



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2017 - 4
December 4, 2017

TO : All Heads of Departments, Bureaus, and Agencies of the National Government, Including State Universities and Colleges (SUCs), and Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter

1.0 Purpose

This Circular is issued to prescribe the rules and regulations on the grant of the **PEI to government personnel for FY 2017 and years thereafter**, pursuant to Executive Order (EO) No. 201, s. 2016 entitled, "Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel," as approved by the President on February 19, 2016.

Section 6 of the EO states, to wit:

"Beginning FY 2016, the Productivity Enhancement Incentive shall be given not earlier than December 15 of every year to all qualified government employees at Five Thousand Pesos (P5,000) each for the purpose of improving the government employees' productivity."

2.0 Coverage

This Circular shall apply to the following positions and personnel:

- 2.1 All positions of civilian personnel, whether regular, casual, or contractual in nature, appointive or elective, full-time or part-time, now existing or hereafter created in the Executive, Legislative, and Judicial Branches, the Constitutional Commissions and other Constitutional Offices, SUCs, GOCCs not covered by Republic Act (RA) No. 10149, s. 2011 which are under the jurisdiction of the Department of Budget and Management (DBM), and LWDs; and in LGUs.

- 2.2 Military personnel of the Armed Forces of the Philippines and the Department of National Defense; and uniformed personnel of the Philippine National Police, Philippine Public Safety College, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard under the Department of Transportation; and National Mapping and Resource Information Authority under the Department of Environment and Natural Resources.

3.0 Exclusions

Excluded from the coverage of this Circular are those hired without employee-employer relationships and funded from non-Personnel Services appropriations/budgets, as follows:

- 3.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
- 3.2 Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
- 3.3 Student workers and apprentices; and
- 3.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

4.0 Guidelines on the Grant of the Productivity Enhancement Incentive

- 4.1 The ***Productivity Enhancement Incentive*** of ***P5,000*** shall be given to personnel ***not earlier than December 15 of the current year***, subject to the following conditions:
- 4.1.1 The employees are still in the service as of ***November 30*** of the current year; and
- 4.1.2 The employees have rendered at least a total or an aggregate of ***four (4) months*** of at least satisfactory service as of November 30 of the current year, including leaves of absence with pay.
- 4.2 Those who have rendered less than the total or aggregate of four (4) months of service but still in the service as of November 30 of the current year shall be entitled to pro-rated PEI, as follows:

Length of Service	Percentage of the PEI
3 months to less than 4 months	50%
2 months to less than 3 months	40%
1 month to less than 2 months	30%
Less than 1 month	20%

- 4.3 The PEI of an employee on part-time basis shall be pro-rated corresponding to the services rendered. If employed on part-time basis with two (2) or more agencies, an employee shall be entitled to proportionate amounts corresponding to the services in each

agency, provided that the total PEI shall not exceed the authorized amount.

- 4.4 The PEI of an employee who transferred from one agency to another shall be granted by the new agency.
- 4.5 The PEI of an employee on detail to another government agency shall be granted by the parent agency.
- 4.6 A compulsory retiree, on service extension as of November 30 of the current year, may be granted the PEI, subject to the pertinent conditions and guidelines under this Circular.
- 4.7 Personnel Charged With Administrative and/or Criminal Cases

Personnel who were formally charged with administrative and/or criminal cases, which are still pending for resolution, shall be entitled to PEI until found guilty by final and executory judgment, provided that:

4.7.1 Those found guilty shall not be entitled to PEI in the year of finality of the decision. The personnel shall return the PEI received for that year.

4.7.2 If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to the PEI.

5.0 Grant of PEI to Employees in GOCCs under the Jurisdiction of the DBM and in LWDs

Personnel of GOCCs under the jurisdiction of the DBM and those in the LWDs may be granted the PEI at rates not exceeding P5,000 as determined by their respective governing boards, subject to the following considerations:

- 5.1 The conditions under Item 4.0 hereof on the entitlement of personnel to the PEI shall be strictly observed.
- 5.2 If funds are insufficient, PEI may be granted at lower but uniform rate for all employees of a GOCC or LWD.

6.0 Grant of PEI to Employees in LGUs

Personnel of LGUs may be granted the PEI at rates not exceeding P5,000 as determined by their respective *sanggunian*, subject to the following considerations:

- 6.1 The conditions under Item 4.0 hereof on the entitlement of personnel to the PEI shall be strictly observed.
- 6.2 The Personnel Services (PS) limitation in LGU budgets under Sections 325 and 331 of RA No. 7160 shall be complied with.
- 6.3 If funds are insufficient, the PEI may be granted at lower but uniform rate for all employees of an LGU.

7.0 Grant of PEI to Employees in GOCCs covered by RA No. 10149, s. 2011

The policy and procedural guidelines on the grant of the PEI to personnel of GOCCs that are covered by RA No. 10149, s. 2011 shall be issued separately by the **Governance Commission for GOCCs**.

8.0 Fund Sources

8.1 For **National Government Agencies**, including SUCs, the amounts required for the payment of the PEI shall be charged against agency appropriations for the purpose in the current year's General Appropriations Act. Any deficiency shall be charged against the Miscellaneous Personnel Benefits Fund.

8.2 For **GOCCs under the jurisdiction of the DBM and for LWDs**, the amounts required to grant the PEI shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for the PEI or any related expenditures; provided, further, that the GOCCs shall not resort to borrowings for the purpose; and provided, furthermore, that the performance targets of GOCCs as stipulated in their DBM-approved COBs are met and their programs/projects for the year are not adversely affected.

8.3 For **LGUs**, the amounts required to grant the PEI shall be charged against their respective local government funds, subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160.

9.0 When to Pay the PEI

Payment of the PEI shall be made **not earlier than December 15** of the current year.

10.0 Responsibility of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

11.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

12.0 Effectivity

This Circular shall take effect immediately.


BENJAMIN E. DIOKNO
Secretary

