



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



NATIONAL BUDGET MEMORANDUM

No. 106

F O R : All Heads of Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges, other Instrumentalities of the National Government and all Others Concerned

SUBJECT : ISSUANCE OF DEPARTMENT INDICATIVE BUDGET CEILING FOR FY 2011

1.0 PURPOSE

- 1.1 To issue the indicative budget ceiling of each Department or OEO for FY 2011 as mentioned under Section 4.4 of NBM No. 105 dated May 12, 2010 (the FY 2011 National Budget Call); and,
- 1.2 To provide the guidelines on the reallocation of the department budget ceiling among bureaus, regional offices and attached agencies, including component programs and projects.

2.0 DEPARTMENT BUDGET CEILINGS

- 2.1 The FY 2011 indicative budget ceiling of each Department or OEO, as shown in Annex A, corresponds to the FY 2011 Forward Estimates. These were formulated taking into account the actual OPIF-based physical and financial performance data of the agencies from FYs 2007-2009 and the FY 2011 macroeconomic assumptions approved by the Development Budget Coordination Committee (DBCC), as provided under Circular No. 2010-5, dated March 1, 2010.
- 2.2 The ceiling also includes the full-year requirement for the following expenditure items:
 - Salary/base pay adjustments in accordance with the salary schedule provided under NBC No. 521, dated July 1, 2009,

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and other related compensation and fixed expenditures adjustments corresponding to Tranche 1 of SSL III; and,

- Increase in the employer share of PHILHEALTH premium contributions based on the revised rates under PHIC Circular Nos. 16 and 22.

3.0 GUIDELINES

3.1 To respond to the priorities and needs of the new administration and to encourage agencies to focus on performance/results in allocating their budgets, Department heads are given flexibility to reallocate the indicative budget ceilings within their departments.

3.2 However, in reallocating the department budget ceilings, agencies shall ensure that the following points are considered:

3.2.1 Better options (e.g. outsourcing, cost-sharing schemes, etc) to efficiently and effectively implement programs and projects are identified;

3.2.2 The Personal Services (PS) allocation for each department, are not reallocated to other expenditure items; and,

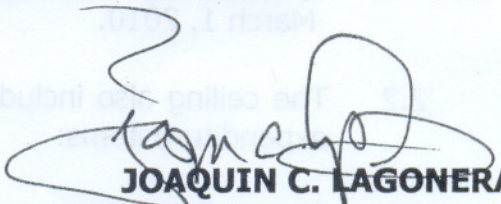
3.2.3 The mandatory expenditure items, like rents, utilities and other similar expenses, are fully provided within the budget allocated for each bureau/attached agency.

4.0 BUDGET LEVEL ADJUSTMENT

The budget levels may also be adjusted based on the sectoral priorities as finally determined by the President and the Cabinet cognizant of the demonstrated absorptive capacity of the agency.

5.0 SUBMISSION OF BUDGET PROPOSALS

The FY 2011 Budget Proposals prepared in accordance with the guidelines provided under NBM No. 105 shall be submitted on or before June 4, 2010.


JOAQUIN C. LAGONERA
Secretary

May 24, 2010