantitative performance measures reflected in the Department's Strategic Plan and be identified in one of the following areas: leadership, personal and professional excellence, scientific/engineering achievement, organizational development, customer service, administrative/technical support, or heroism.

Bronze Medal

The highest honorary award granted by a head of an operating unit or Secretarial Officer or equivalent. A Bronze Medal is defined as superior performance characterized by outstanding or significant contributions, which have increased the efficiency and effectiveness of the operating unit. To warrant a Bronze Medal, a contribution must focus on qualitative and quantitative performance measures reflected in the Department's Strategic Plan and be identified in one of the following areas: leadership, personal and professional excellence, scientific/engineering achievement, organizational development, customer service, administrative/technical support, or heroism.

Categories

Leadership

Recognizes personal leadership and management of an organization that produces substantial, innovative achievements, resulting in high quality service to the agency.

In addition, this area recognizes:

- creativity and innovation;
- external awareness;
- flexibility;
- resilience;
- motivation;
- strategic thinking;
- vision.

Achievements may include, *but are not limited to*:

- significant improvements in program effectiveness;
- efficient use of resources;
- sensitive and difficult assignments of major importance achieved through great personal initiative, commitment, effort, and competence;
- improvement in labor-management relations;
- leadership which encourages employee freedom to make decisions and to maximize the scope for individual initiative within a given job;
- acumen in developing breakthrough strategies or concepts in finding new and effective ways of accomplishing the agency's mission;
- leadership in the productive use of teams that cross organizational and agency boundaries;
- leadership which models and rewards behaviors conducive to the effective management of diversity.

Personal and Professional Excellence

Recognizes those who demonstrate an outstanding level of accomplishment in furthering the agency's mission.

Achievements are to be derived from all occupations and functional areas of the Department, including, *but not limited to*:

- administration;
- information technology;
- labor-management relations;
- legal;
- trade.

Scientific/Engineering Achievement

Recognizes scientific/engineering or technological breakthroughs that:

- resolve longstanding problems;
- radically advance the state-of-the-art;
- significantly impact Commerce or the economy;
- significantly advance the understanding, knowledge, or mastery of a given discipline.

Achievements may include, *but are not limited to*:

- authorship or editorship that affects the primary principles of the discipline involved;
- opening up new fields of inquiry;
- redefining major issues of investigation;
- contributions to the body of knowledge in a given field.

Organizational Development

Recognizes those whose accomplishments contribute to creating an organization culture that is constantly learning and growing; one which maximizes employee potential and fosters high ethical standards.

Achievements may include, *but are not limited to*:

- designing and implementing successful organization-wide programs which facilitate meeting management/supervisory responsibilities for mentoring and coaching;
- being widely recognized as an individual whose capabilities and relationships have had a direct and positive impact on the career development of a significant number of others;
- creating an environment in which teamwork thrives, one which reflects knowledge sharing, trust, pride, commitment, self-direction, and group identity, and one in which teams have produced extraordinary results.

Customer Service

Recognizes those who provide or foster a culture, which nurtures world-class customer service.

Achievements in customer service may include, *but are not limited to*:

- activities related to establishing measurements and standards for improving service;
- implementing and continuously assessing performance against standards for improvements.

Accomplishments are expressed in measurable terms, such as:

- cycle time;
- cost reduction;
- increased courtesy;
- quality to customers.

Administrative/Technical Support

Recognizes those who demonstrate an outstanding level of accomplishment in providing administrative and technical support.

Achievements reflect dedication and hard work which enable or assist the work of their fellow employees and may include, *but are not limited to*:

- advancing the goals of the team, office, division, operating unit, or Department through outstanding performance;
- creative or innovative problem solving;
- developing new systems, methods, or procedures.

Heroism

Recognizes a special one-time service or act of heroism by an employee or group of employees that is in the public interest or connected with or related to official employment. Heroism is defined as exhibiting courage, daring, and self-sacrifice.

Achievements may include, but are not limited to:

- voluntarily risking one's own life, knowingly, while saving or attempting to save the life of another person;
- displaying extraordinary skill or resourcefulness in assisting law enforcement officers, firefighters, or search and rescue professionals in saving or attempting to save the life of another person;
- demonstrating courage in risking one's own life to protect or preserve government or private property.

APPENDIX H. Honor Awards - Types of Awards and Recognition

TYPES OF AWARDS	RECOGNITION
Individual	Individual Award
One and only one individual.	The individual receives a framed certificate and medal.
Group*	Group Award
A group consists of up to ten individuals working together, where each person makes a specific substantive contribution to the achievement being recognized.	Each group member receives a framed certificate and medal.
Organization	Organizational Award
An organization may be either an office, division, or subunit which is formally recognized as a separate entity, as in organization orders or charts or an ad hoc organization assembled for the purpose of working on a specific project. There are two types of organizations:	There are two types of organizational awards:
<i>Single Organization</i> - one office, division, subunit or ad hoc	<i>Single Organizational Award</i> - the organization receives a framed

<p>organization, in which all or most of the people in the organization work together to complete the specific project being recognized.</p>	<p>certificate and medal. If the employees are from different operating units, each team receives a framed certificate and medal.</p>
<p><i>Joint Organization</i> - two or three* offices, divisions or subunits who work together to produce an achievement for which they are substantially responsible for the outcome and in which each participated fully in the achievement being recognized.</p>	<p><i>Joint Organizational Award</i> - each organization receives a framed certificate and medal.</p>
<p>(*) Requests for an exception to the group or joint organization limitation will be reviewed on a case-by-case basis.</p>	