

## **PERSONNEL AMELIORATION**

**Sec. 34. Funding of Personnel Benefits.** The personnel benefits costs of government officials and employees shall be charged against the funds from which their salaries are paid. Notwithstanding any provision of law to the contrary, all authorized supplemental or additional compensations, fringe benefits and other Personal Services costs of officials and employees whose salaries are drawn from special accounts or special funds shall similarly be charged against the corresponding fund from which their basic salaries are drawn. In no case shall such personnel benefits costs be charged against the General Fund of the National Government.

Personnel benefits costs shall include salary increases, step increment, incentive and service fees, commutation of vacation and sick leaves, retirement and life insurance premiums, compensation insurance premiums, health insurance premiums, HDMF contributions, hospitalization and medical benefits, scholarship and educational benefits, training and seminar expenses, all kinds of allowances, whether commutable or reimbursable, in cash or in kind, and other personnel benefits and privileges authorized by law, including the payment of retirement gratuities, separation pay and terminal leave benefits.

If the personnel benefits costs of government officials and employees, in whatever form, are partly sourced from the General Fund and partly from other sources, then in determining the fund source for the payment of retirement and terminal leave benefits and pension, only the portion attributed to personnel benefits cost charged against the General Fund shall be sourced from such. In no case shall personnel benefits costs charged against another source be charged against the General Fund.

Officials and employees on detail with other offices, including the representatives and support personnel of auditing units assigned to serve other offices or agencies, shall be paid their salaries, emoluments, allowances and the foregoing supplemental or additional compensation, fringe benefits and other Personal Services costs from the appropriations of their parent agencies. In no case shall such be charged against the appropriations of the agencies where they are assigned or detailed, except when authorized by law.

**Sec. 35. Remittance of Compulsory Contributions.** Notwithstanding the provisions of LOI No. 1102 dated January 13, 1981, the government and employee share in the compulsory contributions to the Employees Compensation Commission, PHILHEALTH, GSIS and HDMF pursuant to P.D. No. 626, as amended, R.A. No. 6111, R.A. No. 7875, R.A. No. 8291, and R.A. No. 9679, respectively, shall be remitted directly by agencies of the government to the respective recipient agencies unless a different arrangement is agreed upon in writing among the DBM, the remitting agency, and the recipient agency: PROVIDED, That any proposed increase in government and employee compulsory contributions may only be made after consultation by the agency concerned with the DBM in order that the budgetary implications of such proposal be duly considered: PROVIDED, FURTHER, That any increase in government and employee compulsory contributions, after said consultation, shall be made effective only upon inclusion thereof in the General Appropriations Act.

**Sec. 36. Authorized Deductions.** Deductions from salaries, emoluments or other benefits accruing to any government employee chargeable against the appropriations for Personal Services may be allowed for the payment of individual employee's contributions or obligations due the following:

- (a) The BIR, PHILHEALTH, GSIS, and HDMF;
- (b) Mutual benefits associations, thrift banks and non-stock savings and loan associations duly operating under existing laws which are managed by and/or for the benefit of government employees;
- (c) Associations/cooperatives/provident funds organized and managed by government employees for their benefit and welfare; and
- (d) Duly licensed insurance companies accredited by national government agencies.

PROVIDED, That such deductions shall not reduce the employee's monthly net take home pay to an amount lower than Three Thousand Pesos (P3,000), after all authorized deductions: PROVIDED, FURTHER, That in the event total authorized deductions shall reduce net take home pay to less than Three Thousand Pesos (P3,000), authorized deductions under item (a) shall enjoy first preference, those under item (b) shall enjoy second preference, and so forth.

**Sec. 37. Service Fees.** Departments, bureaus, offices and agencies, which collect service fees for the payment of any obligation through authorized deductions under the preceding section, shall deposit said service fees with the National Treasury, to be recorded in its books of accounts as trust receipts. Said service fees shall be used exclusively for the operation of a Provident Fund in favor of all its employees in accordance with A.O. No. 279, s. 1992 and pertinent rules and regulations. The Provident Fund shall be used for loaning operations and other purposes beneficial to all members as may be approved by its governing board.

**Sec. 38. Personnel Economic Relief Allowance.** The personnel economic relief allowance (PERA) is granted to government personnel stationed in the Philippines in order to supplement their salaries due to the rising cost of living. The PERA, in the amount of Two Thousand Pesos (P2,000) per month, shall be granted to civilian government personnel whether occupying regular, contractual, or casual positions, appointive or elective whose positions are covered by R.A. No. 6758, as amended, as well as to the military and uniformed personnel, chargeable against the appropriations in this Act: PROVIDED, That personnel of GOCCs or LGUs shall be paid from their respective corporate or local funds: PROVIDED, FURTHER, That the grant of PERA shall be subject to the rules and regulations prescribed under Budget Circular No. 2009-3 dated August 18, 2009.

Overseas allowances are granted to government personnel stationed abroad to defray the cost of their living expenses. Accordingly, government personnel authorized to receive overseas allowances shall no longer be entitled to receive the PERA for the duration of their station abroad.

**Sec. 39. Uniform or Clothing Allowance.** The appropriations provided for each department, bureau, office or agency may be used for uniform or clothing allowance of employees at not more than Five Thousand Pesos (P5,000) each per annum, subject to the rules and regulations issued by the DBM. In case of deficiency, or in the absence of appropriation for the purpose, the requirements shall be charged against available savings of the agency.

**Sec. 40. Magna Carta Benefits.** The payment of magna carta benefits of public health workers and scientists, engineers, researchers, and other science and technology personnel in the government shall be limited to the appropriations authorized in this Act for the purpose. Augmentation thereof from any available savings of the agency concerned shall be subject to the approval by the DBM.

**Sec. 41. Special Counsel Allowance.** Lawyer-personnel, including those designated to assume the duties of a legal officer and those in the legal staff of departments, bureaus, offices or agencies of the National Government deputized by the Office of the Solicitor General to appear in court as special counsel in collaboration with the Solicitor General or prosecutors concerned, are hereby authorized an allowance of One Thousand Pesos (P1,000) for each appearance or attendance of hearing except pursuant to a motion for extension, chargeable to savings in the appropriations of their respective offices, but not exceeding Four Thousand Pesos (P4,000) per month: PROVIDED, That the special counsel allowance shall not be granted to lawyer-personnel appearing before quasi-judicial and administrative agencies.

Implementation of this section shall be subject to guidelines issued by the DBM.

**Sec. 42. Hazard Duty Pay.** National government agencies which are not specifically authorized by law to grant hazard duty pay are hereby allowed to use savings under Personal Services for the payment thereof to officials and employees who are actually assigned to, and performing their duties in, strife-torn or embattled areas as may be determined and certified by the Secretary of National Defense. Hazard duty pay shall only be granted for the duration of such assignment.

The grant of hazard duty pay shall be subject to the rules and regulations prescribed under Budget Circular No. 2005-4 and other rules and regulations issued by the DBM.

**Sec. 43. Honoraria.** The respective agency appropriations for honoraria shall only be paid to the following:

- (a) Teaching personnel of the DepEd, TESDA, SUCs and other educational institutions, engaged in actual classroom teaching, whose teaching load is outside of the regular office hours or in excess of the regular load;
- (b) Those who act as lecturers, resource persons, coordinators and facilitators in seminars, training programs, and other similar activities in training institutions, including those conducted by entities for their officials and employees wherein no seminar fees are collected from participants;
- (c) Chairs and members of commissions, boards, councils, and other similar entities, including personnel thereof who are not paid salaries nor per diems but compensated in the form of honoraria as provided by law, rules and regulations;
- (d) Those who are involved in science and technological activities who render services beyond their regular workload;
- (e) Officials and employees assigned to special projects, subject to the following conditions:
  - (i) Said special projects are reform-oriented or developmental, contribute to the improvement of service delivery and enhancement of the performance of the core functions of the agency, and have specific timeframes and deliveries for accomplishing objectives and milestones set by the agency for the year; and
  - (ii) Such assignment entails rendition of work in addition to, or over and above, their regular workload.

In these instances, rates of honoraria shall depend on the level of responsibilities, nature of work rendered, and extent of individual contribution to produce the desired outputs: PROVIDED, That the total honoraria received from all special projects shall not exceed twenty-five percent (25%) of the annual basic salaries; and

- (f) Officials and employees authorized to receive honoraria under R.A. No. 9184 and its Revised Implementing Rules and Regulations.

The grant of honoraria to the foregoing shall be subject to the guidelines prescribed under Budget Circular No. 2003-5, as amended by Budget Circular No. 2007-1 and National Budget Circular No. 2007-510, Budget Circular No. 2007-2, and other guidelines issued by the DBM.

**Sec. 44. Representation and Transportation Allowances.** The following officials of national government agencies, while in the actual performance of their respective functions, are hereby authorized monthly commutable representation and transportation allowances charged against appropriations authorized for the purpose at the rates indicated below:

- (a) P11,000 for Department Secretaries;
- (b) P8,700 for Department Undersecretaries;
- (c) P7,800 for Department Assistant Secretaries;
- (d) P7,000 for Bureau Directors and Department Regional Directors;
- (e) P6,500 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, and Department Service Chiefs;
- (f) P5,500 for Assistant Bureau Regional Directors; and
- (g) P4,000 for Chief of Divisions, identified as such in the Personal Services Itemization and Plantilla of Personnel.

The foregoing rates shall apply for each type of allowance.

No amount of representation or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this section may be granted to the foregoing officials. Previous administrative authorizations inconsistent with the rates and conditions specified herein shall no longer be valid and payment shall not be allowed. The transportation allowance, whether in full or partial amounts, authorized herein shall not be granted to officials who are assigned or presently use government motor transportation.

The DBM shall determine other officials in the government that are of equivalent ranks with the above-cited officials who may likewise be entitled to representation and transportation allowances. The

representation and transportation allowances of local government officials who are of equivalent rank to the foregoing officials, as determined by the DBM, shall be at the same percentages as the salary rates under R.A. No. 6758, as amended, and subject to the budgetary limitations under R.A. No. 7160.

**Sec. 45. Official Vehicles and Transport.** Government motor transportation may be used by the following officials with costs chargeable to the appropriations authorized for their respective offices:

- (a) The President of the Philippines;
- (b) The Vice-President;
- (c) The President of the Senate;
- (d) The Speaker of the House of Representatives;
- (e) The Chief Justice and Associate Justices of the Supreme Court;
- (f) The Presiding Justices of the Court of Appeals, Court of Tax Appeals, and the Sandiganbayan;
- (g) The Department Secretaries, Undersecretaries, Assistant Secretaries and officials of equivalent rank;
- (h) Ambassadors, Ministers Plenipotentiary and Consuls in charge of consulates, in their respective stations abroad;
- (i) The Chief of Staff, the Vice-Chief of Staff, and the Commanding Generals of the Major Services of the Armed Forces of the Philippines;
- (j) Heads of Constitutional Commissions and the Ombudsman;
- (k) Bureau Directors, Department Regional Directors and Bureau Regional Directors; and
- (l) Those who may be specifically authorized by the President of the Philippines, the Senate President, with respect to the Senate, the Speaker, with respect to the House of Representatives, and the Chief Justice, in the case of the Judiciary.

**Sec. 46. Quarters Privileges.** Officials and employees who, by virtue of their positions, are entitled to quarters privileges as authorized by law shall be provided free quarters within their office premises. Officials and employees of equivalent rank who are transferred from one station to another by virtue of agency policies on reshuffling or rotation of personnel and do not own houses or rooms therein, shall also be provided free quarters within their office premises.

Where there is not enough space to be used as quarters, the agency may rent buildings or rooms which shall serve as quarters for said officials and employees. For those who opt for more expensive quarters other than those rented by their agencies, such preferred quarters may be secured provided that the difference between the rental cost and the amount authorized shall be paid by the officials and employees concerned.

Officials and employees not entitled to quarters privileges but are allowed to use quarters in government-owned buildings shall be charged the corresponding cost of rentals subject to guidelines issued by the DBM.

**Sec. 47. Employment of Contractual Personnel.** Heads of departments, bureaus, offices or agencies, when authorized in, and within the limits of their respective appropriations, under this Act, may hire contractual personnel as part of the organization to perform regular agency functions or specific vital activities or services which cannot be provided by the regular or permanent staff of the hiring agency.

The contractual personnel employed pursuant to this section shall be considered as an employee of the hiring agency, limited to the year when their services are reasonably required.

The total annual Personal Services requirement for contractual personnel to cover salaries and other personnel benefits and fixed expenditures, shall in no case exceed the lump sum appropriation for the purpose.

**Sec. 48. Year-End Bonus and Cash Gift.** The year-end bonus equivalent to one (1) month basic salary and additional cash gift of Five Thousand Pesos (P5,000) provided under R.A. No. 6686, as amended by R.A. No. 8441, shall be granted to all National Government officials and employees, whether under regular, temporary, casual or contractual status, on full-time or part-time basis, who have rendered at least a total of four (4) months of service including leaves of absence with pay from January 1 to October 31 of each year, and who are still in the service as of October 31 of the same year.

One half (1/2) of said year-end bonus and cash gift may be paid not earlier than May 1 if at least a total of four (4) months of service have been rendered regardless of whether or not they will still be in the service as of October 31 of the same year. In case an official or employee retires or is separated from government

service before October 31, a proportionate share of the remaining balance of the year-end bonus and cash gift shall be granted to said official or employee, based on the monthly basic salary immediately preceding the date of retirement or separation.

Personnel of GOCCs and LGUs are likewise entitled to year-end bonus and cash gift chargeable against their respective corporate and local funds.

The grant of the year-end bonus and/or cash gift shall be subject to guidelines under Budget Circular No. 2010-1 dated April 28, 2010.

**Sec. 49. Compensation and Position Classification System of Government-Owned or Controlled Corporations.** Pursuant to the provisions of R.A. No. 10149, the Governance Commission for GOCCs shall develop a Compensation and Position Classification System which shall apply to all officers and employees of the GOCCs whether covered by R.A. No. 6758, as amended or exempt therefrom, subject to approval by the President of the Philippines.

**Sec. 50. Personal Liability of Officials or Employees for Payment of Unauthorized Personal Services Cost.** No official or employee in any of the agencies of the government shall be paid any personnel benefits charged against public funds unless authorized by law. Grant of personnel benefits authorized by law but not supported by specific appropriations shall also be deemed unauthorized.

The payment of any unauthorized personnel benefit in violation of this section shall be null and void. The erring officials and employees shall be subject to disciplinary action in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

**Sec. 51. Use of Appropriations for Retirement Gratuity and Terminal Leave.** Appropriations authorized in this Act to cover retirement gratuity benefit claims shall be released directly to the offices and agencies concerned computed based on the provisions of applicable retirement laws, rules and regulations.

Unless authorized by law and duly formalized in an appropriate issuance by the DBM, public funds shall not be used for the payment of salary increases or adjustments resulting from automatic promotions with the intent of increasing the retirement and terminal leave benefits of government personnel.