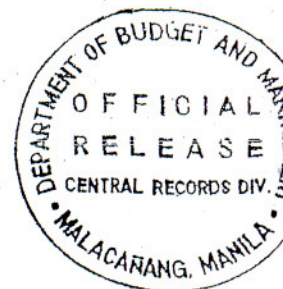REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

BUDGET CIRCULAR

No. 2002 - 1

January 14, 2002

F O R : Heads of Department, Bureaus, Offices and Agencies of the National Government Agencies (NGAs); Government-Owned and/or -Controlled Corporations (GOCCs); Government Financial Institutions (GFIs); Chief Executives of Local Government Units (LGUs); and All Others Concerned

SUBJECT : **Computation and Funding of Terminal Leave Benefits and Monetization of Leave Credits**

1.0 PURPOSE

To prescribe guidelines on the computation and funding of the Terminal Leave Benefits (TLB) and Monetization of Leave Credits (MLC) of government officials and employees.

2.0 POLICY STATEMENTS

2.1 The twenty-two (22) working days per month referred to under Section 7 of RA 6758 shall be used only in determining the daily wage rate of the monthly rates contained in the Salary Schedule.

2.2 Effective January 1, 2002, the computation of TLB and MLC shall be in accordance with Memorandum Circular (MC) No. 14, s. 1999 of the Civil Service Commission (CSC).

3.0 GUIDELINES

3.1 On the Computation

3.1.1 Pursuant to Section 40 of CSC MC No. 14, TLB shall be computed as follows:

$$TLB = S \times D \times CF$$

Where: TLB = Terminal leave benefits
         S = Highest monthly salary received
         D = Number of accumulated vacation and sick leave credits
         CF = Constant factor which is .0478087

The constant factor (CF) was derived from this formula:

$$\frac{\text{Number of months in a year}}{\text{No. of days in a year less the sum of Saturdays, Sundays and Legal Holidays in a year}}$$

365 = Days in a year
104 = Saturdays, Sundays in a year
10 = Legal holidays (as provided under EO 292) in a year

$$\frac{12}{365 - (104 + 10)} = \frac{12}{251} = .0478087$$

Based on the above formula, the equivalent number of days in a month for purposes of computation of TLB is 20.91667.

3.1.2 The monetization of leave credits shall be computed in accordance with the above formula.

3.2 On the Funding Source

3.2.1 For TLB

- For NGAs, the cost to implement this Circular in CY 2002 shall be charged against the lump-sum appropriation for TLB in the agency budget. Any deficiency shall be charged against savings. For CY 2003 onwards, the full requirement for TLB as computed under this Circular shall be provided for in the General Appropriations Act.

- For GOCCs, GFIs and LGUs, the cost to implement this Circular in CY 2002 shall be charged against their respective corporate and local funds appropriated for TLB. In case of deficiency, funding shall be charged against their respective savings. For CY 2003

onwards, the requirement for TLB under this Circular shall be fully provided for in their respective budgets.
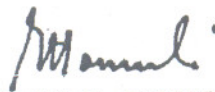
3.2.2 For MLC

- Funding for MLC shall be charged solely from savings of the entity concerned.

4.0 RESPONSIBILITY OF THE HEAD OF ENTITY

The Head of entity concerned shall be held personally liable for any payment of the TLB and MLC not in accordance with the provisions of this Circular without prejudice however, to the refund of any excess payment by the employee concerned.

5.0 EFFECTIVITY

This Circular shall take effect January 1, 2002.

EMILIA T. BONCODIN
Secretary