



REPUBLIC OF THE PHILIPPINES

## Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila



### LOCAL BUDGET CIRCULAR

No. 2009 - 93

Dec. 17, 2009

**TO :** All Provincial Governors, City and Municipal Mayors; *Barangay* Chairpersons; Provincial/City/Municipal/*Barangay Sanggunian* Members; Provincial/City/Municipal Treasurers/Budget Officers/Auditors; and Other Officials Concerned

**SUBJECT :** Clarificatory Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Local Government Personnel for FY 2009

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#### 1.0 Purpose

This Circular is issued to clarify the guidelines on the grant of the PEI to local government personnel for FY 2009 pursuant to Administrative Order No. 276 dated December 15, 2009.

#### 2.0 Grant of the PEI

- 2.1 The respective sanggunian may grant the PEI to local government personnel depending on the financial capability of the local government unit (LGU). The PEI shall be in lieu of the Additional Benefit/Extra Cash Gift authorized in previous years.
- 2.2 The PEI may be granted to local government personnel who meet the following conditions:
- 2.2.1 The personnel occupy regular, contractual, or casual positions, appointive or elective;
- 2.2.2 They were 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. Those who have rendered less than the total or aggregate of four (4) months of service as of November 30, 2009, may be entitled to the pro-rated PEI as follows:



<b>Length of Service</b>	<b>Percentage of the Full 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%

2.2.3 The personnel have not received any additional year-end benefit in FY 2009 over and above the benefit authorized under Republic Act (R.A.) No. 6686, as amended by R.A. No. 8441.

2.3 The following are not entitled to the PEI:

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

- a. Consultants and experts hired to perform specific activities or services with expected outputs;
- b. Laborers hired through job contracts (pakyaw) and those paid on piecework bases;
- c. Student laborers and apprentices; and
- d. Others similarly situated.

2.3.2 Those who were absent without leave as of November 30, 2009; and


2.3.3 Those found guilty and/or meted penalties in FY 2009, except when the penalty is a mere reprimand.

### **3.0 Funding Source**

The PEI for local government 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.

### **4.0 Effectivity**

This Circular shall take effect immediately.

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