

CLARIFICATORY GUIDELINES ON ALLOWANCES THAT FALL UNDER THE PERSONAL SERVICES (PS) ACCOUNT

DBM LOCAL BUDGET CIRCULAR NO. 57, May 19, 1995

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1.0

Policy Statement

The total appropriations for personal services of a local government unit (LGU) for one (1) fiscal year shall not exceed forty-five percent (45%) in the case of first to third class provinces, cities and municipalities, and fifty-five percent (55%) in the case of fourth class or lower, and barangays, of the total annual income from regular sources realized in the next preceding fiscal year.

2.0

Definition of Personal Services

Section 306(k) of RA 7160 defines Personal Services as appropriations for the payment of salaries, wages and other compensation of permanent, temporary, contractual, and casual employees of the local government unit.

3.0

Composition of Other Compensation

For purposes of determining the other compensation as specified in the definition, pursuant to Presidential Administrative Order No. 42 issued on March 3, 1993, the following allowances/compensation/benefits in addition to salaries and wages constitute the personal services component of a local government budget:

3.1 Other Compensation/Allowances/Benefits

- Terminal Leave Benefits
- Per-Diem Compensation
- Retirement and Life Insurance Premiums
- PAG-IBIG Contributions
- Medicare Premiums
- Employees Compensation Insurance Premiums
- Representation and Transportation Allowances (Commutable)
- Honoraria
- Consultants' and Specialists' Fees and Allowances
- Bonuses and Incentives
- Overtime Pay
- Pensions
- Step Increments for Merit and Length of Service
- Personnel Economic Relief Allowance (PERA)
- Additional P500 Allowance
- Laundry Allowance

- Quarters Allowance
- Clothing/Uniform Allowance
- Subsistence Allowance
- Hazard Pay
- Productivity Incentive Benefits
- Magna Carta for Public Health Workers

3.2 Others

- Lump-sum for Salary Adjustment
- Lump-sum for Reclassification of Positions
- Lump-sum for Creation of New Positions

4.0

Coverage of the General Limitation

The above personal services accounts charged against the total annual income from regular sources realized in the next preceding fiscal year are covered by the general limitation.

5.0

Exemptions From the General Limitations

The following programs/activities as enumerated under the General Appropriations Act of CY 1995 (RA 7845) are exempted from the budgetary limitation:

5.1 Continued implementation of the Salary Standardization Law;

5.2 Payment of the minimum compensation to barangay officials;

5.3 Absorption of devolved personnel;

5.4 Creation of mandatory positions; and

5.5 Payment of not less than fifty percent (50%) of the total requirement for the Magna Carta benefits of public health workers.

In addition to the foregoing exemptions, appropriations for personal services of officials and employees of the public utilities and economic enterprises owned, operated and maintained by the local government concerned shall not be included in annual budget or in the computation of the maximum amount for personal services. These items are appropriated/charged against their respective agencies.

6.0

Saving Clause

Cases not covered by the provisions of this Circular shall be referred to the Secretary of Budget and Management for resolution.

Adopted: 19 May 1995

(SGD.) SALVADOR M. ENRIQUEZ, JR.
Secretary

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