



# Updates on Compensation

By Assistant Secretary Myrna S. Chua  
Department of Budget and Management  
July 2015



IMPLEMENTATION OF APPROPRIATIONS FOR PRODUCTIVITY ENHANCEMENT EMPLOYEES  
BY THE PRESIDENT OF THE PHILIPPINES  
EXECUTIVE ORDER NO. 181  
MALACANAN PALACE  
MANILA  
WHEREAS, Item (4)(a)(iv) of the Senate Resolution (JR) No. 4 (s. 2009) includes for the grant of Incentive for performance targets  
PROVISIONS OF THE ACT (GAA) ON THE GRANT OF INCENTIVE (PEI) TO GOVERNMENT EMPLOYEES  
2015 GENERAL INVESTMENT PROGRAM (GIP) OF THE FY 2015 GOVERNMENT

BUDGET CIRCULAR  
No. 2014-2  
December 24, 2014  
Offices, and Agencies of Government, including State Universities and Colleges, Government-Owned or Government-Controlled Financial Institutions, Government Units (LGUs); and All Government Employees under Collective Negotiation Agreement

# Presentation Outline

1. Performance-Based Incentive System
  - 1.1 Productivity Enhancement Incentive
  - 1.2 Performance-Based Bonus
2. PEI for FY 2015  
(One time grant of PEI at one-month salary)
3. CNA Incentive



# Inter-Agency Task Force (IATF) on AO 25

## **Administrative Order No. 25**

“Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems”

### **Objectives**

- **Created the IATF composed of the DBM as Chair, OES as Co-Chair, and the NEDA, PMS and DOF as Members**
- **To harmonize, unify, streamline and simplify all existing monitoring and reporting requirements and processes**
- **To establish a unified and integrated Results-Based Performance Management System (RBPMS)**



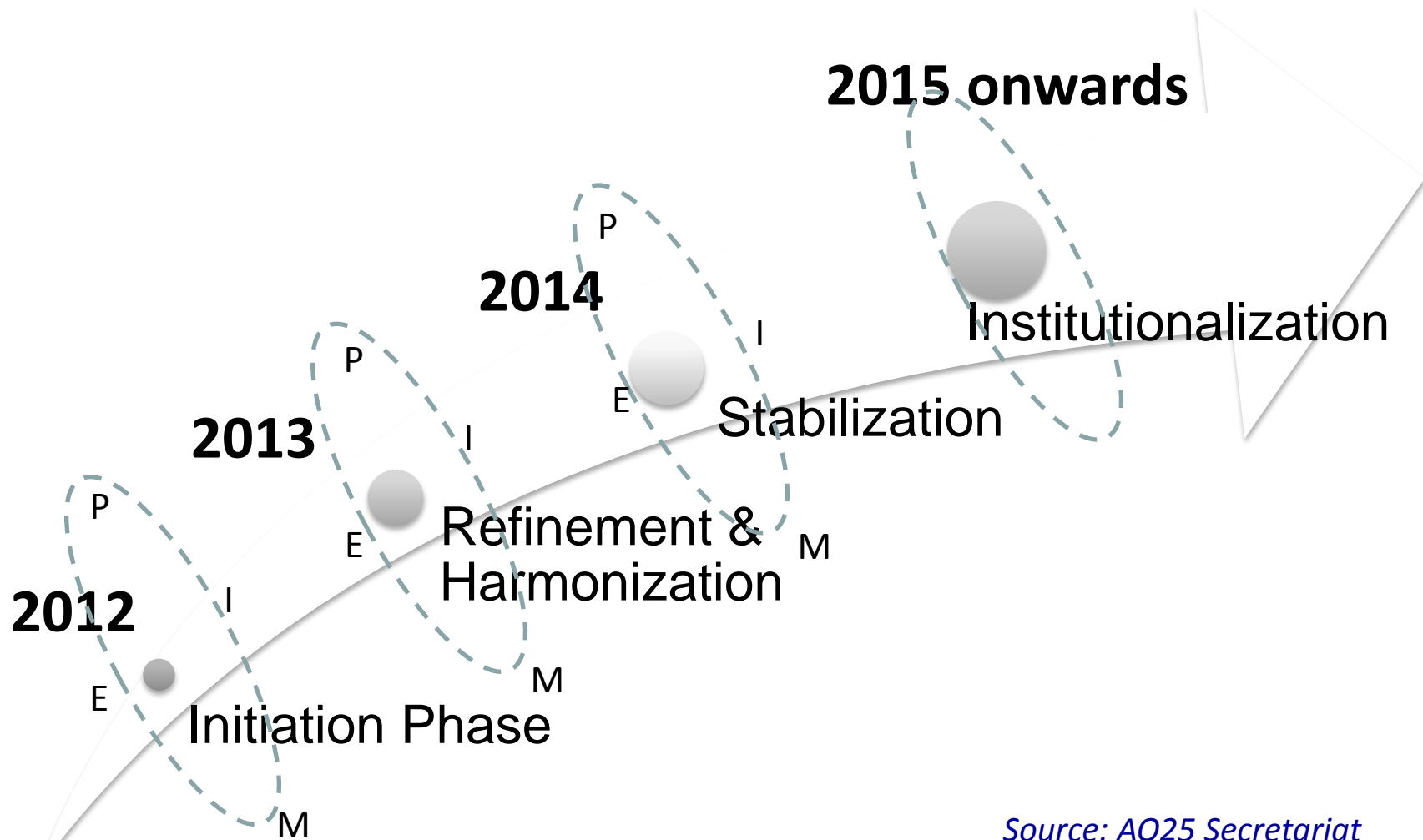
# Harmonized RBPMS

## Harmonized RBPMS

- Taps the Organizational Performance Indicators Framework (OPIF) and the Results Matrix (RM) as underlying frameworks, to be used by all offices exercising broad oversight over the performance of all government agencies.
- Utilized as basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel.



# Phases of RBPMS Implementation



Source: AO25 Secretariat



# Performance-Based Incentive System (PBIS)

## **Executive Order No. 80**

“Directing the Adoption of a Performance-Based Incentive System for Government Employees”

### **Objectives**

- **To rationalize the current incentive system generally characterized by across-the-board bonuses that are given uniformly.**
- **To strengthen performance monitoring and appraisal system like the OPIF used by DBM to measure agency performance, and the Strategic Performance Management System (SPMS) of the CSC, that links individual performance to organizational performance and the RBPMS.**



# Performance-Based Incentive System (PBIS)

Executive Order No. 80

- To establish a Performance Based Incentive scheme that aligns personnel efforts to organizational performance to reward exemplary civil servants and well-performing institutions consistent with Senate and House of Representatives Joint Resolution No. 4 s. 2009 (Salary Standardization Law III).



# Performance-Based Incentive System (PBIS)

Executive Order No. 80

**Adoption of a Performance Based Incentive System (PBIS) consists of the following:**

- ✓ **Productivity Enhancement Incentive = ₱5,000**

**Given across-the-board**

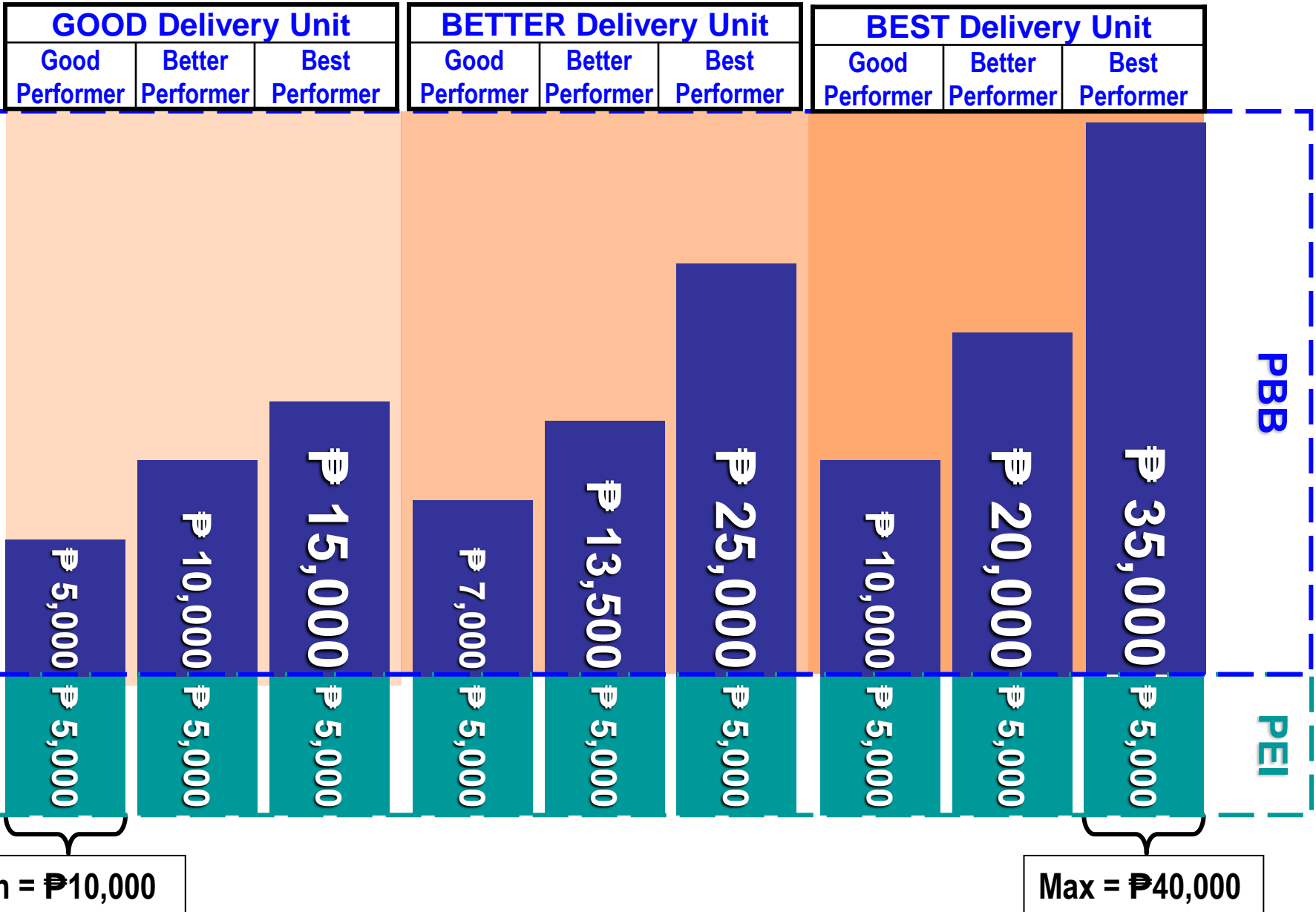
- ✓ **Performance-Based Bonus = ₱5,000 to ₱35,000**

**A top-up bonus given to personnel of bureaus or delivery units in accordance with their contribution to the accomplishment of their agency's overall targets and commitments.**

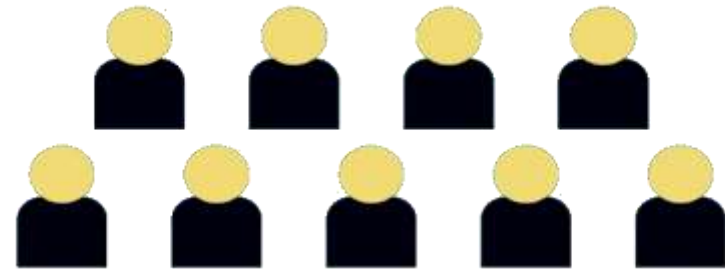




# Total PBIS Payout per Category

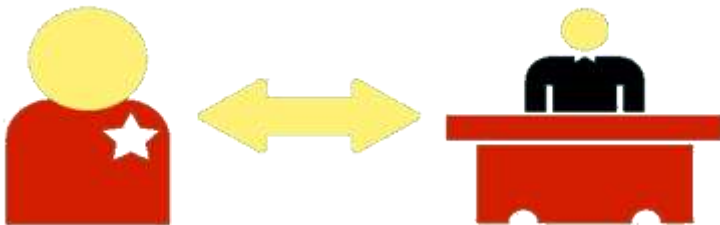


The Government is adopting a policy on performance-based incentives to reward exemplary performance.

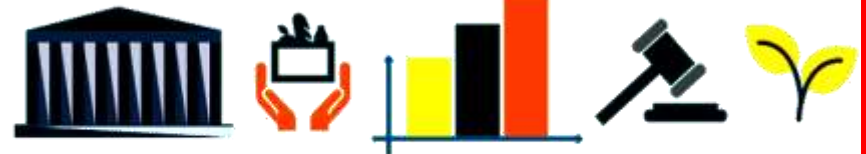


With the current incentive system, across-the-board bonuses are given uniformly to all civil servants, regardless of performance.

Why introduce PBB?



Service delivery by the bureaucracy can be improved by linking personnel incentives to the bureau or delivery unit's performance, and recognizing and rewarding exemplary performance.



This will motivate higher performance and greater accountability and ensure accomplishment of commitments and targets under the 5 Key Result Areas in EO 43.

# Performance-Based Bonus (PBB)

Executive Order No. 80

## Principles Governing the PBB Scheme

- **PBB is characterized as a system of ranking units and personnel within an organization according to their performance as measured by verifiable, observable, creditable, and sustainable indicators of performance based on the following pillars:**
  - ✓ **Department's Major Final Outputs;**
  - ✓ **Department's commitments to the President which are supportive of the priorities under EO 43; and**
  - ✓ **Good Governance Conditions to be determined by IATF under AO 25.**



# Performance-Based Bonus (PBB)

## Performance Categories and Rates of Incentives

- The amount of PBB shall be based on the performance of the delivery units and the individual employees.
- Department Secretaries or their duly designated officials shall rank the bureaus or delivery units, including attached agencies, according to their performance **following a normal distribution.**
- PBB shall be distributed according to the following scheme:

Category of Delivery Unit	Category of Individual Performer		
	BEST	BETTER	GOOD
BEST	₱35,000	₱20,000	₱10,000
BETTER	₱25,000	₱13,500	₱7,000
GOOD	₱15,000	₱10,000	₱5,000

# FY 2014 PBB Cycle

## Supplemental Guidelines on the Grant of Performance-Based Bonus for Fiscal Year 2014 under EO 80

(Memorandum Circular No. 2014-1 dated April 21, 2014)

### Distribution of Delivery Units per Category

➤ **Item 6.1 of MC No. 2014-1**

#### **Distribution when General Conditions are Met**

<b>Ranking</b>	<b>Performance Category</b>
<b>TOP - 10%</b>	<b>Best Bureau/Office/Delivery Unit</b>
<b>NEXT - 25%</b>	<b>Better Bureau/Office/Delivery Unit</b>
<b>NEXT - 65%</b>	<b>Good Bureau/Office/Delivery Unit</b>



# FY 2014 PBB Cycle

## ➤ Item 6.3 of MC 2014-1

Agencies that **met at least 90%** of each of one of the FY 2014 targets for **activities/strategies other than those in the GAA** as reflected in the **OP Planning Tool** and under the **Ease of Doing Business** targets in addition to the general conditions for eligibility to PBB.

### Distribution of Delivery Units

Higher %  
Distribution

Ranking	Performance Category
<b>TOP - 15%</b>	<b>Best Bureau/Office/Delivery Unit</b>
<b>NEXT - 30%</b>	<b>Better Bureau/Office/Delivery Unit</b>
<b>NEXT - 55%</b>	<b>Good Bureau/Office/Delivery Unit</b>



# FY 2014 PBB Cycle

## Ranking for Individual Performance

### ➤ Item 6.4 Distribution by Category

Category of Delivery Unit	Category of Individual Performer		
	BEST	BETTER	GOOD
BEST	20%	35%	45%
BETTER	15%	30%	55%
GOOD	10%	25%	65%

Effective FY 2014 PBB

Effective FY 2013 PBB

Effective FY 2012 PBB

Since 2012 the % distribution for Individual Performer qualifying under the Best and Better Category was increased



# FY 2014 PBB Cycle

## Clarification on the Provision on the Nine-Month Service Requirement

(Memorandum Circular No. 2014-3 dated December 3, 2014)

- **Liberated the required minimum 9 months of service w/in the year to be entitled to the PBB.**

**Employees who have rendered at least 3 months but less than 9 months are still entitled to PBB at pro-rata basis.**

<b>Length of Service</b>	<b>% of PBB</b>
<b>8 months but less than 9 months</b>	<b>90%</b>
<b>7 months but less than 8 months</b>	<b>80%</b>
<b>6 months but less than 7 months</b>	<b>70%</b>
<b>5 months but less than 6 months</b>	<b>60%</b>
<b>3 months but less than 4 months</b>	<b>40%</b>





# FY 2014 PBB Cycle

## Participation of ARMM and LWDs in FY 2014 PBB Cycle

It was only in FY 2014 PBB cycle that the Autonomous Region of Muslim Mindanao (ARMM) and the Local Water Districts (LWDs) joined in the PBB process.

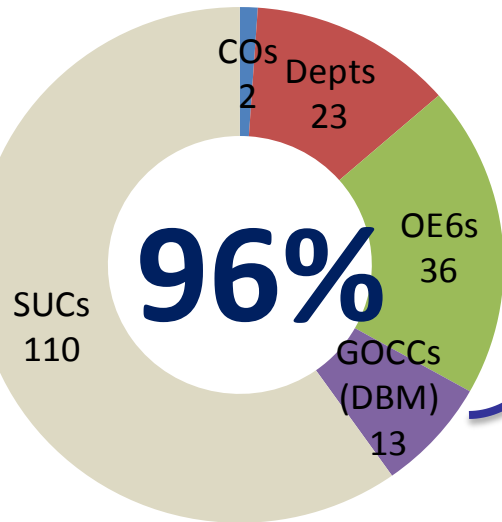


# Updates on PBB Implementation

## Participation Rate

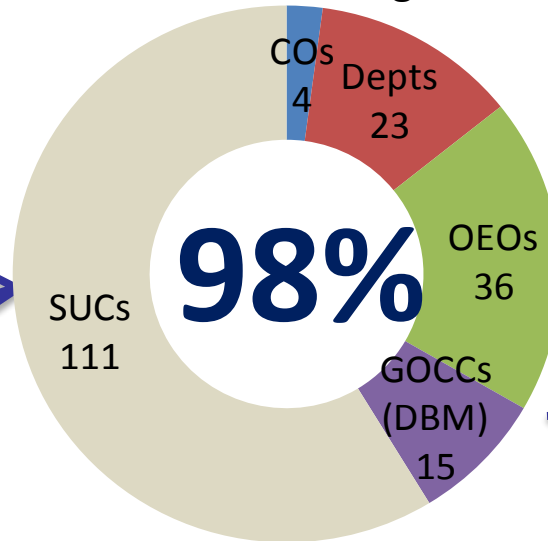
**2012**

184 out of 191 Agencies



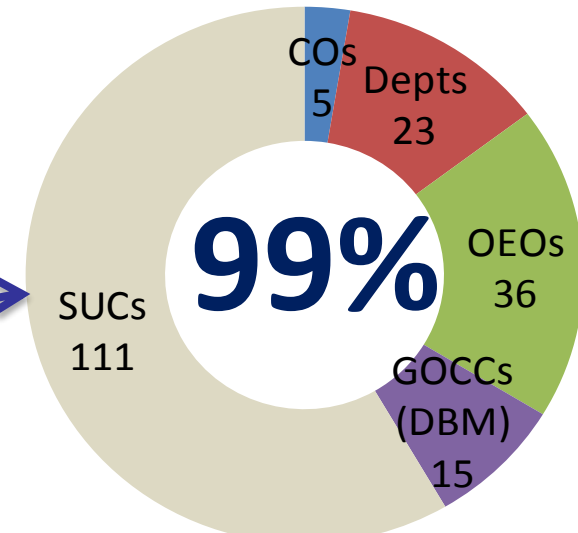
**2013**

189 out of 192 Agencies



**2014**

190 out of 192 Agencies



+ 165 Local Water Districts

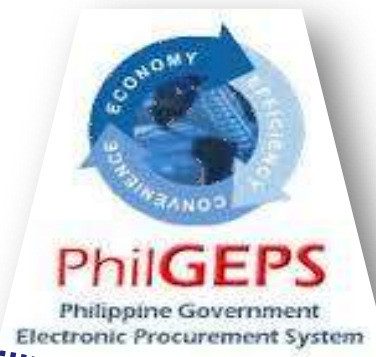
Source: AO25 Secretariat



# Good Governance Conditions Average Compliance Rate

## Transparency Seal (Sec 91 GAA 2013)

**2012 - 87%**  
**2013 - 89%**  
**2014\* - 98%**



## PhilGEPS (RA 9184)

**2012 - 79%**  
**2013 - 90%**  
**2014\* - 95%**

## ARTA (RA 9485)



**2012 - 94%**  
**2013 - 96%**  
**2014\* - 99%**

**OVERALL**  
**2012 - 88%**  
**2013 - 94%**  
**2014\* - 98%**

**SALN  
(RA 6713)**  
**2013 - 96%**  
**2014\* - 96%**

## Report on Ageing of Cash Advance



**2012 - 91%**  
**2013 - 97%**  
**2014\* - 100%**

*\*As of May 30, 2015*

# Productivity Enhancement Incentive (PEI) for FY 2015

## Implementation of the Provisions of the FY 2015 General Appropriations Act (GAA) on the Grant of the FY 2015 Productivity Enhancement Incentive (PEI) to Government Employees

(Executive Order (EO) No. 181 dated May 15, 2015)

Entitles an employee to the one-time grant of PEI at one month basic salary as of May 31, 2015, provided that certain conditions are met.



# Productivity Enhancement Incentive (PEI) for FY 2015

**Conditions for the grant of PEI at one month basic salary:**

## **For NGAs**

- a. Achievement of at least 90% of two performance indicators for at least one Major Final Output under “Operations” for FY 2014**
- b. Posting of the Transparency Seal**
- c. Posting or publication of the Citizen’s Charter or its equivalent**



# Productivity Enhancement Incentive (PEI) for FY 2015

## For GOCCs covered under RA No. 10149

a. Achievement of at least 90% of two performance indicators for at least one Major Final Output under Operations for FY 2014

*or*

The targets under the Performance Scorecard as agreed upon between the Governance Commission for GOCCs (GCG) and the GOCC (GCG Memorandum Circular No. 2013-02)

b. Posting of the Transparency Seal

c. Posting or publication of the Citizen's Charter or its equivalent



# Productivity Enhancement Incentive (PEI) for FY 2015

## For Local Water Districts (LWDs)

Positive net balance in the average net income for the 12 months of operations prior to May 31, 2015.

## For Local Government Units (LGUs)

Compliance with the requirements under the Good Financial Housekeeping (formerly the Seal of Good Housekeeping) component of the FY 2014 Seal of Good Governance (DILG Memorandum Circular No. 2014-39).



# Productivity Enhancement Incentive (PEI) for FY 2015

**Agencies unable to comply with the aforementioned requirements may still grant the PEI only at the fixed amount of ₱5,000 to qualified employees.**





# Collective Negotiation Agreement Incentive

## Guidelines on the Grant of Collective Negotiation Agreement (CNA) Incentive for FY 2014

(Budget Circular No. 2014-2 dated December 2, 2014)

**Issued to consolidate and update the various policies and procedural guidelines on the grant of the CNA Incentive, and to harmonize the same with the provisions of AO No. 25, and the Congress-approved Performance-Informed Budget (PIB) in the General Appropriations Act for FY 2014.**



# Collective Negotiation Agreement Incentive

## Coverage

- Rank-and-file employees who are members of the employees' organization which is accredited by the Civil Service Commission (CSC) as the ***sole and exclusive*** “negotiating agent” in accordance with the rules and regulations issued by the Public Sector Labor-Management Council (PSLMC).
- Rank-and-file employees who are not members of the CSC-accredited sole and exclusive negotiating agent, but wants to enjoy or accept benefits under the CNA subject to payment of agency fee to the “negotiating agent” in accordance with PSLMC Resolution No. 1, s. 1993.
- Those who perform managerial functions.



# Collective Negotiation Agreement Incentive

## Conditions for the Grant of the CNA Incentive

- **Existence of a CNA**
  - ✓ **There should be an existing valid CNA “Agreement” between the representatives of management and the employees’ organization accredited by the CSC as the “negotiating agent” for the purpose of collective negotiations with the management of an agency.**
  - ✓ **The grant of CNA Incentive should be provided for the “Agreement” or in supplements thereto.**



# Collective Negotiation Agreement Incentive

## Conditions for the grant of the CNA Incentive

### ➤ **Accomplishment of Targets**

The Agency should have accomplished at least an average of 70%, by October 31, 2014, of its FY 2014 targets under MFOs as specified in Form A of Memorandum Circular No. 2014-01, issued by the AO 25 IATF.

### ➤ **Submission of Accountability Reports**

The Agency should have submitted to DBM accountability reports as of October 31, 2014 pursuant to COA-DOF-DBM Joint Circular No. 2014-1.



# Collective Negotiation Agreement Incentive

## Rate of the CNA Incentive

- The rate of the CNA Incentive shall not be pre-determined in the “Agreement”
- May be given equally to qualified employees or at varying rates dependent on the employee/office contribution
- Should not exceed ₱ 25,000 per qualified employee



# Collective Negotiation Agreement Incentive

## Fund Sources of the CNA Incentive

- **The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2014, as a consequence of cost-cutting and systems improvement measures undertaken by the agencies and their respective personnel.**
  
- **Such savings are limited only to the following MOOE items:**
  - ✓ **Travelling Expenses;**
  - ✓ **Communication Expenses;**
  - ✓ **Repairs and Maintenance;**
  - ✓ **Transportation and Delivery Expenses;**
  - ✓ **Supplies and Materials; and**
  - ✓ **Utility Expenses**



# Collective Negotiation Agreement Incentive

## Condition on Utilization of the Allowable MOOE Allotment

Use of available MOOE allotments for the payment of the **CNA Incentive** shall be subject to the approval of the Department of Budget and Management.

Section 71 of General Provision of RA 10633 (FY 2014 GAA) provides that:

“xxx the funding sources and amount of CNA Incentive shall in all cases be limited to the allowable MOOE allotments and rates determined by the DBM, respectively: PROVIDED, FINALLY, That the **realignment of savings** from the allowable MOOE allotments shall be subject to approval by the DBM.”



# Collective Negotiation Agreement Incentive

## Payment of the CNA Incentive

- **Granted not earlier than December 15 of the current year**
- **Cannot be given immediately upon signing and ratification of the CNA, *contrary to CNA Bonus, which was already ruled against by the Supreme Court***
- **Granted only during the validity of appropriations for the same year**
- **It shall be recorded in the agency books under the account code, “Collective Negotiation Agreement Incentive-Civilian.”**





# Collective Negotiation Agreement Incentive

## Procedural Guidelines

- **An Employees' Organization-Management Consultative Committee or a similar body composed of representatives from management and the "negotiating agent" shall determine if the agency is qualified for the grant of the CNA Incentive based on compliance with the requirements under BC 2014-2.**



# Collective Negotiation Agreement Incentive

## Procedural Guidelines

**If qualified, the Committee shall review the agency's financial records, and submit recommendations on the following, for approval of the agency head:**

- ✓ **Total amount of allowable MOOE allotments limited to the identified six MOOE object of expenditure which has become available as a result of cost-cutting and systems improvement measures identified in the CNAs and supplements thereto, and which was the result of the joint efforts of management and employees.**



# Collective Negotiation Agreement Incentive

## Procedural Guidelines

- ✓ **Apportionment of the available MOOE allotment identified to cover the following items:**
  - 50% - CNA Incentive**
  - 30% - For Improvement of working conditions and other programs, and/or to be added as part of the CNA Incentive; and**
  - 20% - For NGAs, to be reverted to the General Fund  
For LGUs, to be reverted to the General Fund  
For GOCCs and GFIs, to be reverted to their corporate funds**



# Collective Negotiation Agreement Incentive

## Procedural Guidelines

- ✓ **Internal guidelines for the grant of the CNA Incentive, such as: (i) specific criteria for determining who are entitled, and (ii) distribution of the amount available and the rate of the CNA Incentive.**
  
- **For large departments with regional, provincial, district and local offices, and wherein regional unions have been accredited by the CSC as the “negotiating agent” the Department Secretary or his authorized representative should:**
  - ✓ **Provide internal guidelines to ensure uniformity and equity in the negotiation process,**
  - ✓ **Monitor the progress of simultaneous negotiations, and**
  - ✓ **Ensure compliance with the provisions of BC 2014-2**

# Thank You and Good Day!

*To view recent DBM issuances please visit our website at [www.dbm.gov.ph](http://www.dbm.gov.ph)*

