

AD-A272 473



NUMBER 5120.16

DATE July 15, 1974

ASD(Fmt) 2
756-2346



ASD(M&RA)
Department of Defense Instruction

SUBJECT

**Department of Defense Incentive Awards Program:
Policies and Standards**

- Refs.: (a) DoD Instruction 5120.16, "Department of Defense Incentive Awards Program: Policies and Standards," June 20, 1969 (hereby cancelled)
- (b) DoD Directive 5120.15, "DoD Incentive Awards Program: Assignment of Responsibility," December 3, 1965
- (c) 5 U.S.C. 4501-4506
- (d) 10 U.S.C. 1124
- (e) Federal Personnel Manual, Chapter 451
- (f) DoD Instruction 1416.4, "Quality Salary Increases Subject to the Classification Act of 1949, as amended," March 4, 1963
- (g) Executive Order 11438, "Prescribing Procedures Governing Interdepartmental Cash Awards to the Members of the Armed Forces," December 3, 1968
- (h) Executive Order 10717, "The President's Award for Distinguished Federal Civilian Service," June 27, 1957, as amended by Executive Order 10979 and Executive Order 11085
- (i) DoD Instruction 1348.9, "Antarctica Service Medal," March 2, 1973
- (j) Executive Order 10431, "National Security Medal," January 19, 1953

I. REISSUANCE

This Instruction reissues reference (a) to implement incentive awards program changes made by the U. S. Civil Service Commission and to update other program requirements and procedures. Reference (a) and Report Control Symbol DD-M9A) 786 are hereby superseded and cancelled.

II. PURPOSE AND APPLICABILITY

This Instruction establishes policies, eligibility criteria and

93-27028



93 11 4 141

Continuation of II.

standards to be applied by all Department of Defense (DoD) Components in the processing and granting of incentive awards to DoD civilian employees and members of the armed forces (hereinafter referred to separately as "employees" or "members" and collectively, when appropriate, as "DoD personnel").

III.

DEFINITIONS

- A. **Incentive Awards.** This general term is used to refer to awards to civilian employees for beneficial suggestions and inventions; special achievement awards (either for sustained superior job performance, or for special acts or services in the public interest, connected with or related to official duties); honorary awards; and career service awards. The term is also applicable to awards to military members for beneficial suggestions, inventions, and scientific achievements. Members are not eligible for performance awards.
1. **Cash Awards** may be granted to DoD personnel by (a) DoD Components, based on tangible and intangible contributions, acts, services, or other achievements meriting special recognition; and by (b) other departments of the Federal Government, based on contributions which are applied therein. (See enclosure 2.)
 2. **Honorary Awards** may be used as a means of recognizing achievements of DoD civilian employees and the achievements of employees of other departments of the Federal Government for their contributions to the DoD, individually or in groups. Such awards may be granted independently of or in addition to cash awards. They are not, however, intended to serve as substitutes for deserved cash awards. (See enclosure 3.)
 3. **Career Service Awards** may be established as a means of recognizing long and satisfactory service of DoD civilian employees. (See enclosure 3.)
- B. **DoD Component.** As used in this Instruction, one of the several organizational elements of the DoD defined in reference (b); the **Head of a DoD Component** is one of the several officials (Secretaries of the Military Departments, Assistant Secretary of Defense (Comptroller), and Directors of Defense Agencies) to whom authority to pay cash awards is delegated directly by DoD Directive 5120.15 (reference (b)).

5120.16
Jul 15, 74

IV. POLICY

It is the policy of the DoD to encourage the fullest participation of DoD personnel in improving Government operations, and to recognize and reward eligible personnel at all levels, individually or in groups, for (a) contributions to efficiency, economy, and other improvements in Government operations that are above those normally expected, and (b) special achievements in the public interest in connection with or related to their official employment.

V. RESPONSIBILITIES

A. Heads of DoD Components are responsible for:

1. The development of internal programs which will assure that:

(a) Management officials under their jurisdiction (1) identify, through normal management review and control processes, program and operational areas where superior work results may warrant award consideration; and (2) request supervisors to identify those employees deserving award consideration and submit appropriate recommendations.

(b) Military and civilian supervisors (1) identify, on their own initiative, those employee or groups of employees whose contributions merit special recognition; and (2) examine beneficial suggestions and constructive ideas to determine not only their applicability within the respective areas of administrative cognizance, but also their possible application within other areas of the DoD and other departments and agencies of the Federal Government.

(c) The suggestion system is fully utilized as a medium by which ideas may be channeled in connection with the finding of solutions to matters of current concern. These matters should include not only those problems identified from time to time for special attention at the installation level but also matters of national significance such as the energy conservation effort.

Accession For	
NTIS CRA&I	☒
DTIC TAB	☐
Unannounced	☐
Justification	
By <i>per form 2</i>	
Distribution /	
Approved / Order	
Dist	Special

A-1

DTIC QUALITY INSPECTED 8

ntinuation of V. A.

2. Establishment of an Incentive Awards Board to act as a board of review on award recommendations for which approval authority has not been delegated to officials at subordinate echelons within the organization, and to carry out any other assigned responsibilities.
3. Assuring that adequate publicity is given to (a) the needs for suggestions from DoD personnel and (b) benefits accruing to the Government as well as to program participants.
4. Establishment of procedures to assure that award recognition under this program is annotated in the employee's or member's personnel record.

B. The Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs), is hereby assigned the following responsibilities:

1. Developing (including consultation with DoD Components and labor organizations representing DoD employees) and recommending policies, standards, and procedures intended to improve the operation of awards programs within the DoD.
2. Encouraging application throughout the DoD of constructive ideas received through the incentive awards program.
3. Reviewing recommendations for cash awards in excess of \$5,000, and transmitting such recommendations to the Civil Service Commission (CSC) in the case of employees and the Assistant Secretary of Defense (Manpower and Reserve Affairs) in the case of members.
4. Coordinating the review of (a) nominations for the Department of Defense Distinguished Civilian Service Award and (b) nominations from within DoD for the President's Award for Distinguished Federal Civilian Service (see Enclosure 3).
5. Compiling DoD-wide reports on the incentive awards programs, and transmitting to the CSC the required annual report on the operation of the incentive awards program

Continuation of V. B. 5.

with respect to employees; and to the President, the annual report to the Congress required by 10 U. S. C. 1124 (reference (d)).

- C. The designated official in each DoD Component who is responsible for the overall internal operation of the awards program will advise and assist the Deputy Assistant Secretary of Defense (Civilian Personnel Policy) in carrying out his responsibilities under this Instruction.

VI. ELIGIBILITY FOR AWARDS

- A. All employees of the DoD paid from appropriated funds are eligible to receive cash and/or honorary awards. All members of the armed forces on active duty are eligible to receive cash awards for suggestions, inventions, and scientific achievements.
- B. Former employees or the estates of deceased employees are eligible to receive awards for contributions made by such persons while employed in the DoD. Awards to separated or deceased members of the armed forces for contributions made on active duty may be made to the former member or his estate, as appropriate.
- C. Recognition of military personnel by decorations or other non-monetary awards will not affect eligibility for cash awards under this Instruction, and the pertinent regulations and orders governing such non-monetary military awards are not modified by this Instruction.
- D. Employees of nonappropriated fund activities are not eligible to receive awards paid from appropriated funds. However, nonappropriated fund activities should establish their own awards programs consistent with the provisions of this Instruction, to the extent feasible within their resources.
- E. Foreign nationals employed under agreements with foreign governments who are (1) in fact employees of a foreign government or of an agent of that government, and (2) assigned to the U. S. Forces on a reimbursable cost basis, are not eligible to receive awards under the provisions of this

Instruction. An incentive awards program for such individuals may be established when appropriate, through provisions in the agreement made with the foreign government concerned. When provisions of this type are incorporated in such an agreement they should conform to the standards and criteria contained in this Instruction to the maximum extent practicable.

VII. CRITERIA, NOMINATION, PROCESSING AND FINANCING

- A. Enclosure 2 sets forth criteria for cash awards, identifies methods to be used in determining award amounts, outlines processing and approval procedures and provides guidance as to the manner in which such awards are to be financed.**
- B. Enclosure 3 provides information concerning criteria for both honorary and career service awards for DoD employees, and nomination procedures for the former.**

VIII. REPORTS

- A. DoD Components will submit annual incentive awards program reports to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs). Reports for civilian personnel will be made in triplicate on Standard Form 69 by August 15 for the fiscal year ending on the previous June 30. Reports for military personnel will be made in triplicate on DD Form 1609 by September 1 for the fiscal year ending the previous June 30. Additional reporting instructions will be issued annually 60 to 90 days in advance of when reports are due.**
- B. The reporting requirements for civilian personnel are assigned Interagency Report Control Number 1059-CSC-AN-T. The reporting requirements for military personnel are assigned DD-M(A) 1345.**

5120.16
Jul 15, 74

IX. EFFECTIVE DATE AND IMPLEMENTATION

- A. This Instruction is effective upon publication.**
- B. Two copies of implementing regulations shall be forwarded to the Assistant Secretary of Defense (Manpower and Reserve Affairs), Attn: Deputy Assistant Secretary of Defense (Civilian Personnel Policy), within 60 days.**

William K. Barkman

Assistant Secretary of Defense
(Manpower and Reserve Affairs)

Enclosures - 4

- 1. Table of Contents**
- 2. Cash Awards**
- 3. Honorary Awards and Career
Service Awards**
- 4. Award Scales**

Jul 15, 74

DEPARTMENT OF DEFENSE INCENTIVE AWARDS PROGRAM:
POLICIES AND STANDARDS

TABLE OF CONTENTS

	<u>Page</u>
References	1
Section I. REISSUANCE.....	1
II. PURPOSE AND APPLICABILITY	1
III. DEFINITIONS	2
IV. POLICY	3
V. RESPONSIBILITIES	3
VI. ELIGIBILITY FOR AWARDS	5
VII. CRITERIA, NOMINATION, PROCESSING AND FINANCING	6
VIII. REPORTS	6
IX. EFFECTIVE DATE AND IMPLEMENTATION ..	7
Enclosure 2 CASH AWARDS	
Section I. CRITERIA.....	1
II. AMOUNT OF CASH AWARDS	5
III. PROCESSING AND APPROVAL OF CASH AWARDS	8
IV. FINANCING OF AWARDS	13
Enclosure 3 HONORARY AWARDS AND CAREER SERVICE AWARDS	
Section I. HONORARY AWARDS	1
II. CAREER SERVICE AWARDS.....	5

5120.16 (Encl 1)

Jul 15, 74

Enclosure 4 DEPARTMENT OF DEFENSE AWARDS SCALES

AWARD SCALE A - AWARD SCALE FOR TANGIBLE BENEFITS

AWARD SCALE B - AWARD SCALE FOR INTANGIBLE BENEFITS

AWARD SCALE C - SPECIAL ACHIEVEMENT AWARDS BASED ON
SUSTAINED SUPERIOR PERFORMANCE

Jul 15, 74

CASH AWARDSI. CRITERIAA. Civilian Employees

1. General. As provided by the Civil Service Commission in reference (d), cash awards may be granted to employees or groups of employees for contributions which are either outside job responsibilities, or within job responsibilities but so superior as to warrant special recognition. Contributions which warrant recognition may result from one or more of the following:

a. Suggestions. Constructive ideas, including those that are patentable.

(1) Contents of suggestion. To be eligible for award consideration, a contribution should propose a significant improvement which is outside the normal job responsibilities (as determined by line management), is not already under consideration and would not otherwise be effected; and, further, it should not merely identify a need for improvement but must set forth a specified proposed course of action. Suggestions which point out the need for routine maintenance work, recommend enforcement of existing rules, propose changes in housekeeping practices, or call attention to errors or alleged violations of regulations normally should not be processed as suggestions.

(2) Contractor operations. Eligible DoD personnel who make suggestions concerning the improvement of materials or services purchased from a contractor may receive an incentive award if the improvement results in tangible or intangible benefits to the Government as, for example, a reduction in the cost of a product being purchased. To be eligible for such award, the individual should submit his suggestion to his employing installation so that the Government may propose the improvement

Jul 15, 74

to the contractor. Submission of the suggestion through Government channels is important in order to assure identification of the origin of the proposal and of the benefits to the Government. Awards are not payable to Government employees or members of the Armed Forces based upon benefits to a contractor.

b. Sustained Superior Performance

- (1) Defined. A contribution consisting solely of sustained superior performance of assigned duties by individual employees (other than a foreign national in an overseas area) over a significant period of time. Tangible savings from such performance should not be a factor in determining award eligibility.
- (2) Limitation. No more than one award of this type will be granted to an employee on the basis of work performance during a particular period of service. The sustained work performance must have been at the same grade level, unless the employee was demoted during this period for reasons other than for cause. Promotions, demotions, and separations subsequent to the completion of the period upon which the award is based should not affect the employee's award eligibility. The award recommendation should indicate specifically in what way the employee's performance exceeded the standards for his position.
- (3) Relationship to quality increases. In the case of employees subject to the Classification Act, sustained high quality performance may be recognized by means of quality increases (see reference (f)) or by lump-sum cash awards. Lump-sum awards are appropriate, for example, (1) when the employee is at the maximum rate of the grade; (2) where circumstances special to the employee under consideration, such as imminent promotion, make a cash award preferable; (3) where the high quality performance warranting special recognition is of a one-time nature and is not expected to continue in the future; (4) where the performance significantly exceeds job requirements in one or more important job functions but does not meet all requirements for a quality salary increase, as set forth in reference (f); (5) when a lump sum award has other advantages to the agency and the employee.

c. Special Act or Service

- (1) Defined. A one-time, nonrecurring achievement or contribution

5120.16 (Encl 2)
Jul 15, 74

performed in connection with or related to official employment which contributes to the efficiency, economy, or other improvement of Government operations or is otherwise in the public interest. The granting of a Special Achievement Award based on a special act or service does not affect the employee's eligibility for a Special Achievement Award based on sustained superior performance if criteria for the latter award are met.

- (2) Heroic Act. A special act resulting from the demonstration of unusual courage or competence in an emergency, such as rescuing fellow workers or saving public property. The act must be in the public interest and connected with or related to official employment with the Department of Defense. Should the act be related to the employee's own assigned duties, it must for purposes of cash award entitlement manifest great courage and voluntary risk of personal safety over and beyond the call of duty.

2. Contributions within job responsibility. Considerations such as the following should be applied in determining whether an employee's contribution which is within or a part of his job responsibility is sufficiently superior to warrant an award.

- a. General. The employee's job description, assigned duties, and the normal performance requirements of his position should be reviewed to determine the degree to which the employee's contribution exceeds the normal requirements of the work for which he is being paid.

- b. Suggestions and Special Act or Service

- (1) The amount of savings, if any, or the degree of improvement effected by the employee should be determined and considered in relation to the employee's job responsibilities. The amount of savings alone should not be used to determine an employee's eligibility for an award, since in many positions the accomplishment of large savings often results from normal performance of duties. Normally, higher level employees, to be entitled to an award, will be expected to effect more significant improvements and/or larger savings than employees in the lower grades.
 - (2) The extent to which an employee's contribution has a beneficial effect outside his immediate installation is not in itself a qualifying factor but is one to be considered

Jul 15, 74

along with the degree to which the contribution exceeded the normal requirements of the work for which the employee is being paid and the amount of ingenuity and initiative reflected in the employee's contribution.

c. Special Act or Service

When no direct measurable monetary benefits are involved, demonstrable results of the following types should be considered:

- (1) Enabling work of the unit to proceed on schedule during unplanned absence of associates or superiors or by meeting unusual demands through performance of higher level duties on the employee's own initiative along with regularly assigned duties of the employee's position.
- (2) Sustaining the output of a unit in unusually adverse circumstances, or increasing noticeably the output of a unit, by either supervisors or nonsupervisors, through superior leadership or motivational efforts.
- (3) Significantly improving public relations of the DoD, or sustaining good outside relations in unusually adverse circumstances.
- (4) Improving service to the public in a specific way.
- (5) Enabling the unit to meet unanticipated unit demands by performance of unusual duties for short periods at the same or higher levels than his regular duties.

d. Sustained Superior Performance. The following contribution is illustrative of one which may provide the basis for a Special Achievement Award based on sustained superior performance: Performing regularly a sufficient quantity, quality or a variety of types of work over and above that provided by a good employee to make a noticeable difference in the number of persons that must be employed for or assigned to the work of the unit.

B. Military Personnel. Cash awards may be granted to members of the Armed Forces under this Instruction or reference (g) for contributions of the idea type which are outside official responsibilities.

Jul 15, 74

Appropriate idea type contributions for which awards may be granted are suggestions (see I.A.1.a.(1) and (2) of this enclosure for requirements concerning contents of suggestions and suggestions relating to contractor operations), inventions, or scientific achievements which contribute to the efficiency, economy, or other improvement of operations of the DoD or of the Government of the United States.

Awards under this Instruction will not be made to members for superior performance of assigned duties, or for contributions which reasonably may be considered to be within the scope of those duties. In determining whether a member's contribution is eligible for award, explicit assignments and responsibilities implicit in grade or organizational position shall be carefully considered.

II. AMOUNT OF CASH AWARD

DoD Components may grant cash awards to employees or members, or groups of employees or members, based either upon tangible monetary savings, intangible benefits to the Government, or a combination of both resulting from their contributions.

A. Tangible Benefits

1. A cash award may be made for a contribution that results in tangible benefits having a value of \$250 or more.
2. The amount of such awards will be not less than \$25 and normally will be based on the estimated net monetary benefits for the first full year of operation following use of the contribution. When there are substantial non-recurring costs in adopting a contribution which will be useful for a number of years, and the amount of the award on the basis of the net first-year benefits would be inadequate reward, the award may be computed as provided for in III.B.1., below.
3. Award Scale A, set forth in enclosure 4, will be applied in the case of contributions resulting in tangible benefits. Exceptions which exceed the maximum amounts listed may be granted only by the Head of the DoD Component concerned, or his designee for this purpose. When such exceptions are made, the reasons therefor should be fully documented in the record. The award scale does not establish any entitlement to an amount in excess of the actual award by a competent authority.

Jul 15, 74

B. Intangible Benefits

1. When it is determined that an individual or group of individuals is eligible for a cash award based solely or primarily on intangible benefits, the amount of the award paid will be determined (except as limited in IL D., below), by applying Award Scale B set forth in enclosure 4. The scale does not establish any entitlement to an amount in excess of the actual award by a competent authority.
2. The minimum cash award based on intangible benefit is \$25. This minimum award should be granted only when the contribution compares favorably with the minimum level of tangible benefits set forth in IL A. 1., above.

C. Special Achievement Awards Based on Sustained Superior Performance of Assigned Duties

1. Maximum amounts for awards based upon sustained superior performance of duty are set forth in Award Scale C, enclosure 4. Awards in excess of these amounts or of greater frequency than that permitted by I.A.I.b.(2) above, may be granted only under exceptional circumstances with the approval of the Head of the DoD Component concerned or his designee for the purpose.
2. Major overseas commanders will determine the amount of awards to be paid foreign national employees of the U.S. forces. Maximum awards should not exceed the maximums authorized for comparable GS or FWS positions in Award Scale C, enclosure 4.

D. Group Awards

1. The total of a group cash award will not exceed the amount authorized for that type of award if made to one individual, unless a larger award is specifically authorized by the Head of the DoD Component concerned, or his designee for this purpose. When such exceptions are made, the reasons therefor should be fully documented and made a matter of record. Under no circumstances can the total amount of a group cash award exceed \$25,000.
2. Cash awards made to groups of individuals should be distributed as follows:
 - a. If all of the individuals have contributed on a substantially equal basis to the contribution being recognized, each individual should receive an equal share of the total award.

Jul 15, 74

- b. If the degree of contribution from individuals in the group differs materially, each individual should receive a share of the total group award that is in proportion to his particular contribution.
- c. A member of the Armed Forces is eligible to receive a share of the total group award in accordance with the eligibility criteria specified in I. B., above.

E. Inventions

1. DoD personnel whose invention disclosures are received by an incentive awards committee will be eligible for (1) an initial award (\$50 suggested) upon advice of the appropriate patent section that the conditions described in III. A. 9., below, have been met, and (2) an additional award (\$100 suggested) when a patent covering the invention is issued. When the actual value of the invention can be determined, any additional award may be based upon the savings accruing during the first year after the contribution was placed in use or the first year after the patent was issued. Where an invention involving high installation costs will be useful for a number of years, and the amount of the awards on the basis of first-year benefits would be an inadequate reward, the award may be computed as provided for in III. B. 1.
 - a. If an individual's application for patent is placed under a secrecy order, he will become eligible for the additional award when a Notice of Allowability of the application is issued by the U. S. Patent Office in lieu of issuance of a patent.
 - b. When two or more individuals are co-inventors, each may receive the initial award; the additional award should be divided equally among the several eligible co-inventors.
2. Awards under this section are not authorized if a cash award has been paid for the same contribution as a suggestion, except that where a suggestion award has totaled less than the amounts payable under this section, the employee or member may be awarded the difference.

- F. Heroic Acts. When a Secretary's/Director's Award (see enclosure 3) is granted for a heroic act, a modest cash award may be given to the recipient if no other cash award has previously been granted in connection with this act.

Jul 15, 74

III. PROCESSING AND APPROVAL OF CASH AWARDS

- A. Processing of Contributions. In order that the full incentive value may be obtained from the awards program, awards should be made to contributors as promptly as possible. The following measures are in furtherance of this objective:
1. Authority to approve awards should be delegated to the lowest practicable level.
 2. Military and civilian supervisors are responsible for:
 - a. promptly evaluating suggestions and ideas that are forwarded to them for review by incentive awards committees, boards, or other proper authority; and
 - b. prompt initiation of award recommendations for those employees whose efforts on the job entitle them to recognition under the Incentive Awards Program.
 3. Local awards committees may be established wherever practicable to monitor the operations of the awards program at the installation, stimulate participation by civilian and military personnel, review contested decisions, assist in selection of nominees for competitive and honorary awards, review and recommend action on larger cash awards, and assure coordination of Incentive Awards Program activities and publicity with various management improvement programs. Employee representation on or participation in the work of local awards committees may be a matter for negotiation with labor organizations holding exclusive recognition.
 4. Line officials in the installation who have significant managerial responsibility should be vested with authority to approve awards. While reasonable dollar limitations may be placed on this approval authority, the authority granted line officials in this connection should be commensurate with the extent of delegation in other areas of management. Local awards committees or program administrators should periodically review award approvals by line officials to assure consistent and equitable evaluations.

Jul 15, 74

5. Time limits for processing of suggestions and nominations for awards should be established and an effective follow-up system maintained. Local awards committees or program administrators should periodically review compliance with these time limits and initiate action through management channels to correct situations where time limits are not being observed. The time limits should include a norm of 30 days for processing suggestions which can be acted upon at the installation level.
6. An idea submitted by a contributor may be considered adopted and eligible for an award when it is certified by a responsible official that the suggestion has been or will be put to use. In those instances where delays will be necessary in order to implement or determine the value of the employee's contribution, a nominal cash award may be paid when it is reasonably certain the value of the employee's or member's contribution so warrants and that the suggestion will be implemented. The initial cash award will be considered as part of the total award. (No adjustments downward in this initial award are authorized when the final determination of the value of the contribution is made.)
7. DoD Components shall establish and define the authority of (a) installation commanders and (b) major commanders to approve cash awards. When a recommended award exceeds the amount which the major commander has been delegated authority to approve, the recommendation will be forwarded to the Incentive Awards Board or Administrator of the DoD Component concerned. Those portions of the total award which fall within delegated authority at the installation and major command level may be paid prior to submission of such a recommendation to the component headquarters.
8. Recommendations for cash awards in excess of \$5,000 will be forwarded in triplicate to the Assistant Secretary of Defense (Manpower and Reserve Affairs), Attention: Deputy Assistant Secretary of Defense (Civilian Personnel Policy), for (a) consideration and transmittal to the Civil Service Commission in the case of civilian employees, or (b) final action by the ASD(M&RA) in the case of members.
9. Communications relating to eligible individuals' inventions which are received directly from the inventors by a DoD Component's office responsible for patent matters will be referred to the appropriate Incentive Awards Office for award consideration immediately after it has been determined that the invention (a) is of value or potential value to the DoD, and (b) was made under

Jul 15, 74

circumstances which resulted in the Government initiating action to obtain title or license. When these conditions are not present, but the invention is determined to be of value to the DoD and the inventor consents to consideration of the invention for an incentive award, the inventor will be required to sign a claim waiver agreement.

B. Calculation of Savings and Documentation of Awards

1. Tangible savings from contributions of DoD personnel will normally be calculated on the basis of the estimated net savings for the first full year of operation. An exception may be made in cases where an improvement with a high installation cost will yield measurable savings continuing more than one (1) year. In these cases, the award may be based on the average annual net savings over a period of years, which may not exceed either the reasonable life of the initial installation or the clearly predictable period of use, whichever is the shorter.
2. Labor costs used in calculating installation costs and/or man-hour savings should be based on actual costs, where available, or on average salary costs used for budgeting purposes. Overhead or indirect costs and related payroll costs, such as Government contributions for retirement, health insurance or life insurance should not be included in computations as savings.
3. Records of adopted suggestions and other contributions involving tangible benefits should include full documentation of the basis of all estimated or demonstrated savings and the calculations made.
4. When an employee or member is being recommended for an award in excess of \$5,000, the recommendation shall include a statement which clearly describes the individual's assigned responsibilities, the relationship of the contribution to those responsibilities, and the determination made with respect to his eligibility for a cash award. Recommendations for awards should be documented with data specifically indicating how the employee or member has met the standards prescribed for the award for which he is being recommended. Such documentation need not be lengthy, but should be factual and emphasize the results achieved and tangible or intangible benefits resulting from the employee's efforts.

Jul 15, 74

C. Time Limits for Award Eligibility

1. To be eligible for an award, an idea must have been adopted within a specified time period (normally not more than one year) from the date of final action on the suggestion. Ideas submitted for award consideration after their adoption must be submitted within a specified time period after adoption (normally not more than three months) to be eligible for an award.
2. Award recommendations for employees based upon superior performance should be submitted as soon as possible (normally not more than six months after the end of the period on which the recommendation is based). When an award recommendation is based upon an outstanding performance rating, it should be submitted within sixty (60) days of approval of the rating.

D. Relationship to Other Programs**1. Management Improvement Programs**

- a. Procedures should be established at each installation to assure that employees who make contributions to management improvement programs are given consideration for appropriate recognition in the Incentive Awards Program.
 - b. Suggestions and other contributions resulting in cost reductions which are received or recognized in the incentive awards program should be referred to the appropriate program administrator for consideration for inclusion in that program.
 - c. Publicity concerning achievements and awards under the several programs should be coordinated to the maximum extent feasible in order to reinforce the total effort to achieve improvements in efficiency, economy, and working conditions.
2. Outstanding Performance Ratings are in themselves a significant form of employee recognition and need not be accompanied by a special achievement award based on sustained superior performance (see II. C., above), a quality salary increase (see reference (f)), or other types of additional recognition. The nature of the employee's achievements, position level, previous awards, and

Jul 15, 74

related circumstances should be considered in determining whether an employee recommended for an outstanding rating could also be recommended for additional monetary or honorary recognition.

E. Consideration of Employee Member Ideas Throughout the DoD

1. When an idea submitted to one DoD activity is considered to have application to one or more other DoD activities or components, it should be forwarded by the office of primary responsibility to its counterpart office in the other activity, if within the same DoD Component, or to the office of primary responsibility of another Component if such dissemination is desired, or to the headquarters of the Component if dissemination to another Federal agency is desired.
2. Suggestions to be considered within the Office of the Secretary of Defense should be forwarded to the Executive Secretary, OSD Incentive Awards Board. All such referrals should contain a positive recommendation as to whether or not the idea should be adopted and reasons therefor. Coordination with the other military departments and/or other Defense agencies is to be done by the appropriate office within OSD.
3. Ideas determined to be of value to the parent DoD activity will be adopted, and awards based on their value to that activity paid without waiting the results of other organizations' evaluations. The final award is to be computed based on total benefits to all affected components and financed in accordance with IV.B.2. and 3., of this enclosure.
4. The employing activity is responsible for making determinations concerning the suggestor's eligibility for cash award.

F. Interdepartmental Awards

1. Ideas submitted by eligible DoD personnel which are considered to have application to departments of the Government outside the DoD and which thereby are eligible for consideration for interdepartmental awards, will be forwarded by the Incentive Awards Office of the employing DoD Component for interdepartmental consideration, in accordance with section 451.308 of the CSC regulations if the contributor is a civilian employee. Similar

Jul 15, 74

procedures should be used if the contributor is a member of the Armed Forces. Reports on action taken and awards recommended by departments outside the DoD should be referred to the Executive Secretary of the Incentive Awards Board of the employing DoD Component.

2. Ideas submitted by employees of other Federal departments will be (a) received directly by the Incentive Awards Offices of the DoD Components concerned, from either the CSC or the originating department; and (b) evaluated on the same basis and standards as used in the case of contributions submitted by employees of the DoD.
 - a. The value of such contributions should be calculated on the same basis and in the same manner as that used for determining the amounts to be paid to employees of the DoD, except that final determination of the value of the contribution will be made by the respective Incentive Awards Board of the DoD Components.
 - b. Report of action taken on the contributions of employees of other Federal departments will be made by the respective Incentive Awards Office.

IV. FINANCING OF AWARDS

- A. Cash awards granted pursuant to this Instruction will be financed as follows:
 1. Awards to personnel of industrially funded activities will be charged as an operating expense and financed in a manner to be determined by Heads of DoD Components.
 2. All other awards will be financed from operation and maintenance type funds (those funds which pay the salaries of employees, i.e., O&M, RDT&E, etc.) in a manner to be determined by Heads of DoD Components.
- B. When a DoD Component adopts a suggestion received from another DoD Component, it will determine the amount of the award in accordance with the procedures outlined in this Instruction. When the adopting component is responsible for financing the award under the conditions described in paragraphs IV.B.1. and 2., below, it will either execute a check (payable to the submitting DoD Component) or an

Jul 15, 74

appropriate transfer voucher for the full amount of the award. The check or transfer voucher will be sent to the Incentive Awards Office of the submitting DoD Component for deposit, withholding of income taxes, as applicable, and payment of the net amount to the award recipient. The financing of awards is subject to the following requirements.

1. Awards determined to be less than \$100 will be financed by the submitting rather than the adopting component.
2. When more than one component is considering a suggestion, the award will not be financed until all necessary evaluations have been received by the submitting component. Ideas determined to be of value to the submitting component will, however, be adopted and awards based on their value to that component paid, without awaiting the results of other organizations' evaluations. The submitting component, upon receipt of all required evaluations, will compute the total first year tangible savings realized and apprise each adopting component of its award obligation. The portion of the total award chargeable to each adopting component will be in direct proportion to the percentage of the total first year tangible savings realized by the component.
3. When more than one component is considering a suggestion from which intangible benefits may be realized, the award will not be financed until all necessary evaluations have been received and a total evaluation made by the submitting component. The Incentive Awards Office of the submitting component will endeavor to work out an equitable agreement with its counterpart offices in adopting components as to the amount each component is to finance. If appropriate award amounts cannot be agreed upon, the submitting component may request the Office of the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), OASD(M&RA), to render assistance in the attempt to arrive at an equitable solution.

C. Interdepartmental awards will be financed as follows:

When a DoD Component adopts an idea submitted by an employee of another Federal department, arrangements will be made for payment in accordance with Section 451.309 of the CSC regulations.

Jul 15, 74

- D. Each DoD Component should take the actions necessary to provide the financing required to adequately support the Incentive Awards Program. Awards authorized in accordance with this Instruction will be considered obligations which must be met.

Jul 15, 74

HONORARY AWARDS AND CAREER SERVICE AWARDS**I. HONORARY AWARDS****A. The Department of Defense Distinguished Civilian Service Award**

1. This award is presented in an annual ceremony by the Secretary of Defense to from five to seven DoD civilian employees whose careers reflect exceptional devotion to duty and extremely significant contributions of broad scope to the efficiency, economy, or other improvement in the operations of the DoD. Awards may be made for contributions in a scientific field or for accomplishments in technical or administrative endeavors.
2. Recommendations for this award will be forwarded by Heads of DoD Components to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), OASD(M&RA), by February 1 of each year. Requirements with respect to format and contents of nominations will be announced annually by December 1.
3. Each DoD Component may nominate not more than six (6) employees for consideration. Persons nominated in one year but not selected may be renominated in subsequent years.

B. Awards Established by DoD Components

1. Each DoD Component (except the Office of the Secretary of Defense) will establish at least two (2) levels of honorary awards to be awarded to its civilian employees.

The highest award (designated for the purpose of this Instruction as the "Secretary's/Director's Award") shall be issued by the Head of the DoD Component concerned for contributions of the broadest scope to a DoD Component or to the DoD as a whole. The other award (designated the "Major Commander's Award") will be authorized for issuance by major commanders for contributions which are of major importance but are not of sufficient scope to warrant the Secretary's/Director's Award.

Jul 15, 74

2. The Office of the Secretary of Defense has established an award, the Secretary of Defense Meritorious Civilian Service Medal, to be granted on a highly selective basis to those civilian employees distinguishing themselves by exceptionally meritorious service to OSD or to the entire DoD.

C. Service Medals for Civilian Employees

1. Civilian Service in Vietnam Medal. This Medal is awarded to civilian employees of the DoD and certain other personnel serving with the Armed Forces in recognition of honorable performance of duty in Vietnam for one (1) year on or after January 1, 1962. A miniature medal, lapel pin and certificate accompany the Medal.

a. Eligibility

- (1) Civilian employees of the Department of Defense serving in Vietnam, including employees of non-appropriated fund activities, as well as employees of the American National Red Cross and of the United Service Organizations (USO) serving under orders issued by a Military Department, with the exception of Americans and Nationals of other countries who fall within one of the foregoing categories but have resided in Vietnam prior to January 1, 1962, are eligible to receive this Medal upon completion of an aggregate of 365 days of service, including days of leave authorized while on duty in Vietnam, providing that (a) the 365 days commenced on or after January 1, 1962; (b) the assignment was on the basis of a regular tour of duty or was otherwise the result of an official determination, such as extended or intermittent temporary duty; and (c) performance was adequate at all times.
- (2) An individual who has not completed the aggregate of 365 days of service in Vietnam, but who is otherwise eligible and whose service in Vietnam is discontinued because of injury or disability incurred as a result of hostile action, will be deemed eligible to receive this award.
- (3) An individual whose service in Vietnam is terminated as a result of reduction in force, and who, when terminated, was serving on a tour of duty which, if

Jul 15, 74

completed, would have met the 365-day requirement set forth above, will be deemed eligible to receive this award.

b. Responsibility

- (1) The Red Cross, USO, and each DoD Component will procure and stock its own supply of medals and certificates. Procurement will be coordinated through the Office of the Assistant Secretary of Defense (M&RA).
- (2) When an employee attains eligibility for the Medal, the employing command of the DoD Component concerned in Vietnam will notify the Defense Attache Office of the employee's eligibility which will, in turn, forward a completed certificate to the American Embassy, Saigon, far enough in advance of the employee's departure date so that it may be signed by the Ambassador or Charge d'Affaires ad interim and returned to the command for presentation with the Medal prior to the employee's leaving Vietnam.
- (3) In any case in which the Medal and certificate cannot be presented to an eligible employee prior to his departure from Vietnam, information concerning the eligibility, full name, address and current employing activity of the individual should be furnished to the headquarters of the DoD Component concerned so that arrangements may be made to have the certificate signed by the Secretary of the Military Department or Head of the Defense Agency to which the employee was assigned while in Vietnam, and presented with the Medal by an appropriate official.

2. Antarctica Service Medal. This Medal is awarded to civilian employees of the Department of Defense and other persons in accordance with the criteria set forth in DoD Instruction 1348.9 (reference (i)).

- D. Other Honorary Awards. Honorary awards in the form of wall or desk plaques, citations, or other appropriate symbols may be granted in recognition of special contributions by employees and supervisors to progress in such program areas as equal employment opportunity, energy conservation, voluntary action, etc.

Jul 15, 74

E. Non-DoD Awards

1. The President's Award for Distinguished Federal Civilian Service. Pursuant to E. O. 10717 (reference (h)), the Secretary of Defense may nominate civilian career officers and employees of the DoD, or officers or employees of another Federal department whose service can be reasonably considered as career service, for consideration for this award. Recommendations of nominees considered to meet the criteria prescribed by the CSC will be submitted by the Head of the DoD Component concerned to the ASD(M&RA). Nominating procedures, criteria, and deadlines for recommendations will be announced periodically.
2. National Security Medal. Nominations of DoD personnel for the National Security Medal established by E. O. 10431 (reference (j)) shall be submitted to the National Security Council through the Assistant Secretary of Defense (Manpower and Reserve Affairs).
3. Other Non-DoD Awards
 - a. There are a number of awards sponsored by private organizations and other governmental bodies for which DoD employees may be nominated. These include the Rockefeller Public Service Awards, the National Civil Service League Career Service Awards, the Federal Women's Award, the Arthur S. Flemming Award, the William A. Jump Award, and others. In some cases both monetary and honorary recognition are included in the awards, which are granted on a highly selective basis.
 - b. DoD Components wishing to nominate candidates for an award of this type should do so in accordance with the procedures and criteria set forth in the award announcement.

F. Miscellaneous Provisions

1. With the exception of the DoD Distinguished Civilian Service Award, the President's Award for Distinguished Federal Civilian Service, and career service awards, only one honorary award may be given for a single act, achievement or period of service. However, if circumstances warrant, an employee may be granted an honorary award in recognition of the contribution for which a cash award has been granted.
2. An individual who receives the DoD Distinguished Civilian Service Award or the Secretary of Defense Meritorious Civilian

Jul 15, 74

Service Medal (established under I. B. of this enclosure) does not thereby become ineligible for a future grant of the same award, provided any subsequent consideration is based on a different achievement or service performed during a different period. Subsequent grants of either of these awards will be recognized successively by the issuance of a bronze, silver and gold palm leaf ribbon attachment (FSH: 8455-249-0163) for the original medal.

II. CAREER SERVICE AWARDS

DoD Components are encouraged to utilize length of service awards such as the Federal career service emblem, certificates, plaques, or other suitable devices as a means of recognizing long, faithful service and stimulating employees' pride and interest in their organization.

Jul 15, 74

DEPARTMENT OF DEFENSEAWARD SCALE AAward Scale for Tangible Benefits

<u>Tangible Benefits</u>	<u>Amount of Award</u>
\$250	\$25.00
\$251 -- \$1,000	\$25.00 for the first \$250 in benefits plus \$5.00 for each additional \$50.00 or fraction thereof.
\$1,001 -- \$10,000	\$100.00 for the first \$1,000 in benefits plus \$5.00 for each additional \$100.00 or fraction thereof.
\$10,001 -- \$20,000	\$550.00 for the first \$10,000 in benefits plus \$5.00 for each additional \$200.00 or fraction thereof.
\$20,001 -- \$100,000	\$800.00 for the first \$20,000 in benefits plus \$5.00 for each additional \$1,000.00 or fraction thereof.
\$100,001 or more	\$1,200.00 for the first \$100,000 in benefits plus \$5.00 for each additional \$5,000 or fraction thereof.

DEPARTMENT OF DEFENSE
AWARD SCALE B
AWARD SCALE FOR INTANGIBLE BENEFITS^{1/}

5120.16 (Encl 4)
Jul 15, 74

EXTENT OF APPLICATION

<u>VALUE OF BENEFIT</u>	<u>LIMITED</u>	<u>EXTENDED</u>	<u>BROAD</u>	<u>GENERAL</u>
	Affects functions, mission, or personnel of one office, facility, installation, or an organizational element of a headquarters. Affects a small area of science or technology.	Affects functions, mission, or personnel of several offices, facilities, or installations. Affects an important area of science or technology.	Affects functions, mission, or personnel of an entire regional area or command. May be applicable to all of an agency or a large bureau. Affects a broad area of science or technology.	Affects functions, mission, or personnel of several regional areas or commands, or an entire department or large agency, or is in the public interest throughout the Nation or beyond.
MODERATE VALUE -- Change or modification of an operating principle or procedure which has moderate value sufficient to meet the minimum standard for a cash award; an unimprovement of rather limited value of a product, activity, program or service to the public.	25-50 ^{2/}	50-100	100-200	200-400
SUBSTANTIAL VALUE -- Substantial change or modification of an operating principle or procedure; an important improvement to the value of a product, activity, program, or service to the public.	50-100	100-200	200-400	400-1000
HIGH VALUE -- Complete revision of a basic principle or procedure; a highly significant improvement to the value of a product, major activity, or program, or service to the public.	100-200	200-400	400-1000	1000-2500
EXCEPTIONAL VALUE -- Initiation of a new principle or major procedure; a superior improvement to the quality of a critical product, activity, program, or service to the public.	200-400	400-1000	1000-2500	2500-5000 ^{3/}

1/ a. This scale is not to be applied in a mechanical fashion. In determining awards on the basis of intangible results, the value to the Government must be comparable to those contributions receiving equivalent awards on the basis of tangible results. A relatively minor contribution with more than "limited" application may, for example, when applying this criterion, be awarded in a lesser amount than that which would otherwise be indicated by a straightforward application of the award scale.

b. When a contribution results in both tangible and intangible benefits, the intangible benefits need only be recognized to the extent that the contribution is not adequately awarded based on the tangible benefits realized. This limitation is particularly relevant to contributions from which not only significant tangible benefits are realized but also intangible benefits in the form of safety improvements.

2/ The minimum award for tangible benefits can be granted only when the benefits reach or exceed \$250. The minimum award for intangible benefits requires a comparably high standard.

3/ Recommendations for awards in excess of \$5000 must be submitted to the Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs).

Jul 15, 74

DEPARTMENT OF DEFENSEAWARD SCALE CSpecial Achievement Awards Based on
Sustained Superior Performance of Duties*1. General Schedule Employees

An amount not in excess of one within-grade increase in the employee's current grade level.

2. Employees under the Federal Wage System (FWS) and other wage employees not yet subject to FWS

An amount not in excess of 4 percent of the employee's annual wage (computed by multiplying the hourly basic wage rate by 2080 hours).

3. Special achievement awards of this type are intended for the recognition of individuals, not groups.

4. Employees not covered by 1. or 2. above

Gross annual salary will be used for the purpose of relating the employee's position to a General Schedule grade. Awards will be limited to an amount not in excess of a within-grade increase in the equivalent General Schedule grade level.

* The award scale is inapplicable to Special Achievement Awards based on Special Act or Service (see L.A. 1. c., enclosure 2) which are to be awarded according to Award Scale A or B, as appropriate.

DEPARTMENT OF DEFENSE

DIRECTIVES SYSTEM TRANSMITTAL

ASD(FM+P)
756-2346

NUMBER	DATE	DISTRIBUTION
5120.16 - Ch 1	March 28, 1975	5100 series

ATTACHMENTS

Pages 11 and 12 of Enclosure 2 to DoD Instruction 5120.16, 7/15/74

INSTRUCTIONS FOR RECIPIENTS

The following pen and page changes to DoD Instruction 5120.16, "Department of Defense Incentive Awards Program: Policies and Standards," dated July 15, 1974, have been authorized:

PEN CHANGES

Pages 2 and 3 of Section I. C. of Enclosure 3 - Delete Section I. C.1.

Change Section I. C. 2. to Section I. C.

PAGE CHANGES

Remove: Pages 11 and 12 of Enclosure 2

Insert: Attached replacement pages

Changes appear on page 12 and are indicated by marginal asterisks.

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Two copies of revised implementing regulations shall be forwarded to the Assistant Secretary of Defense (Manpower and Reserve Affairs), Attn: Deputy Assistant Secretary of Defense (Civilian Personnel Policy), within 60 days.



MAURICE W. ROCHE, Director
Correspondence and Directives
OASD(Comptroller)

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

SD FORM 106-1
1 MAR 62

PREVIOUS EDITIONS ARE OBSOLETE

Jul 15, 74

C. Time Limits for Award Eligibility

1. To be eligible for an award, an idea must have been adopted within a specified time period (normally not more than one year) from the date of final action on the suggestion. Ideas submitted for award consideration after their adoption must be submitted within a specified time period after adoption (normally not more than three months) to be eligible for an award.
2. Award recommendations for employees based upon superior performance should be submitted as soon as possible (normally not more than six months after the end of the period on which the recommendation is based). When an award recommendation is based upon an outstanding performance rating, it should be submitted within sixty (60) days of approval of the rating.

D. Relationship to Other Programs**1. Management Improvement Programs**

- a. Procedures should be established at each installation to assure that employees who make contributions to management improvement programs are given consideration for appropriate recognition in the Incentive Awards Program.
- b. Suggestions and other contributions resulting in cost reductions which are received or recognized in the incentive awards program should be referred to the appropriate program administrator for consideration for inclusion in that program.
- c. Publicity concerning achievements and awards under the several programs should be coordinated to the maximum extent feasible in order to reinforce the total effort to achieve improvements in efficiency, economy, and working conditions.

2. Outstanding Performance Ratings are in themselves a significant form of employee recognition and need not be accompanied by a special achievement award based on sustained superior performance (see II. C. , above), a quality salary increase (see reference (f)), or other types of additional recognition. The nature of the employee's achievements, position level, previous awards, and

Jul 15, 74 #

related circumstances should be considered in determining whether an employee recommended for an outstanding rating could also be recommended for additional monetary or honorary recognition.

E. Consideration of Employee Member Ideas Throughout the DoD

1. When an idea submitted to one DoD activity is considered to have application to one or more other DoD activities or components, it should be forwarded by the office of primary responsibility to its counterpart office in the other activity, if within the same DoD Component, or to the office of primary responsibility of another Component if such dissemination is desired, or to the headquarters of the Component if dissemination to another Federal agency is desired.

- | | | |
|---|--|---|
| * | 2. Suggestions to be considered within the Office of the Secretary | * |
| * | of Defense should be forwarded to the office of primary | * |
| * | responsibility. All such referrals should contain (a) a clear | * |
| * | concise statement as to what action is expected of the evaluator; | * |
| * | and (b) a positive recommendation as to whether or not the idea | * |
| * | should be adopted and reasons therefor. Coordination with | * |
| * | the other military departments and/or other Defense agencies | * |
| * | is to be done by the appropriate office within OSD. | * |

3. Ideas determined to be of value to the parent DoD activity will be adopted, and awards based on their value to that activity paid without waiting the results of other organizations' evaluations. The final award is to be computed based on total benefits to all affected components and financed in accordance with IV.B.2. and 3., of this enclosure.
4. The employing activity is responsible for making determinations concerning the suggestor's eligibility for cash awards.

F. Interdepartmental Awards

1. Ideas submitted by eligible DoD personnel which are considered to have application to departments of the Government outside the DoD and which thereby are eligible for consideration for interdepartmental awards, will be forwarded by the Incentive Awards Office of the employing DoD Component for interdepartmental consideration, in accordance with section 451.308 of the CSC regulations if the contributor is a civilian employee. Similar