



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT

General Solano Street, San Miguel, Manila

BUDGET CIRCULAR

No. 2016 - 1
March 7, 2016

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

SUBJECT : Clarification on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for FY 2015

1.0 Background

Item 3 of the Special Provisions on the Miscellaneous Personnel Benefits Fund (MPBF) under Republic Act (RA) No. 10651 or the General Appropriations Act of FY 2015, provides for the grant of Productivity Enhancement Incentive (PEI) at either Five Thousand Pesos (₱5,000) or one month basic salary, subject to the following conditions: (i) accomplishment of FY 2014 Performance Targets for at least one strategic Major Final Output of the National Government Agencies; and (ii) compliance with two good governance conditions (i.e. transparency seal and citizen's charter), provided that the implementation of this provision shall be subject to guidelines to be issued by the President.

Executive Order (EO) No. 181, s. 2015¹ was issued to implement the above-cited provision and prescribe the guidelines on the grant of the FY 2015 PEI. Section 11 thereof states that issues arising from the implementation of this Order shall be referred to the Department of Budget and Management (DBM) for final resolution, and that DBM may likewise issue guidelines as may be necessary for the proper implementation of EO No. 181.

2.0 Purpose

This Circular is issued to clarify the guidelines on the grant of the FY 2015 PEI to:

- 2.1 Personnel under authorized attendance in a training program or on scholarship grant;
- 2.2 Personnel promoted or transferred after May 31, 2015;
- 2.3 Personnel charged with administrative and/or criminal charges; and
- 2.4 Barangay officials and employees.

¹ Implementation of the Provision of the FY 2015 General Appropriations Act (GAA) on the Grant of the FY 2015 Productivity Enhancement Incentive (PEI) to Government Employees, dated May 15, 2015

3.0 Grant of PEI to Personnel on Training or Scholarship Grant

Officials and employees who are on authorized attendance in a training program or on scholarship grant on official time may be granted the PEI subject to the following conditions:

- 3.1 The training/scholarship grant is part of the training and development program of the agency and is aimed at directly enhancing the capability of the official/employee to perform the duties and responsibilities of his/her position;
- 3.2 The official/employee has obtained at least a satisfactory performance rating in the two (2) rating periods immediately prior to the training or scholarship.
- 3.3 The PEI shall be at the same amount authorized for other personnel of the agency concerned.

4.0 Rate of PEI of Personnel Promoted or Transferred after May 31, 2015

Consistent with EO 181, the PEI shall be equivalent either to ₱5,000 or one month basic salary based on the salary as of May 31, 2015. Thus, officials and employees who were promoted or transferred to a position with higher salary, whether within the same agency or through transfers from one agency/LGU to another, are no longer entitled to any adjustment to the PEI.

5.0 Grant of PEI to Personnel with Administrative and/or Criminal Charges

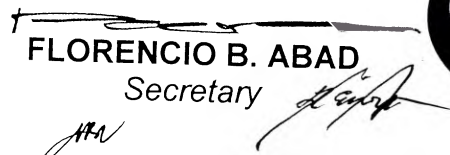
Only personnel with administrative and/or criminal charges who have been meted a penalty in FY 2015, other than reprimand, based on a final and executory decision shall not be granted PEI.

6.0 Grant of PEI to Barangay Officials and Employees

- 6.1 Compliance with the requirements under the Good Financial Housekeeping component of the FY 2014 Seal of Good Local Governance is not a precondition for the grant of the FY 2015 PEI to barangay officials and employees.
- 6.2 Barangays may grant the PEI equivalent to one month honoraria or at ₱5,000, whichever is higher, to personnel who have rendered at least four (4) months of satisfactory service in FY 2015, and still in the service as of May 31, 2015 or any later date within the year.
- 6.3 The PEI shall be charged against barangay funds for FY 2015, subject to the Personnel Services limitation pursuant to Section 331 of RA No. 7160.
- 6.4 In case of insufficient funds, the barangay may set a lower rate of PEI depending on its financial capability and subject to item 6.3 above.

5.0 Applicability

This Circular shall be applicable only to the grant of the FY 2015 PEI.


FLORENCIO B. ABAD
Secretary

