



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA



BUDGET CIRCULAR

No. 2021 - 4
December 28, 2021

TO : Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including Constitutional Offices Enjoying Fiscal Autonomy, State Universities and Colleges (SUCs), and Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of Service Recognition Incentive to Government Employees for FY 2021

1.0 Background

- 1.1 Administrative Order (AO) No. 45¹ dated December 24, 2021 authorizes the grant of a one-time Service Recognition Incentive (SRI) for FY 2021 at a uniform amount not exceeding **Ten Thousand Pesos (P10,000)** for each qualified government employee.
- 1.2 The issuance of AO No. 45 is in accordance with **Section 17(iv) of Congress Joint Resolution (JR) No. 4**² dated June 17, 2009, which authorizes the President, upon the recommendation of the Department of Budget and Management (DBM), to update the Compensation and Position Classification System for civilian personnel and Base Pay Schedule for military and uniformed personnel, as well as the policies and levels of allowances, benefits, and incentives applicable to all government employees.
- 1.3 The one-time SRI for FY 2021 is being granted to acknowledge all public servants for their collective and unceasing participation in and invaluable contribution to the establishment of streamlined government processes and responsive delivery of services to the public, especially in the midst of the prevailing public health emergency due to the COVID-19 pandemic.

¹ Authorizing the Grant of Service Recognition Incentive to Government Employees for Fiscal Year (FY) 2021

² Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes

2.0 Purpose

This Circular is issued to prescribe the guidelines on the grant and the funding of the SRI for FY 2021 pursuant to AO No. 45, s. 2021.

3.0 Coverage

The guidelines in this Circular cover the following employees:

- 3.1 Civilian personnel in national government agencies (NGAs), including those in SUCs and GOCCs, occupying regular, contractual or casual positions;
- 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, Bureau of Corrections under the Department of Justice, Philippine Coast Guard under the Department of Transportation, and the National Mapping and Resource Information Authority under the Department of Environment and Natural Resources;
- 3.3 Employees in the Legislative and Judicial Departments and other offices vested with fiscal autonomy;
- 3.4 Employees in LGUs; and
- 3.5 Employees in LWDs.

4.0 Exclusions

Those engaged without an employer-employee relationship and whose compensation are funded from non-Personnel Services (PS) appropriations/budgets are excluded from the grant of the SRI, such as:

- 4.1 Consultants and experts engaged for a limited period to perform specific activities or services with expected outputs;
- 4.2 Laborers engaged through job contracts (*pakyaw*) and those paid on piecework basis;
- 4.3 Student-workers and apprentices; and
- 4.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

5.0 Conditions and Guidelines on the Grant of the One-Time SRI

The grant of the SRI shall be subject to the following conditions and guidelines:

- 5.1 The civilian personnel are occupying regular, contractual or casual positions.
- 5.2 The personnel are still in the service as of November 30, 2021.

- 5.3 The personnel have rendered at least a total or an aggregate of four (4) months of satisfactory service as of November 30, 2021, inclusive of services rendered under any of the alternative work arrangements prescribed by the Civil Service Commission.
- 5.4 Those who have rendered less than a total or an aggregate of four (4) months of service as of November 30, 2021 shall be entitled to a pro-rated share of the SRI, as follows:

Length of Service	Percentage of the Incentive
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%

- 5.5 The employees have not received any additional year-end benefit in FY 2021 over and above the benefits authorized under Republic Act (RA) No. 6686, as amended by RA No. 8441.
- 5.6 The personnel have not been found guilty of any administrative or criminal cases by final and executory judgment in FY 2021. If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to the SRI.
- 5.7 The SRI of an employee on part-time basis shall be pro-rated corresponding to the services rendered. If employed on part-time basis with two (2) or more agencies, an employee shall be entitled to proportionate amounts corresponding to the services in each agency, provided that the total SRI shall not exceed the authorized amount.
- 5.8 The SRI of an employee who transferred from one agency to another shall be granted by the new agency.
- 5.9 The SRI of an employee on detail to another government agency shall be granted by the parent agency.
- 5.10 A compulsory retiree, on service extension as of November 30, 2021, may be granted the SRI, subject to the pertinent conditions and guidelines under this Circular.

6.0 Funding Source of the SRI for Employees in the Executive Department

- 6.1 For NGAs, including SUCs and the military and uniformed personnel, the amount required shall be charged against the available released PS allotments of the respective agencies under RA No. 11518 or the FY 2021 General Appropriations Act (GAA).

In case of deficiency, the amount required may be charged against the Maintenance and Other Operating Expenses allotment of the concerned government agency, subject to the rules on modification of allotment under Section 72 of the General Provisions of the FY 2021 GAA, and other pertinent budgeting, accounting, and auditing rules and regulations.

- 6.2 For GOCCs, the amount required shall be charged against their respective approved corporate operating budgets (COBs) for FY 2021 only.
- 6.3 Should the identified funding source prove insufficient to cover the maximum allowable rate of the SRI, a lower but uniform amount shall be paid to all qualified employees of the NGA or GOCC.

7.0 SRI for Employees in the Legislative and Judicial Departments and Other Offices Vested with Fiscal Autonomy

Employees of the Senate, House of Representatives, Judiciary, Office of the Ombudsman, and Constitutional Offices vested with fiscal autonomy may likewise be granted a one-time SRI by their respective heads of offices at a uniform rate not exceeding Ten Thousand Pesos (₱10,000) each, chargeable against the available released allotment of their respective agencies, subject to the conditions and guidelines set in Item 5.0 of this Circular.

Should the identified funding source prove insufficient to cover the maximum allowable rate of the SRI, a lower but uniform amount shall be paid to all qualified employees of the agency concerned.

8.0 SRI for Employees in LGUs

The grant of the one-time SRI to employees in LGUs, including those in the barangays, shall be determined by their respective *sanggunian* depending on the LGU's financial capability, at a uniform rate not exceeding Ten Thousand Pesos (₱10,000) each, subject to the following conditions:

- 8.1 The SRI shall be charged against their respective local government funds, subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160 or the Local Government Code of 1991;
- 8.2 The guidelines on the grant of the SRI under Item 5.0 of this Circular shall be adhered to; and
- 8.3 In determining the amount of the SRI, the *sanggunian* shall exercise prudence and judicious use of government funds, ensuring that the expenditure is reasonable and will not, in any way, adversely affect the delivery of services to the public.

Should the identified funding source prove insufficient to cover the maximum allowable rate of the SRI, a lower but uniform amount shall be granted for all qualified personnel in the LGU concerned.

9.0 SRI for Employees in LWDs

LWDs may also grant the SRI to their employees at a uniform rate to be determined by their Boards of Directors (BOD), which shall not exceed Ten Thousand Pesos (₱10,000) each, chargeable against their respective BOD-approved FY 2021 COBs only, subject to the conditions and guidelines set in Item 5.0 of this Circular.

Should the identified funding source prove insufficient to cover the maximum allowable rate of the SRI, a lower but uniform amount shall be granted for all qualified employees in the LWD concerned.

10.0 SRI for Employees in Agencies Exempted from the Coverage of RA No. 6758, as Amended

NGAs and GOCCs exempted from the coverage of RA No. 6758, as amended, may also grant the SRI to their employees at a uniform rate to be determined by their governing boards or agency heads, which shall not exceed Ten Thousand Pesos (₱10,000) each, chargeable against the NGA's available funds and the GOCCs' FY 2021 COBs only, subject to the conditions and guidelines set in Item 5.0 of this Circular.

Should the identified funding source prove insufficient to cover the maximum allowable rate of the SRI, a lower but uniform amount shall be granted for all qualified personnel in the agency concerned.

11.0 Payment of the SRI

The payment of the SRI to all qualified government employees shall not be earlier than December 21, 2021.

12.0 Responsibilities of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions hereof without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

13.0 Resolution of Cases

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

14.0 Effectivity

This Circular shall take effect immediately.


TINA ROSE MARIE L. CANDIA
Officer-in-Charge

