

**MEMORANDUM OF AGREEMENT
AWARDS AND RECOGNITION UNDER THE
DEFENSE PERFORMANCE MANAGEMENT AND APPRAISAL PROGRAM
(DPMAP)**

The Defense Logistics Agency (DLA) and the American Federation of Government Employees (AFGE) Council 169 agree to the following concerning the implementation of awards and recognition under the Defense Performance Management and Appraisal Program (DPMAP).

SECTION 1. GENERAL

- A. As stated in Article 11 of the Master Labor Agreement (MLA), incentive awards will be administered in a fair and equitable manner. When supervisors recognize employee contributions, they communicate the types of activities, accomplishments, achievements and contributions that support the organization's mission and goals.
- B. The Agency will distribute awards in a fair and transparent manner and, specifically, in a way that makes meaningful distinctions in levels of performance based on the employee's rating of record.
- C. An employee's rating of record will be determined by an evaluation of the employee's performance against the elements and standards in the employee's performance plan.
- D. All employees who receive a rating of record of Fully Successful or Outstanding, approved under DLA procedures and Article 18 of the MLA, are eligible for recognition based on that rating.

SECTION 2. DEFINITIONS

- A. Award Pool. A set of employees grouped together for the purpose of distributing performance based awards.
- B. Overall Performance Score: The average score of all individual element performance ratings that is used to determine an employee's rating of record.
- C. Performance Based Award (PBA): A lump-sum cash payment based on a performance rating of record (i.e., annual performance appraisal).

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- D. Rating of Record. The performance rating level assigned at the end of an appraisal cycle for performance of Agency-assigned duties over the entire cycle.
- E. Share. A unit of monetary recognition awarded to an employee based on performance.
- F. Share Value. The worth of a share in a particular award pool, defined as the pool's total funding divided by the number of shares distributed to employees in that pool.

SECTION 3. PROCEDURES

A. Award Pools.

1. Business Rules for Award Pool Composition are as follows:
 - a. Award money will be based on a percentage (provided by DoD) of the total DLA salaries. DLA will distribute award pool monies based on a pre-determined percentage of the total number of employee's salary in a pool.
 - b. No award pool will have fewer than ten employees.
 - c. Each activity (Major Subordinate Command, J Code, DLA General Counsel, or the group of D Staff and other Offices under the purview of the DLA Chief of Staff) will have its own award pools. Employees will not be combined into award pools across activity lines except in those rare instances that the activity has fewer than ten employees covered by DPMAP and eligible for award consideration. For example; Distribution will have Distribution-wide awards pools, with all activities included (e.g. DDSF, DDWG, DDJC, etc.), except in the circumstance stated above.
 - d. Award pools will generally consist of activity employees in a single grade range. However, pools may also consist of small grade ranges, rather than a single grade. For example, MSC Directors may combine grade levels in order to meet the ten employee threshold.
 - e. Generally, General Schedule (GS) and Federal Wage System (FWS) employees will be placed in separate award pools within an activity.

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B. Share Distribution.

1. In each award pool, shares will be distributed based on the overall performance score of each employee with a Fully Successful or Outstanding rating of record.
2. A share-based approach ensures that an activity does not exceed its allocated awards budget and safeguards against forced distribution of ratings.
3. The share distribution schedule will be as follows:
 - a. Overall Performance Score of 5.0: Seven Shares
 - b. Overall Performance Score of 4.30 – 4.99: Five or Six Shares
 - c. Overall Performance Score of 3.65 – 4.29: Three or Four Shares
 - d. Overall Performance Score of 3.00 – 3.64: Zero, One, or Two Shares

C. Share Ranges.

1. Other than when an employee's overall performance score is 5.0 and seven shares are granted, the number of shares that may be granted an employee fall within the share ranges prescribed in section 3.B.3 above.
2. For example, activities may grant either three or four shares to an employee whose overall performance score falls within the 3.65 – 4.29 span of scores.

D. Share Value.

1. The value of each share within an award pool is not fixed; rather, it is determined by the total amount of awards funding in the pool divided by the total number of shares distributed within the pool (*see attached example*).
2. The more shares that are distributed within the pool, the lower the value of each individual share; conversely, the fewer shares that are distributed within the pool, the higher the value of each individual share.

E. Performance Based Award (PBA) Value.

1. An employee's PBA is calculated by multiplying the number of shares granted the employee by the share value of his/her award pool.
2. For example, if an employee is granted four shares, and the share value of his/her award pool is \$400, the employee's PBA will be \$1,600.

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F. Quality Step Increases.

1. An employee who has an Outstanding (Level 5) rating of record, i.e., with an overall performance score of 4.30 or higher, may be granted a Quality Step Increase (QSI) rather than shares.
2. No employee with less than an Outstanding (Level 5) rating of record may be granted a QSI.
3. An employee granted a QSI may not also be granted a PBA or TOA for the same rating of record.

G. Time-Off Awards (TOAs).

1. Activities may use TOAs to recognize employee contributions throughout and at the conclusion of the appraisal cycle as appropriate.
2. Employees who receive a Fully Successful or Outstanding rating of record are eligible for a TOA. However, an employee granted a QSI may not also be granted a TOA for the same rating of record. As mentioned in G1 above, TOAs may be given throughout the year to recognize an employee's contributions.
3. TOAs granted at the end of the appraisal cycle are granted in addition to share-based recognition. In other words, for employees awarded shares, TOAs may be granted in addition to, not as a replacement for PBAs. However, employees with an overall performance score of 3.00 to 3.64 who are awarded 0 shares may receive a TOA even if no PBA is granted.

H. Award Approvals:

Each activity will review and approve awards consistent with the requirements of Article 11.

I. Awards for Union Representatives:

1. Union representatives who use 100 % official time are considered unrateable for performance appraisal purposes. Awards for such employees may not be based upon the performance of representational functions.
2. Employees who serve as representatives or officials of labor organizations less than 100% will be rated solely on the basis of how well they perform the duties and responsibilities of their officially assigned positions.

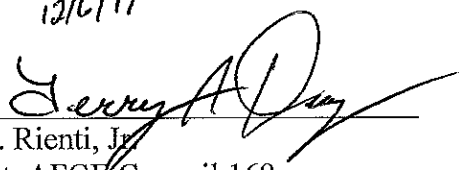
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J. Duration:

1. This agreement is effective as of the date that both parties sign below and will continue until terminated by the parties or operation of the MLA.
2. Because of the uniqueness of the share-based awards approach, the parties agree to re-evaluate the agreement after one full rating and awards cycle.


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FOR 12/6/17
EVP 
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Example of Performance Awards Under a Share-Based Approach

Award Pool Description: WG-4 Award Pool

Number of Employees: 751

Average Salary: \$42,527.03

Total Annual Salary of Employees: \$31,937,797

$751 \times \$42,527.03 = \$31,937,797$

Total Spending Authority (*1.5% of Total Salary): \$479,067

$\$31,937,797 \times 1.5\% = \$479,067$

Percentage Amount Allocated to Performance Awards: **80%

Total Award Pool Funding: \$383,254

$\$479,067 \times 80\% = \$383,254$

Share Distribution:

Performance Score Range	Performance Rating/Level	Number of Employees	Number of Shares Per Employee	Total Shares Distributed
5	5	23	7	161
4.30 - 4.99	5	38	6	228
	5	60	5	300
3.65 - 4.29	3	98	4	392
	3	187	3	561
3.00 - 3.64	3	150	2	300
	3	113	1	113
	3	75	0	0
Below 3.00	1	7	0	0
TOTALS		751		2,055

23 employees X 7 shares = 161 shares

Total Shares Distributed: 2,055

Share Value Calculation: \$383,254 / 2,055

***Share Value: \$186.50

Performance Awards:

Performance Score Range	Number of Employees	Number of Shares Per Employee	Performance Award Amount	Total Money Distributed
5	23	7	\$1,305	\$30,026
4.30 - 4.99	38	6	\$1,119	\$42,522
	60	5	\$932	\$55,949
3.65 - 4.29	98	4	\$746	\$73,107
	187	3	\$559	\$104,626
3.00 - 3.64	150	2	\$373	\$55,949
	113	1	\$186	\$21,074
	75	0	\$0	\$0
Below 3.00	7	0	\$0	\$0
TOTALS	751			\$383,254

Employees with a raw score of 5.0 are awarded 7 shares, with a share value of \$186.50. (7 X \$186.50) = \$1,305

Leftover Amount: \$0

* Cash Awards Spending/Budget Authority

** Amount Allocated by MSC/J-Code for Individual Performance-Based Awards

*** Example Only: Actual Share Value will vary by Award Pool based on the number of shares distributed and award pool funding

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