



PERSONNEL AND
READINESS

UNDER SECRETARY OF WAR
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WASHINGTON, D.C. 20301-4000

SEP 30 2025

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMAND
DEPARTMENT OF WAR AGENCY AND DOW FIELD ACTIVITY
DIRECTORS

SUBJECT: Implementation Guidance on Civilian Incentives and Awards to Retain and Reward Top Talent

- References:
- (a) Secretary of Defense Memorandum, "Initiating the Workforce Acceleration & Recapitalization Initiative," March 28, 2025
 - (b) Deputy Secretary of Defense Memorandum, "Workforce Acceleration & Recapitalization Incentive Implementation," April 7, 2025
 - (c) Department of Defense Instruction 1400.25, Volume 451 "DoD Civilian Personnel Management System: Awards," November 4, 2013, as amended
 - (d) Department of Defense Instruction 1400.25, Volume 537, "DoD Civilian Personnel Management System: Student Loan Repayment," May 7, 2020
 - (e) Department of Defense Instruction 1400.25, Volume 575, "DoD Civilian Personnel Management System: Recruitment, Relocation, and Retention Incentives and Supervisory Differentials," February 2, 2018

In accordance with references (a) and (b), this memorandum provides initial implementation guidance to the Military Departments and DoW Components to expand the use of civilian workforce incentives and awards. Effective immediately, the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, and the heads of all other DoW Components are expected to utilize all available authorities to strategically retain, reward, and recognize high-performing civilian employees, particularly those in critical skill areas essential to mission readiness.

The Department has considerable authority to prioritize recruitment, relocation, and retention of high-performing employees. Where DoW Component policy is more restrictive than DoW policy, the Component should consider removing such limitations (e.g., Quality Step Increase timing). To ensure the Department is attracting, incentivizing, and retaining top talent, the Military Departments and other DoW Components should fully utilize available awards and incentives to target employees who make the greatest contributions to the Department's mission. Factors to consider when developing targeted measures include demonstrated superior performance, unique technical expertise, and performance of the most critical and hard-to-fill roles.

Available tools that DoW Components may use to strategically retain, reward, and recognize civilian employees are listed below. Within 45 days of the date of this memorandum, DoW Components are requested to submit a plan of action and milestones (POA&M) to the

Office of the Deputy Assistant Secretary of War for Civilian Personnel Policy (ODASW(CPP)) at the following mailbox: **osd.pentagon.ousd-p-r.mbx.cpp-saco@mail.mil**. The POA&M will include:

- A description of how incentives and awards, including formal and informal recognition, will be used to support retention, recruitment, and recognition of top talent.
- Milestones and any anticipated barriers to implementation.
- An outline of the process that will be used to ensure transparency, consistent application, and adequate justification for approval of available incentives.

Within 90 days of the date of this memorandum, DoW Components will provide a progress report to ODASW(CPP) at the following mailbox: **osd.pentagon.ousd-p-r.mbx.cpp-saco@mail.mil**.

To facilitate implementation of the POA&M, DoW Components will coordinate with their respective Financial Management and Comptroller organizations concerning availability of funding and budget planning for civilian talent incentives. Specifically, DoW Components will:

- **Review and validate** existing budgetary resources available for civilian personnel incentives, including monetary and non-monetary awards.
- **Ensure appropriate use of funds** in accordance with law and policy, to include applicable provisions of the DoD Financial Management Regulation.
- **Identify and address funding shortfalls** in coordination with ODASW(CPP) and the Component's budget office.
- **Incorporate talent-related incentive funding** into multi-year planning and the Program Objective Memorandum cycle, where applicable.
- **Submit documentation** that provides adequate justification and cost projections for proposed incentive strategies.
- **Develop internal controls** to monitor expenditures, ensure audit readiness, and promote transparency in the use of civilian personnel incentive funds.

Existing Incentives

- **Civilian Award Incentives:** DoW Component head authorization is not required to approve individual cash awards more than \$10,000 and up to \$25,000. I hereby waive Paragraph 4. f. of Enclosure 2 of reference (c) so DoW Component heads may delegate the authority to recognize exceptional civilian contributions, particularly in

high-impact or hard-to-fill roles. DoW Component heads should also consider maximum participation of existing award incentives, to include:

- Cash Awards up to 20 percent of basic pay.
 - Quality Step Increases for outstanding employees.
 - Special Act or Service Awards for significant contributions or innovations.
 - Time Off Awards up to 80 hours per year for superior accomplishments.
- **Student Loan Repayment Program:** Consistent with reference (d), DoW Components may approve employees for the student loan repayment program for amounts up to \$10,000 annually in any calendar year and an aggregate limitation of \$60,000 lifetime per employee.
 - **Recruitment, Relocation, and Retention Incentives:** Consistent with reference (e), DoW Components may approve recruitment, relocation, and retention incentives up to 25 percent of basic pay per year (up to 100 percent in total over multiple years); up to 50 percent with Office of Personnel Management approval for a critical agency need.
 - For retention incentives, the determination of whether an employee is likely to leave Federal service may be made by the first GS-15/O-6 (or equivalent) supervisor and does not require a competing job offer in hand. The likelihood that an employee will leave can be based on multiple risk level factors including market trends and projections.

My office, in coordination with the Office of the Assistant Secretary of War for Legislative Affairs and other DoW Components, will assess whether current authorities are sufficient and develop proposals within 60 days for any needed legislative, regulatory, or policy changes. DoW Components are requested to provide feedback concerning this effort to the following mailbox: osd.pentagon.ousd-p-r.mbx.cpp-saco@mail.mil.

The Department's civilian workforce is foundational to mission success and national security. Now is the time to act boldly to ensure we are recruiting, retaining and rewarding those whose service most strengthens the Department and supports the warfighter. Thank you for your leadership and partnership in executing this critical initiative.



Anthony J. Tata