From: Chief of Naval Operations

Subj: CASH AWARDS FOR MILITARY PERSONNEL FOR SUGGESTIONS, INVENTIONS, SCIENTIFIC ACHIEVEMENTS AND DISCLOSURES

Ref: (a) 10 U.S.C. 1124
(b) DOD 1400.25-M of Dec 96
(c) 35 U.S.C.
(d) Executive Order 10096
(e) Executive Order 10930
(f) SECNAVINST 5870.3C
(g) SECNAVINST 1650.1H
(h) DOD FMR Volume 15 Chapter 7
(i) DOD FMR Volume 10 Chapter 12

Encl: (1) Cash Awards Authority
(2) Operations of the Military Cash Awards Program
(3) Suggestions
(4) Inventions
(5) Scientific Achievements
(6) Determination and Payment of Awards
(7) MILCAP Review Checklist

1. **Purpose.** To define responsibilities and prescribe procedures for the administration, operation, and reporting of the Department of the Navy (DON) Military Cash Awards Program (MILCAP) authorized by references (a) and (b). References (c) through (f) pertain to inventions and reference (g) pertains to honorary awards. References (h) and (i) refer to funding procedures. This instruction has been administratively revised and should be reviewed in its entirety.

2. **Cancellation.** OPNAVINST 1650.8C.

3. **Objectives**

   a. Encourage military personnel to suggest practical ways to reduce costs and improve productivity in the Navy, Department of Defense (DoD), and other federal government operations.

   b. Provide a formal channel for communication between management and personnel.
c. Maintain working conditions where imagination, creativity, and innovation are encouraged.

d. Ensure unbiased, consistent, timely and efficient evaluation of suggestions.

e. Recognize equitably and promptly award all eligible military personnel for disclosures, suggestions, inventions, or scientific achievements that contribute to the efficiency, economy or otherwise improve the operations of government.

4. Discussion. Production improvements resulting from an individual submitting ideas that suggest more efficient methods to conduct business are well documented in both private industry and the federal government. Navy management should strive to create working conditions which encourage participation in suggestion programs. Avenues of communication should be available and ideas/suggestions for improvement solicited actively to achieve MILCAP objectives.

5. Authorization of Payment

a. Award and Amount Authority. Enclosure (1) lists awarding authorities by position and maximum amounts within the Navy.

b. Maximum Award. The President of the United States and the Secretary of Defense are authorized by Congress to pay cash awards up to $25,000 for a contribution which benefits the government.

c. Other Awards. The Secretary of the Navy (SECNAV) is authorized to pay cash awards of $10,000 for a contribution which benefits the government. Authority to pay lesser amounts is delegated as set forth in enclosure (1).

6. Action. Commands should establish an active MILCAP program for all military personnel in accordance with policies and guidance set forth in enclosures (1) through (7). To ensure effective administration and promotion of command programs, each command will designate a MILCAP administrator.
a. Promotion. The Chief of Information (CHINFO) will prepare publications and other material to help MILCAP administrators and command officials plan promotion campaigns.

b. Publicity. CHINFO will also distribute information on MILCAP award winners to the Navy news media in order to stimulate awareness of and participation in MILCAP. CHINFO is responsible for publicizing recipients of awards requiring SECNAV or higher approval, including those granted by organizations and agencies outside DON. Cases where MILCAP awards of $1,000 or more, the following information will be sent to CHINFO Washington, DC 20370:

(1) Name and rank of award recipient,
(2) Hometown of award recipient,
(3) Address of present assignment,
(4) Amount of savings,
(5) Amount of award,
(6) Date of award presentation,
(7) Brief description of suggestion resulting in award (including savings to the Navy) and
(8) Publicity photographs, if available.

c. Training. Commander, Naval Education and Training Command shall develop and issue a presentation on MILCAP (including objectives and procedures for the program) for all entry level programs (Recruit Training Command, Surface Warfare Officer School, Officer Candidate School, etc.), Command Leadership School and senior officer and enlisted courses (Senior Enlisted Academy, etc.).

d. Procedures. Members desiring to submit a suggestion, invention, or scientific achievement under this program shall follow procedures in enclosure (2).
7. Forms. The following are available through normal supply channels per NAVSUP P2002:

NAVCOMP 2277 Voucher for Disbursement or Collection can be downloaded from the AAUSN Website https://www.navsopubs.donhq.navy.mil

NAVSO 5305/5 Contribution Investigation Report S/N 0104LF9050525 and OPNAV 5305/1 DON Suggestion S/N 0107LF0530505 can be ordered from Navy Forms Online https://forms.daps.dla.mil/.

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<th>FORM NO.</th>
<th>TITLE</th>
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Distribution:
Electronic only, via Department of Navy Issuances Web site http://doni.daps.dla.mil/
CASH AWARD AUTHORITY

<table>
<thead>
<tr>
<th>Approval Authority</th>
<th>Cash Award (maximum)</th>
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<tr>
<td>Commanders, Commanding Officers, and Directors</td>
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<tr>
<td>Chief of Naval Operations</td>
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<td>Vice Chief of Naval Operations</td>
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<td>Chief, Bureau of Medicine and Surgery</td>
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<td>Commander, Navy Installations Command</td>
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<td>Commander, Naval Network Warfare Command</td>
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<tr>
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<td>President of the United States</td>
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NOTE:

1. Flag officers and civilian equivalents listed above are authorized to delegate any part of their award authority.

2. The amounts stated are maximum total amounts and include all awards approved at lower levels in the chain of command.

Enclosure (1)
OPERATION OF THE MILITARY CASH AWARDS PROGRAM

1. Eligibility. All active duty Navy personnel, including officer, and enlisted, Naval Academy midshipmen, officer candidates and members of the Navy Reserve serving in an active status, are eligible to participate in the program. Members of other United States military services, (Coast Guard personnel when operating under the Department of the Navy) are also eligible while assigned to jointly staffed activities, for which the Navy has administrative and support responsibility.

2. Definitions and limitations
   
   a. Definitions

   (1) Contribution. Any suggestion, invention, or scientific achievement which contributes to economy, efficiency or other improvement in government operations is eligible for award consideration. Breadth of application and degree of significance do not affect eligibility for an award consideration.

   (2) Adoption. A suggestion actually put into effect by responsible authority or a written commitment to put a suggestion into effect.

   (3) Award. Either a cash amount granted for a contribution of value or non-cash recognition in the form of letters of commendation or appreciation, appropriate certificates or citations. Awards will be paid by the benefiting command(s).

   (4) Tangible benefits. Savings to the government that can be measured in terms of dollars.

   (5) Intangible benefits. Savings to the government that cannot be measured in terms of dollars.

   (6) First full year. The first 12 consecutive months the improvement is in operation, exclusive of trial periods, experimentation or periods of deferred implementation. This estimated time period is used to decide value benefits as a basis for calculating amount of an award. If the contribution
has a high installation cost and yields measurable savings for more than one year, cost of installation may be distributed over a period of years. The distributed cost may not exceed the reasonable life of installation and is defined as estimated time of use or 20 years, whichever is shorter.

(7) Normal job expectancy. Cash awards may be granted to individuals or groups for suggestions determined by the CO to be sufficiently beyond normal job responsibilities. Organization, function, and classification manuals are helpful in defining normal standards of performance. No one shall be barred from award consideration simply because of rate or rank. The following questions will assist commanding officers in measuring the suggestion against normal job expectancy:

(a) Does the suggester have the authority to put the idea into effect (if yes, is the suggestion within the normal job expectancy)?

(b) Is the contribution creative?

(c) Is the suggestion unusual for the rate or rank?

(d) Does the suggestion represent a new concept or an innovation with substantial benefits?

(e) Is the contribution beneficial to other commands or agencies?

b. Limitations

(1) Time Limit for Submission. One year following date of adoption. Suggestions are usually submitted for evaluation prior to their adoption, but an idea may be adopted as a result of an oral or written proposal outside of MILCAP channels. The suggestion may still be considered for a cash award if submitted in writing within one year following adoption when the suggester’s claim as author of the proposal can be verified.

(2) Time limit on "ownership rights" for award consideration. Three years following date of final action on the suggestion by a MILCAP award office. If a non-adopted suggestion is placed into operation after the three-year time expires, the suggestion is not eligible for an award. When a
suggestion is not adopted, the suggester maintains ownership rights within the local activity for the remainder of the three-year period if the suggestion is implemented wholly or in part during that period the suggester is entitled to adoption credit and award consideration. A duplicate or additional suggestion on an idea submitted after a command has already adopted or committed the idea for adoption is ineligible for an award.

(3) Request for reconsideration. A written request justifying reconsideration must be submitted to local MILCAP award authority within 90 days following date of notification of final adoption or non-adoption decision. The reconsideration request may involve award eligibility or merit of the suggestion or award decision.

(4) Suggestions relating to private contractors. Suggestions to improve contracted materials or services are eligible for award consideration if the improvement shows tangible or intangible benefits to the government. Contracts may vary, making it difficult to identify benefits to be gained. Consult appropriate technical offices or commands before granting any award for a suggestion of this kind.

(5) Separated or deceased personnel. Awards may be made to separated personnel or estates of deceased personnel for any written suggestion, invention, or scientific achievement submitted while on active duty or in an active reserve status.

3. Responsibilities

a. The Chief of Naval Operations (N130) is responsible for:

   (1) Developing and issuing Department of Navy MILCAP policy.

   (2) Managing DON MILCAP.

   (3) Providing advice and guidance on DON MILCAP.

b. Major claimants and type commanders are responsible for:

   (1) Assigning a MILCAP administrator.
(2) Granting honorary and cash awards per this instruction.

(3) Reviewing awards submitted through the chain of command and those requiring SECNAV approval.

c. Commanding Officers are responsible for:

(1) Assigning a command MILCAP administrator.

(2) Implementing a command MILCAP program.

(3) Providing command support for MILCAP to improve productivity and encourage submission of written suggestions within the activity.

(4) Ensuring adequate funds are available for prompt action on awards and MILCAP operating expenses.

(5) Ensuring prompt processing of suggestions as set forth in enclosure (3).

d. Command MILCAP administrators are responsible for:

(1) Effecting implementation of command MILCAP.

(2) Ensuring all necessary forms are available.

(3) Conducting an annual review of command MILCAP using enclosure (9) and reporting results to their commanding officers.

(4) Maintaining a record file of all suggestions submitted and current status for each.

(5) Advising suggesters of status of processing.

4. Documentation. Each contribution must be documented showing the individual has met standards prescribed for an award. Such documentation should be specific but brief, indicating results and tangible or intangible benefits received from the contribution. An award over $7,500 requires review by the Chief
of Naval Operations (N130) and will contain a specific statement of savings claimed. **All documentation letters shall be signed** by the Commanding Officer.

5. **Claim Waiver.** Acceptance of a cash award constitutes an agreement that use by the government of the United States of any idea, method or device for which an award is made, shall not form the basis for a further claim of any nature upon the government of the United States by an individual or heirs.

6. **Records of Awards.** Awards to Navy personnel shall be reflected in the next Enlisted Performance Evaluation or Officer Fitness Report.
SUGGESTIONS

1. Definitions: A constructive idea submitted in writing by an individual or group that proposes a method to do a task better, faster, cheaper or safer. Suggestions usually relate to a suggester’s own work. A suggestion need not be new or original but must show a specific problem and provide a workable solution.

   a. Eligible suggestions. Eligible suggestions do one or more of the following:

      (1) simplify or improve operations,
      (2) save time needed to complete a task,
      (3) increase production,
      (4) increase output and enhance productivity,
      (5) improve procedures, operating methods or equipment, work-space layouts and organizations,
      (6) save material or property,
      (7) save manpower or money,
      (8) eliminate waste,
      (9) promote health,
      (10) increase safety, or
      (11) improve morale through desirable and workable personnel services that increase productivity.

   b. Ineligible suggestions. Ineligible suggestions include submissions that:

      (1) call attention to need for routine maintenance, repair or purchase of ordinary supplies and materials,
      (2) increase personal comfort, convenience or meet the desires of the suggester and benefit no other personnel, or
(3) recommend enforcement of existing directives or regulations.

2. Submission. Suggestions must be in writing, preferably on OPNAV 5305/1 DON Suggestion form, and sent to the commanding officer via MILCAP administrator and chain of command. The Processing Guide (Table I of this enclosure) will aid in processing suggestions promptly. Local procedures shall be established to ensure duplicate suggestions are recognized as such, and the individual submitting the original suggestion receive adoption credit and award, if eligible. When a duplicate suggestion motivates action in adopting a rejected suggestion, the duplicate suggestion may also receive an award.

3. Processing. Commands will implement the following actions to ensure prompt processing of suggestions:

   a. assign a MILCAP administrator,

   b. process suggestions at each approval level within 30 days from date of receipt,

   c. establish a tickler/tracking system which alerts all concerned to process delays,

   d. designate a suggestion coordinator (individual who assigns objectives, work or priorities) within each major section or department to whom the MILCAP administrator routes suggestions for evaluation.

   e. provide recognition for evaluators, suggestion coordinators and MILCAP administrators who expeditiously complete all requirements or contribute in evaluating suggestions which produced a substantial benefit to the Navy,

   f. pay cash award or at least an initial award when the commitment is made to adopt a suggestion. Do not wait for the suggestion to be implemented to pay awards, and

   g. ensure that suggestions are forwarded for higher review only when:
(1) cash award is paid up to authorized limit for a suggestion deemed told; however, warrant a higher level award than authorized for commanding officer approval,

(2) the suggestion has possible implications for other commands; or

(3) the command does not have the technical expertise to evaluate, or authority to implement, the suggestion.

h. provide feedback to the suggester on the status of processing every 60 days until final decision is made, and

i. require MILCAP administrator to provide specific instructions to evaluators when routing suggestions.

4. Procedures. Suggestions should be processed using the NAVSO 5305/5 Contribution Investigation Report form. The originating command maintains responsibility for status of processing. Special situations such as periodic changes to directives may extend evaluation time. If the commanding officer expects adoption, an initial award may be presented. Enclosure (6) gives guidance for initial awards.

5. Issuance of suggestions. Suggestions shall be sent to suitable commands to gain maximum benefits from MILCAP. Awards for suggestions adopted at the local level should be paid while waiting for evaluation results from other potential users. If the suggestion is adopted on a broader level, any larger award will be given in conjunction with the award limit at the higher level.

a. Forwarding within DON. Commands shall observe established military channels to process suggestions. If a suggestion’s total value is uncertain following evaluation at the local level but the suggestion is considered potentially beneficial to other activities and still worthy of consideration, the suggestion shall be forwarded for further evaluation. Type commanders are responsible for original funding and coordination with other commands for suggestions sent to these commands for additional consideration. The MILCAP administrator will begin action to send the suggestion to the originating command’s major claimant for evaluation. Feedback

Enclosure (3)
reports of adoption by other organizations will be returned to the originator's type commander to decide on any additional award. When a suggestion is sent outside a command, the case file shall include:

(1) suggestion, with any drawings, pictures, etc.,

(2) evaluation with detailed statistics of local savings based on tangible and intangible benefits, and

(3) all comments, recommendations, and other information aiding evaluation, implementation, or issuance.

b. Forwarding within DoD. The responsible office within DON is responsible for forwarding of suggestions to the appropriate corresponding DoD office when a suggestion has the potential to be adopted by other DoD components. Suggestions for consideration in the immediate office of the Secretary of Defense will be sent to the office concerned. All referrals shall contain a concise statement regarding action expected from evaluation and a specific recommendation for adoption or non-adoption.

c. Forwarding outside DoD. Navy commands will send contributions with possible applications in non-DoD agencies to the Department of Navy Civilian Human Resources (DONHR). Only DONHR will send contributions outside DoD for evaluation.

6. Non-adoption notification. When a final decision is made not to adopt a suggestion, the suggester shall be notified in a manner encouraging continued participation in MILCAP. A full explanation of the decision with a copy of the evaluation report shall be supplied to the suggester. A decision not to adopt a suggestion shall not be based solely on existing regulations which prohibit implementation of the suggestion. General adoption may be possible through changes to regulations and directives. Enclosure (6) discusses financing of general adoptions of suggestions.
PROCESSING GUIDE

TABLE I - FLOW CHART

CONTRIBUTOR

COMMAND MILCAP EVALUATOR/
ADMINISTRATOR

COMMANDING OFFICER
($5,000 maximum)

MAJOR CLAIMANTS
TYPE COMMANDERS
($7,500 maximum)

CNO (N130)
(Recommends to SECNAV)

SECRETARY OF THE NAVY
($10,000 maximum)

PRESIDENT/SECRETARY OF DEFENSE
($25,000)

* The MILCAP Administrator will retain a copy of the Beneficial Suggestion while being evaluated.

Notes:
1. See Table II for Processing Guide Responsibilities.
2. See Enclosure (1) for cash award authority.
PROCESSING GUIDE

TABLE II - PROCESSING RESPONSIBILITIES

1. SUGGESTER:
   - Identify a need/problem
   - Develop solution/contribution
     - Collect/analyze facts
     - Submit suggestion (OPNAV 5305/1)

2. COMMAND MILCAP ADMINISTRATOR:
   - Check for duplication
   - Advise individual of action
   - Forward to evaluator
   - Maintain record file
   - Recommend amount of cash award
   - After evaluation, forward to CO via chain of command

3. EVALUATOR:
   - Check for possible use
   - Check for accuracy/correctness
   - Recommend adoption/non-adoption
   - Return to command MILCAP administrator

4. COMMANDING OFFICER
   - Authorize adoption/non-adoption
   - Authorize award payment ($5,000 maximum)

Enclosure (3)
5. MAJOR CLAIMANTS AND TYPE COMMANDERS:

➢ Authorize adoption/non-adoption
➢ Authorize award payment ($7,500 maximum)
➢ Forward to SECNAV via Chief of Naval Operations (N130) for any additional awards.

6. Chief of Naval Operations (N130):

➢ Review and recommend payment of awards exceeding $7,500 to SECNAV.

7. SECRETARY OF THE NAVY:

➢ Approves award payment up to a maximum of $10,000
➢ Forwards recommendations of award payment exceeding $10,000 to Secretary of Defense.

8. Secretary of Defense:

➢ Approves award payment exceeding $10,000 ($25,000 maximum).

Notes:
1. See enclosure (1) for cash award authority.
INVENTIONS

1. Definition. Development of a new and useful process, machine, composition of matter, or any new and useful improvement thereof which is or may be patentable under patent laws of the United States.

2. Regulations. Inventions of value to the Government qualify for award consideration as contributions under MILCAP. Reference (c) contains the law governing inventions and patents. References (d) and (e) establish the basic Government patent policy about inventions made by Government employees. DON policy for the implementation of the law, executive orders and orders, rule and regulations as established is set forth in reference (f).

3. Procedures. An invention disclosure shall be made promptly to a Navy Office of Counsel to protect the interests of both the inventor and government and to assure award eligibility. Patent statutes require that a patent application be filed within one year after:

   (1) the invention is described in a printed publication,

   (2) the invention is in actual use (other than experimental), or

   (3) the invention has been sold or offered for sale. The disclosure should be sent directly to the Office of Counsel servicing the inventor’s employing activity.

   a. Evaluation. Invention disclosures will be evaluated based on DON procurement and use, DON interest, technological advancement, research and development, investments and public benefit value. Action will be taken to approve the invention for further patent or Statutory Invention Registration (SIR) processing disclosure for publication considerations or end processing. A SIR is a document that is similar to a patent in that it protects the inventor by preventing others from obtaining patent rights to the invention; however, unlike a patent, a SIR does not permit the holder to exclude other from making, using or selling the invention.
b. Patent/SIR application. When evaluation determines that an invention is viable, the General Counsel of the Department of the Navy (OGC) will present the patent application to the U.S. Patent and Trademark Office for the inventor and will notify the inventor and the appropriate MILCAP authority. When notified, the MILCAP authority will begin action to grant an initial award of $200 to the inventor. Where two or more individuals or military members are co-inventors, each will be granted a $200 initial award.

c. Patent/SIR issue. When the U.S. Patent and Trademark Office issues a patent/SIR (or a notice of allow-ability in instances when issuance of a patent/SIR will be deferred based on security restrictions) the inventor becomes eligible for an additional $500 award. Where two or more individuals or military members are co-inventors, each eligible co-inventor will receive $250.

d. Publication in lieu of patent/SIR. When an invention disclosure is selected for publication instead of further patent/SIR processing, the Navy Office of Counsel will send a copy of the publication draft and notification of selection for publication to the award authority. The award authority will then begin action to grant an additional $100 award to the inventor. Where two or more individuals or military members are co-inventors, a $200 award will be divided equally among the eligible co-inventors.

e. Invention awards for use or value to the Government. In addition to the above patent/SIR and publication awards, all inventions filed in the U.S. Patent and Trademark Office selected for publication will be given further award consideration based on actual use or value. Therefore, awards authorized under this paragraph fall into two categories:

(1) Specific amounts granted for inventions, patents/SIR and publications.

(2) Amounts based on actual use or value computed using Tables III and IV of enclosure (6).

f. Further consideration. Inventions failing to meet standards for patent/SIR or publication may still be of value to
DON. Such invention disclosures will be returned to the inventor who may then send them to an award authority for consideration.

**SCIENTIFIC ACHIEVEMENT**

1. Definition. A contribution conforming to the following guidelines.

   a. **Military or national significance.** An act, deed, or accomplishment that established a scientific or technological basis for later technical improvements of military or other national significance.

   b. **Research and development achievements.** A scientific or technological accomplishment having such quality and effectiveness to advance research and development achievements of a command, group, or project.

   c. **Military or national welfare.** A significant scientific or technological achievement which contributes materially to the welfare of the armed services and/or the nation.

   d. **Published contributions.** An article accepted for publication in a scientific or technical journal, newspaper, periodical and other media or a technical paper presented to professional societies making a large contribution to scientific or technical knowledge.

   e. **Tactical developments.** Tactically oriented advances or improvements in weapon system use when a military decoration is not appropriate or if benefits accumulate permitting monetary payment. Military personnel are not authorized to receive cash awards for personal performance under this instruction. Cash awards for a scientific achievement should not be confused with the civilian special act or performance cash awards.

2. **Procedures for recommending a Cash Award for a Scientific Achievement.** All active duty personnel are eligible to submit a recommendation with the approval of their individual

Enclosure (5)
supervisors. Submission for an award for scientific achievement must occur within three months of the achievement. The command/activity must fully develop and approve the achievement.

a. Preparing a recommendation. The suggester or command may initiate a recommendation for scientific achievement in narrative format using OPNAV Form 5305/1.

(1) All blocks of this form should be completed in full. In the block labeled "Title of Suggestion", print or type "Scientific Achievement."

(2) Supervisor will complete and sign an NAVSO 5305/5. In item 4, the achievement and its benefits must be completely described. This documentation should show clearly the results achieved and the tangible or intangible benefits. The major claimant MILCAP administrators are available to give advice in determining benefits. This NAVSO 5305/5 should establish the achievement is attributable to the individual’s actions and not to other factors. Once the NAVSO 5305/5 has been signed by the immediate supervisor, this form should be signed by the commanding officer or equivalent. This constitutes a recommendation of an award for the achievement.

b. Processing the Recommendation. Send the total package, OPNAV Form 5305/1, supporting data, and appropriately signed and completed NAVSO 5305/5 to the major Enterprise MILCAP administrator. You may obtain any further technical review through command channels to obtain any additional information or confirmation of the achievement. The recommendation award can be sent to the appropriate level of award approval.

c. Award Determination. Use tables III and IV of enclosure (6) only to determine award amount for a scientific achievement.

d. Award Approval Authorities. Use appropriate approval authority listed in enclosure (1).

3. Request for Reconsideration. The person who recommends a cash award for a scientific achievement may request reconsideration of an unfavorable decision within 30 days after the date of official notification. A written request should
show the reasons for reconsideration. A request for person oral presentation will also be honored. The oral presentation data must be fully documented in the case file after the presentation.
DETERMINATION AND PAYMENT OF AWARDS

1. Award amount. Commands authorized to approve payment of cash awards shall use scales for tangible and intangible benefits in Tables III and IV. Awards for contributions with tangible benefits are based on estimated savings during first full year the contribution is used. Only savings involving labor, materials or service costs are included. Military labor cost will be calculated using composite standard military rates in Table 702-2 of reference (h) and accelerated using accrual rates for other personnel cost such as retirement, leave and holiday. Actual overhead cost should be included. Awards based on intangible benefits will be taken from the scale in Table IV. Awards for contributions with tangible and intangible benefits may be based on a combination of both values. Awards will be paid by the benefiting command(s).

2. Initial award. Experimental work, trial test or extended evaluations may cause delays deciding value of a suggestion. An initial cash award up to $50 may be paid when estimated value of the contribution will be over $500 and will be used. The initial cash award will be part of the total award paid. No downward adjustment of an initial cash award is authorized when final decision of the contribution’s value is made.

3. Group award. The amount of a group award is based on total value of the contribution and shall be divided according to each individual’s efforts.

4. Approval level. Awards shall be approved at the lowest possible level after documentation of award eligibility, adoption, or intent to adopt.

5. Financing award payments. Funding policy and detailed procedures for cash award accounting and payment are contained in paragraph of reference (i). All awards will be charged as an operating expense to Operation and Maintenance, Navy (O&MN) funds. When a command is funded only by Navy Industrial Fund; Research, Development, Test and Evaluation, Navy; or Military Construction, Navy, MILCAP awards may be charged to these funds. Awards of $200 or less for contributions adopted from outside the local command will be financed by the originating, rather
than the adopting activity. Cash award payments are subject to withholding provisions of Federal Income Tax Laws and Medicare Deductions.

   a. Local awards. Local awards will be financed from approving command’s Operating Target (OPTAR) funds or operating the budget available to the commanding officer approving or recommending award approvals at a higher level. In operating forces, type commanders will credit local commands for excess amounts where award payments exceed one percent of each OPTAR budget.

   b. Adoption by other Navy commands. When a contribution is adopted by other commands, each shall report its savings to the MILCAP administrator of the originating command. The MILCAP administrator shall then compute the total award based on reported savings and decide the amount chargeable to each adopting command. Payment to the individual shall be made and a Voucher for Disbursement and/or Collection (NAVCOMPT 2277) will be sent to each command involved.

   c. General adoption. Awards for contribution adopted by revision of manuals, regulations, instructions or other means of general distribution will be financed with funds available to the activity responsible for originating the document.

   d. Adoption by non-DoD agencies. Funds received from departments of the Government outside DoD in payment to Navy personnel shall be received by DON Civilian Human Resources (DONHR) for forwarding to the suggester’s command for processing and payment.

   e. Navy adoption of non-DoD agency contribution. Payments to other Federal agencies for contributions adopted by DoN shall be charged to funds available to the commands adopting contributions.

Enclosure (6)
AWARD SCALE FOR TANGIBLE BENEFITS

TABLE III - CONTRIBUTIONS WITH TANGIBLE BENEFITS

<table>
<thead>
<tr>
<th>Estimated First-Year Benefits to Government</th>
<th>Amount of Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $100,000</td>
<td>10% of benefits</td>
</tr>
<tr>
<td>$10,001 - $100,000</td>
<td>$1,000 for first $10,000 plus 3% of benefits over $10,000</td>
</tr>
<tr>
<td>$100,001 and more</td>
<td>$3,700 for the first $100,000 plus 0.5% of benefits over $100,000</td>
</tr>
</tbody>
</table>
AWARD SCALE FOR INTANGIBLE BENEFITS

TABLE IV - CONTRIBUTIONS WITH INTANGIBLE BENEFITS

<table>
<thead>
<tr>
<th>Value of Benefit</th>
<th>EXTENT OF APPLICATION</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LIMITED</td>
<td>EXTENDED</td>
<td>BROAD</td>
<td>GENERAL</td>
</tr>
<tr>
<td></td>
<td>Affects functions, mission, or personnel of one facility, installation, regional area, or an organizational element of headquarters. Affects small area of science or technology.</td>
<td>Affects functions, mission, or personnel of an entire regional area, command, or bureau. Affects an important area of science or technology.</td>
<td>Affects functions, mission, or personnel of several regional areas or commands, or an entire Department or Agency. Affects an extensive area of science or technology.</td>
<td>Affects functions, mission, or personnel of more than one Department or Agency, or is in the public interest throughout the Nation and beyond.</td>
</tr>
<tr>
<td>MODERATE</td>
<td>$25 - $125</td>
<td>$126 - $325</td>
<td>$326 - $650</td>
<td>$651 - $1,300</td>
</tr>
<tr>
<td>Change or modification of an operating principle or procedure with limited use or impact.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUBSTANTIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Substantial change or modification of procedures. An important improvement to the value of a product, activity, program, or service to the public.</td>
<td>$125 - $325</td>
<td>$326 - $650</td>
<td>$651 - $1,300</td>
<td>$1,301 - $3,150</td>
</tr>
<tr>
<td><strong>HIGH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete revision of a basic principle or procedure; a highly significant improvement to the value of a product or service.</td>
<td>$325 - $650</td>
<td>$651 - $1,300</td>
<td>$1,301 - $3,150</td>
<td>$3,151 - $6,300</td>
</tr>
<tr>
<td><strong>EXCEPTIONAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>$650 - $1,300</td>
<td>$1,301 - $3,150</td>
<td>$3,151 - $6,300</td>
<td>$6,301 - $10,000</td>
</tr>
</tbody>
</table>

Enclosure (6)
**MILCAP REVIEW CHECKLIST**

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Command has named a MILCAP administrator for the program.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Training on suggestion program is included in new personnel orientation and supervisory training.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Suggestion program is publicized, including publicizing information on people who receive cash awards and reasons cash awards were granted.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Processing of suggestions is prompt and within prescribed time limits - 30 days from date of receipt at each approval level.</td>
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</tr>
<tr>
<td>5. A tracking system has been established for suggestions being processed and evaluated.</td>
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<tr>
<td>7. Annual Command review of suggestion program is conducted.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Rate of personnel participation in the suggestion program is acceptable. Participation rate is</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Enclosure (7)