

GUIDELINES IN THE PAYMENT OF THE GOVERNMENT STATUTORY EXPENDITURES ON PERSONAL SERVICES OF CONTRACTUAL EMPLOYEES

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1.0 Coverage

This Circular covers the following:

1.1

Contractual personnel who are herein referred to as those who are hired in accordance with a specific contract for a specific period and with a definite expected output and are employed to undertake a particular work or project, and whose hiring creates an employee-employer relationship between them and the hiring agency; and

1.2

Government statutory expenditures on Personal Services which are referred to as the government share of premiums for retirement and life insurance (RLIP), health insurance (Medicare), employees' compensation insurance (ECIP) and PAG-IBIG.

2.0 Rationale

This Circular is being issued pursuant to the provisions of the following issuances indicated hereunder:

2.1

Section 3 (Compulsory Membership) of RA 8291 (GSIS Act of 1997) provides that, "Membership in the GSIS shall be compulsory for all employees receiving compensation who have not reached the compulsory retirement age, irrespective of employment status, except members of the Armed Forces of the Philippines and the Philippine National Police, subject to the condition that they must settle first their financial obligation with the GSIS, and contractuels who have no employer and employee relationship with the agencies they serve." (Underscoring supplied).

Section 2.1.2 of the Implementing Rules and Regulations of RA 8291 further clarifies that contractuels and other employees with an employee relationship to an employer are included under the compulsory coverage of the new GSIS law.

2.2

Section 1 of RA 7792 (amendatory law of PD 1752 and EO 90 on the coverage of the Home Development Mutual

Fund, otherwise known as PAG-IBIG Fund) provides that, “Coverage of the Fund shall be mandatory upon all employees covered by the Social Security System and the Government Service Insurance System, and their respective employers.”

Moreover, RA 7875 and PD 626 provide for the mandatory provision to contractuels of health insurance and employment compensation insurance benefits, respectively.

2.3

Section 44 (Employment of Contractual Personnel) of RA 8745 (FY 1999 General Appropriations Act) provides that contractual personnel employed by a government agency, “... may be paid compensation, inclusive of fees, honoraria, per diems and allowances not exceeding 120% of the minimum salary of an equivalent position in the Position Classification and Compensation System, but not to exceed the salary of his immediate superior, chargeable against the Personal Services funds of the Agency. . . .”. (Underscoring supplied)

3.0 Purposes

This Circular is issued to achieve the following objectives:

3.1

To reconcile the provisions of RA 8291, RA 8745 and other pertinent laws and clarify the payment of the government share of the premiums for RLIP, ECIP, MEDICARE and PAG-IBIG for contractual personnel;

3.2

To set the policies on the payment of the government statutory expenditures on Personal Services; and

3.3

To prescribe appropriate guidelines on the grant of premium pay to contractual personnel.

4.0 Guidelines

4.1

Effective January 1, 1999, the required government share of premiums on RLIP, ECIP, MEDICARE and PAG-IBIG of contractual personnel shall be paid out of the 20% premium given them pursuant to Section 44 of the 1999 GAA.

4.2

No additional funds shall be released by the DBM for the purpose. The premium pay to be received by a contractual employee shall be adjusted accordingly net of the government statutory expenditure on Personal Services consistent with Item 4.1 above.

4.3

It is understood that the employee's share for RLIP, MEDICARE and PAG-IBIG shall be paid by the individual contractual employees.

4.4

Both employee and government shares shall be remitted by the agency directly to the GSIS in accordance with the prescribed period under RA 8291.

5.0 Applicability Clause

The conditional requirements indicated under the Circular shall be applicable in succeeding years when the grant of premium pay for contractual personnel is so provided/authorized under the General Appropriations Act.

6.0 Effectivity

This Circular shall take effect immediately.

Adopted: 30 Apr. 1999

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