

OPM Email Transmittal to CHCOs dated 14 November 2014

Chief Human Capital Officers and Deputies:

This serves as notice to the CHCO community of guidance on awards applicable to fiscal year (FY) 2015 and beyond, **until further notice.**

The attached Awards Guidance is consistent with the previously-issued Guidance on Awards for Fiscal Year 2014 ([M-14-02](#)), with the following exceptions:

- 1) The Guidance incorporates the reduced aggregate spending percentage caps (as reduced by the Budget Control Act and communicated to the CHCO community in February 2014).
- 2) The Guidance on Awards for Fiscal Year 2014 included a requirement stating “agencies may not exceed FY 2012 spending levels on either category of awards.” **This limitation is removed and agencies are expected to adhere only to the budgetary percentage limitations in the Awards Guidance.**

Future additional proportional reductions in agency spending amounts may be required to comply with further budgetary reductions imposed by the Budget Control Act. If such reductions occur, the revised budgetary spending limits will be communicated at that time.

For additional information, agency Chief Human Capital Officers and/or Human Resources Directors should contact Stephen T. Shih, Deputy Associate Director for Senior Executive Services and Performance Management, in OPM's Employee Services, at (202) 606-8046 or performance-management@opm.gov if they have any questions regarding the attached Awards Guidance. This email notice and Awards Guidance are also being sent to Human Resources Directors and the Council of the Inspectors General on Integrity and Efficiency.

Awards Guidance on Spending Limitations

The Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) are issuing this awards guidance that applies to awards paid during the Fiscal Year (FY) (e.g., FY15 is October 1, 2014, through September 30, 2015) and shall continue to remain in effect until further notice. This guidance is applicable to all departments and agencies (referred to collectively as agencies).

Budgetary Limitations for Individual Monetary Awards

These budgetary limits apply to agency spending for individual monetary awards only, which include rating-based performance awards and individual contribution (e.g., special act) awards.

Agencies must limit total awards spending on the following categories of awards:

- Agencies may spend no more than 4.8 percent of the aggregate salaries of their career executives at the end of the previous fiscal year on individual performance awards for career members of the Senior Executive Service (SES).
- Agencies may spend no more than 4.8 percent of the aggregate salaries* of their senior-level and scientific and professional employees (SL/ST) at the end of the previous fiscal year on individual performance awards for SL/ST employees.
- Agencies may spend no more than 0.96 percent of the aggregate salaries* of all employees at the end of the previous fiscal year on the combination of (1) individual performance awards for non-SES/SL/ST employees, and (2) individual contribution awards (e.g., special act awards) for all employees (i.e., SES/SL/ST and non-SES/SL/ST).

OPM and OMB will continue to monitor awards data that agencies provide to OPM under the agencies' regular reporting procedures for compliance with these limitations.

In addition, if overall Governmentwide discretionary funding levels are reduced below the discretionary spending caps set forth in the Budget Control Act (the BCA) of 2011 (Public Law 112-25), each agency shall further reduce awards spending pools for SES and non-SES by an amount proportional to the Governmentwide reduction made from the original BCA discretionary spending cap, as determined and communicated by OMB.

* These budgetary limitations do not apply to political appointees. Therefore, the salaries of political appointees are not included when calculating the awards funding. The President's August 3, 2010, memorandum freezing discretionary awards, bonuses, and similar payments for political appointees continues in effect until further notice. Agencies should continue to apply this freeze in accordance with OPM's guidance at <http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=3060>.

Other Covered Awards

Consistent with previous awards guidance, the limitations on the following remain unchanged:

- **Other awards and incentives**, such as group awards, referral bonuses, or suggestion/invention awards, are frozen at FY 2010 spending levels. Travel savings and foreign language awards are not frozen.
- **Time-off awards** are not direct monetary expenditures and are not included in the 0.96 percent limit; however, agencies should continue to use time-off awards judiciously as they do represent a cost to the agency.
- **Recruitment, relocation, and retention incentives** are not awards and are not covered by the budgetary limits; however, agencies should ensure that spending on these incentives in the aggregate during the calendar year does not exceed calendar year 2010 levels.
- **Quality step increases** for General Schedule employees is another category of rating-based payment that does not constitute an award. These payments are not covered by the 0.96 percent budgetary limit; however, agencies may not exceed their FY 2010 spending levels on quality step increases granted during the fiscal year.

These budgetary limits apply to all Executive branch agencies for all members of the SES as well as non-SES civilian employees, including SL/ST, General Schedule, wage grade and others, except political appointees covered by the freeze on discretionary spending. Agencies retain the flexibility, however, to apply these budgetary limits on awards programs to all employees, regardless of applicable pay authority, to accommodate current budget constraints, provided they meet all legal requirements and agency contractual obligations.

In applying these budget limitations, agencies should discuss their agency award programs in agency labor-management forums and should honor all collective bargaining obligations and existing agreements prior to implementation.

Additional Information

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

Agencies that did not spend anything in 2010 on the types of awards/payments limited to 2010 spending should contact their Resources Management Officer at OMB to establish appropriate baseline spending amounts.