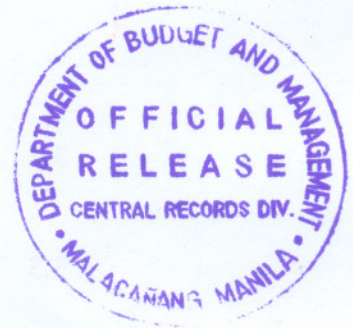




REPUBLIC OF THE PHILIPPINES

## Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila



### BUDGET CIRCULAR

No. 2009-5

December 15, 2009

**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); Chief Executives of Local Government Units (LGUs); and All Others Concerned

**SUBJECT :** Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) for Fiscal Year 2009

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#### 1.0 Purpose

This Circular is issued to prescribe the guidelines on the grant and the funding of the FY 2009 PEI pursuant to Administrative Order No. 276 dated December 15, 2009.

#### 2.0 Coverage

The following are covered by this Circular:

- 2.1 Civilian government personnel occupying regular, contractual, or casual positions; appointive or elective; rendering services on a full-time or part-time basis;
- 2.2 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; and
- 2.3 Local government personnel, including *barangay* personnel.

#### 3.0 Exclusions

The following are excluded from the coverage of this Circular:

- 3.1 Those who were absent without leave as of November 30, 2009;



- 3.2 Those found guilty and/or meted penalties in FY 2009, except when the penalty is a mere reprimand;
- 3.3 Those hired without employer-employee relationships and paid from non-Personal Services appropriations/budgets, as follows:
- 3.3.1 Consultants and experts hired to perform specific activities or services with expected outputs;
  - 3.3.2 Laborers hired through job contracts (pakyaw) and those paid on piecework bases;
  - 3.3.3 Student laborers and apprentices; and
  - 3.3.4 Others similarly situated.

#### 4.0 Grant of the PEI

- 4.1 Government personnel in the service as of November 30, 2009, and have rendered at least a total or an aggregate of four (4) months of service during the year, shall be entitled to the PEI at a maximum amount of P10,000.00 each.
- 4.2 Those who have rendered less than the total or aggregate of four (4) months of service as of November 30, 2009, shall be entitled to the pro-rated PEI as follows:

Length of Service	Percentage
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%

- 4.3 The PEI of government personnel employed on a 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 a proportionate amount corresponding to the services in each agency, provided that the total PEI shall not exceed the amount authorized herein.
- 4.4 The PEI of those who transferred from one agency to another shall be granted by the new office.
- 4.5 The PEI of those on detail with another government agency shall be granted by the mother agency.



- 4.6 Government personnel who have received any unauthorized additional year-end benefit over and above the benefit authorized under Republic Act (R.A.) No. 6686, as amended by R.A. No. 8441, prior to the issuance of this Circular charged against the FY 2009 budget, shall:

4.6.1 Refund any excess of the amount authorized herein; or

4.6.2 Be entitled to the difference, if they received less than the authorized amount.

## **5.0 Funding Sources of the PEI for the Executive Branch**

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

#### **5.1.1 Savings in Appropriations**

5.1.1.1 The Department of Budget and Management (DBM) shall release the amount needed to cover the requirements for the P7,000.00 per employee, chargeable against the unreleased appropriations under the FY 2009 General Appropriations Act which was pooled by the DBM for the purpose. The release of funds shall not require the submission of requests from agencies.

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

#### **5.1.2 Savings in Allotments**

5.1.2.1 The remaining funding requirement of P3,000.00 per employee shall be charged against their respective agency savings in allotments. If agency savings are insufficient to cover in full the P3,000.00 per employee, payment thereof shall be subject to the amount available as savings, provided that uniform amounts shall be given to all employees per agency.

5.1.2.2 The corresponding NCA for the PEI chargeable against savings in allotments shall be paid 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.



## 5.2 GOCCs and GFIs

5.2.1 The PEI for personnel of GOCCs and GFIs at a maximum amount of P10,000.00 each shall be charged against the respective approved corporate operating budgets.

5.2.2 GOCCs and GFIs which do not have adequate or sufficient funds may partially implement the PEI, provided that the partial implementation shall be at a uniform amount for all qualified personnel.

## 6.0 PEI for LGU Personnel

6.1 Personnel in LGUs may also be granted PEI by their respective *sanggunian*, depending on the LGU financial capability. The PEI shall be in lieu of the Additional Benefit/Extra Cash Gift authorized in previous years.

6.2 The PEI for LGU personnel shall be subject to the service requirements in items 4.1 and 4.2 of this Circular.

6.3 The PEI for LGU personnel shall be charged against LGU funds, subject to the budgetary conditions and Personal Services limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of R.A. No. 7160.

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

7.1 Personnel of the Senate, the House of Representatives, the Judiciary, the Office of the Ombudsman, and Constitutional Offices vested with fiscal autonomy may likewise be granted PEI by their respective heads of office, at rates not exceeding the amount of P10,000.00.

7.2 The PEI for the afore-cited personnel shall be subject to the provisions in items 4.1 and 4.2 of this Circular.

7.3 The PEI shall be charged against the available savings in allotments of their respective offices.

7.4 In case of insufficient savings to cover in full the P10,000.00 per personnel, payment thereof shall correspond to the available savings, provided that uniform amounts shall be given to all personnel per agency.

## 8.0 Responsibility of Agency Heads

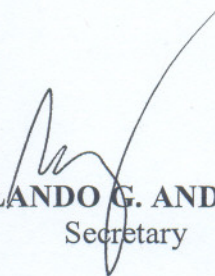
Agency Heads shall be personally liable for any payment of benefit not in accordance with the provisions of this Circular without prejudice, however, to the refund thereof by the employees concerned.

**9.0 Saving Clause**

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

**10.0 Effectivity**

This Circular shall take effect immediately.



**ROLANDO G. ANDAYA, JR.**  
Secretary