CPCS CIRCULAR NO. 2021-009

SUBJECT: GRANT OF THREE (3)-YEAR PRESENT VALUE OF AUTHORIZED ALLOWANCES, BENEFITS, AND INCENTIVES OF GOCCS THAT WILL BE DISCONTINUED UNDER THE CPCs

DATE: 12 JAN 2022

1. LEGAL BASES. – Executive Order (E.O.) No. 150, s. 2021 approved the Compensation and Position Classification System (CPCS) and the Index of Occupational Services, Position Titles, And Job Grades for GOCCs (IOS-G) Framework.

Section 5 of the said E.O. provides that "[t]he existing compensation granted by GOCCs to its officers and employees shall be standardized in accordance with the CPCS approved under this Order."

Under Chapter VI(B)(4) of the CPCS, upon application of the CPCS, all the allowances, benefits, and incentives (ABls) of GOCC officers and employees, whether they are incumbents or new hires, shall be limited to those provided under the CPCS.

Chapter VI(B)(5) provides that the authorized ABIs currently being received by incumbents of GOCCs that are implementing their own compensation framework shall be paid the three (3)-year present value of the authorized ABIs that will be removed under the CPCS.

This Circular is being issued to provide the guidelines on the grant of the said 3-year present value of discontinued ABIs.

2. COVERAGE. – This Circular shall apply to all officers and employees, whether regular, contractual or casual in nature, of GOCCs and their subsidiaries covered under Republic Act (R.A.) No. 10149.¹

3. EXCLUSIONS. – The following are excluded from the coverage of this Circular:

3.1. Officers and employees of GOCCs with approved abolition or deactivation orders;²

3.2. Individuals hired by GOCCs without employer-employee relationships and/or those whose compensation is not sourced from Personal Services appropriations/budgets of their respective GOCCs, as follows:

(a) Members of the Governing Board;

(b) Consultants and experts hired to perform specific activities or services with expected outputs;

¹ GOCC Governance Act of 2011.
² Section 1, E.O. No. 150, s.2021.
(c) Laborers hired through job contracts (pakyaw) and those paid on piecework basis;
(d) Student laborers and apprentices; and
(e) Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

4. **Formula.** – In computing the 3-year present value of discontinued ABIs, the following formula shall be used:

\[
\text{3 year present value of discontinued ABIs} = \frac{\text{Total authorized excess ABIs for the first year}}{1.0225^3} \\
+ \frac{\text{Total authorized excess ABIs for the second year}}{1.0225^4} \\
+ \frac{\text{Total authorized excess ABIs for the third year}}{1.0225^5}
\]

5. **GOCC Qualification.** – Only GOCCs implementing their own compensation framework prior to the implementation of the CPCS can grant the 3-year present value of discontinued ABIs.

6. **Type of Allowances, Benefits and Incentives.** – Only allowances, benefits, and incentives duly authorized by the President of the Philippines and/or by law that were discontinued by the GOCCs upon the receipt of their authorization to adopt the CPCS shall be included in the computation of the 3-year present value of discontinued ABIs.

7. **Schedule of Payout.** – GOCCs shall payout the 3-year present value of discontinued ABIs annually in three (3) equal tranches, following this schedule:

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Schedule of Payout</th>
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<tbody>
<tr>
<td>Tranche 1</td>
<td>Not earlier than 15 January 2022</td>
</tr>
<tr>
<td>Tranche 2</td>
<td>Not earlier than 15 January 2023</td>
</tr>
<tr>
<td>Tranche 3</td>
<td>Not earlier than 15 January 2024</td>
</tr>
</tbody>
</table>

8. **Eligibility of Incumbent.** – The entitlement of incumbents to annual payout of the 3-year present value of discontinued ABIs shall be subject to the following:

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Length of Service in the GOCC</th>
<th>Percentage of Benefit</th>
</tr>
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<tbody>
<tr>
<td>Tranche 1</td>
<td>At least six (6) months at the time of the CPCS implementation.</td>
<td>100%</td>
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<tr>
<td>Tranche 2 and Tranche 3</td>
<td>At least 6 months at the time of payout.</td>
<td>50%</td>
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<td>At least 7 months at the time of payout.</td>
<td>60%</td>
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<td>At least 8 months at the time of payout.</td>
<td>70%</td>
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<td>At least 9 months at the time of payout.</td>
<td>80%</td>
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<td>At least 10 months at the time of payout.</td>
<td>90%</td>
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<td>At least 11 months at the time of payout.</td>
<td>95%</td>
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<td></td>
<td>12 months at the time of payout.</td>
<td>100%</td>
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9. **SERVICE OBLIGATION REQUIREMENT.** — Incumbents who will receive the 3-year present value shall be required to render one (1) year of service in the GOCC or in the Government for each annual payout received, provided that those who will not be able to meet the required service obligation shall refund the amount received in proportion to the balance of the service obligation.

10. **FUNDING SOURCES.** — The funding for the payment of the 3-year present value shall be charged by GOCCs to their respective approved corporate operating budgets (COBs). However, it shall be prohibited to source the payment of the said incentive from the following:

   (a) Loans; and

   (b) Sale of the GOCC’s asset(s) for the sole purpose of paying the 3-year present value; and

   (c) Other schemes analogous to the foregoing.

Furthermore, the GOCCs shall not increase their service fees for the purpose of augmenting any deficiencies in the amounts prescribed herein, and neither shall the grant of the 3-year present value adversely affect the implementation of programs/projects, as well as the attainment of performance targets.

11. **RESPONSIBILITY OF THE GOCCS.** — The GOCCs, acting through their Governing Boards, shall be responsible for the proper implementation of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

12. **REPEALING CLAUSE.** — All other GCG orders, circulars, issuances, and decisions, Board resolutions, or parts thereof, which are inconsistent with this Circular are hereby repealed or modified accordingly.

13. **RESOLUTION OF CASES.** — Cases not covered by this Circular shall be referred to the GCG for resolution.

14. **EFFECTIVITY CLAUSE.** — This Circular shall take effect immediately upon its publication in the Official Gazette or in a newspaper of general circulation, and upon receipt of a formal copy by the University of the Philippines – Office of the National Administrative Registrar (UP-ONAR).