



REPUBLIC OF THE PHILIPPINES

## Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila



### BUDGET CIRCULAR

No. 2010 - 3  
November 30, 2010

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

**SUBJECT :** Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Personnel for Fiscal Year (FY) 2010

#### 1.0 Background

- 1.1 Administrative Order (AO) No. 3, "*Authorizing the Grant of Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year 2010*," was issued by President Benigno S. Aquino III on November 25, 2010.
- 1.2 AO No. 3 is in accordance with Item (4)(h)(ii) of the Senate and House of Representatives Joint Resolution No. 4 approved on June 17, 2009, which provides that incentives for government personnel shall include rewards for exceeding agency financial and operational performance targets, and to motivate employee efforts toward higher productivity.

#### 2.0 Purpose

This Circular is issued to prescribe the guidelines on the grant and the funding of the PEI for FY 2010 pursuant to AO No. 3.

#### 3.0 Coverage

The following are covered by this Circular:

- 3.1 Civilian government personnel occupying regular, contractual, or casual positions; appointive or elective; rendering services on full-time or part-time basis; and whose positions are either covered by or exempted from Republic Act (R.A.) No. 6758, as amended;

3.2 Military personnel of the Armed Forces of the Philippines, Department of National Defense; and uniformed personnel of the Philippine National Police, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard; and, National Mapping and Resource Information Authority;

3.3 Local government personnel, including *barangay* personnel.

#### **4.0 Exclusions**

The following are excluded from the coverage of this Circular:

4.1 Those who have received any additional year-end benefit in FY 2010 over and above the benefit authorized under Republic Act (RA) No. 6686 and RA No. 8441.

4.2 Those who were absent without approved leave as of November 30, 2010;

4.3 Those found guilty of offenses and/or meted penalties in FY 2010, except when the penalty is a mere reprimand;

4.4 Those hired without employer-employee relationships and paid from non-Personal Services appropriations/budgets, as follows:

4.4.1 Consultants and experts hired to perform specific activities or services with expected outputs;

4.4.2 Laborers hired through job contracts (pakyaw) and those paid on piecework basis;

4.4.3 Student laborers and apprentices; and

4.4.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

#### **5.0 Grant of the One-Time PEI**

Government personnel shall be entitled to the PEI at a maximum amount of P10,000 each, subject to the following guidelines:

5.1 The personnel are still in the service as of November 30, 2010, and have rendered at least a total or an aggregate of four (4) months of service during the year;

5.2 Those who have rendered less than the total or aggregate of four (4) months of service as of November 30, 2010, shall be entitled to the pro-rated PEI as follows:



<b>Length of Service</b>	<b>Percentage of the PEI</b>
3 months but less than 4 months	40%
2 months but less than 3 months	30%
1 month but less than 2 months	20%
Less than 1 month	10%

- 5.3 The PEI of government personnel employed on part-time basis shall be pro-rated corresponding to the services rendered. Those employed on part-time basis with two (2) or more agencies shall be entitled to the proportionate amount corresponding to the services in each agency, provided that the total PEI shall not exceed the authorized amount;
- 5.4 The PEI of those who transferred from one agency to another shall be granted by the new agency;
- 5.5 The PEI of those on detail with another government agency shall be granted by the mother agency.

## **6.0 Funding Sources of the PEI for Personnel of the Executive Branch**

### **6.1 National Government Agencies (NGAs)**

#### **6.1.1 Savings in Appropriations**

6.1.1.1 The Department of Budget and Management (DBM) shall release the amount needed to fund the P7,000.00 per employee, chargeable against the unreleased appropriations under RA No. 9970, the FY 2010 General Appropriations Act, pooled by the DBM for the purpose. The release of funds shall not require the submission of requests from agencies.

6.1.1.2 The corresponding Notices of Cash Allocation (NCA) shall likewise be issued by the DBM without need for agency requests.

#### **6.1.2 Savings in Allotments**

6.1.2.1 The remaining funding requirement for the P3,000.00 per employee shall be charged against the respective agency savings in allotments. If agency savings are insufficient to cover in full the P3,000.00 per employee, a lower but uniform amount shall be paid to all qualified employees.

6.1.2.2 The corresponding NCA for the PEI, chargeable against savings in allotments, shall be sourced by NGAs out of their Common Fund (i.e., free portion of



the NCA balance under the regular MDS Sub-Accounts). In case of insufficient NCA balance, the NGAs concerned shall submit a request to the DBM for the issuance of additional NCA for the purpose.

## 6.2 GOCCs and GFIs

6.2.1 The PEI for personnel of GOCCs and GFIs at a maximum amount of P10,000 each shall be charged against savings from the respective approved corporate operating budgets for FY 2010.

6.2.2 GOCCs and GFIs which do not have sufficient funds may grant the PEI at a lower but uniform amount for all qualified personnel.

## 7.0 PEI for Personnel of the Legislative and Judicial Branches, and Other Offices Vested with Fiscal Autonomy

7.1 Pursuant to item (4)(h)(ii)(bb) of Senate and House of Representatives Joint Resolution No. 4, the Senate President, Speaker of the House of Representatives, Chief Justice of the Supreme Court, Ombudsman, and Heads of Constitutional Offices vested with fiscal autonomy, may also authorize the grant of the one-time PEI to their personnel, at rates not exceeding Ten Thousand Pesos (P10,000.00) each, chargeable against the available savings in allotments of their respective agencies.

7.2 In case of insufficient savings to cover in full the P10,000.00 per employee, payment thereof shall be made at a lower but uniform amount for all qualified employees of the agency.

7.3 The grant of the PEI shall be subject to the provisions in item 5.0 of this Circular

## 8.0 PEI for Personnel of LGUs

The grant of the PEI to LGU personnel shall be determined by the *sanggunian* subject to the following conditions:

8.1 The PEI shall be charged against LGU funds, subject to the Personal Services limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160;

8.2 The guidelines on the grant of the PEI under sub-items 5.1 to 5.5 of this Circular shall be adhered to;

8.3 The amount of the PEI shall be determined by the respective *sanggunian* depending on the LGU financial capability. LGUs are, however, reminded to exercise prudence in the use of government funds for the purpose. The *sanggunian* shall ensure that the amount of



the PEI and the corresponding expenditure therefor are reasonable and will not, in any way, adversely affect the delivery of services to the public.

#### **9.0 Payment of the PEI**

The payment of the PEI to all government personnel shall be made not earlier than December 15, 2010.

#### **10.0 Responsibility of Agency Heads**

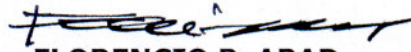
Agency heads shall be held personally liable for any payment of the PEI not in accordance with the provisions of this Circular without prejudice, however, to the refund thereof by the personnel concerned.

#### **11.0 Saving Clause**

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.

  
**FLORENCIO B. ABAD**  
Secretary