

CONGRESS OF THE PHILIPPINES }
First Regular Session }

HOUSE OF REPRESENTATIVES

H. No. 4942

INTRODUCED BY CONGRESSMEN DRAGON, MONTEJO, CALINGASAN, PALACOL, MIRAN, DOMINGUEZ, BACALTOS, ROMERO, VALDEZ, MASKARIÑO, TY, YULO, MENDIOLA, PUZON, DIMAPORO (A. D.), NAVARRO, SR., TIROL, DIMAPORO (M. A. B.), ADASA, JR., CONGRESSWOMEN ROA AND ACOSTA PER COMMITTEE REPORT NO. 64

AN ACT PROVIDING INCENTIVE BENEFITS FOR EARLY RETIREMENT AND VOLUNTARY SEPARATION FROM THE GOVERNMENT SERVICE OF CIVILIAN PERSONNEL, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES


Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. *Early Retirement and Voluntary Separation*
2 *Benefits.* — All government officials and employees
3 included in the coverage hereof who voluntarily elect in
4 writing to be retired or separated from the service, shall
5 be paid separation gratuity benefits equivalent to one and
6 one-fourth (1¼) months basic salary for every year of their
7 respective government services or the equivalent nearest frac-

1 tion thereof favorable to them on the basis of the highest
2 salary which they respectively received in the course of their
3 employment in the government, but in no case shall the
4 benefit to be paid to any official or employee be less than
5 Ten thousand pesos.

6 SEC. 2. *Additional Benefits.* — In addition to the
7 benefits herein authorized, covered officials and employees
8 who retire or voluntarily elect to be separated from the
9 service under this Act shall be entitled to the return of
10 GSIS personal contributions pertaining to retirement only
11 and the payment of the corresponding share of the govern-
12 ment with interest earned pursuant to existing rules and
13 regulations of the Government Service Insurance System.

14 Covered officials and employees retired or separated
15 under this Act shall likewise be entitled to the commu-
16 tation of unused vacation and sick leaves in accordance
17 with existing rules and regulations: *Provided, however,* That
18 should the government agency concerned lack the necessary
19 funds for this, the same shall come from the appropriation
20 to fund this Act: *Provided, further,* That those who have
21 rendered government service for 31 years or more and
22 shall avail of the incentive benefits provided under this
23 Act shall be entitled to an additional ten percent to be
24 counted from the amount corresponding to what he will

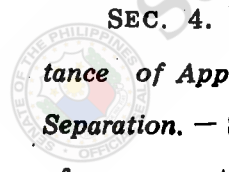


1 receive from the thirty-first year onward.

2 **SEC. 3. Coverage.** — It will cover all employees of the
3 national government, including government-owned or con-
4 trolled corporations, as well as the personnel of all local
5 government units. The benefits authorized under this Act
6 shall apply to all regular, temporary, casual, emergency
7 and contractual employees, regardless of age, who have
8 rendered at least a total of two (2) consecutive years govern-
9 ment service as of the date of separation. The term “con-
10 tractual employees” as used in this Act does not include
11 experts and consultants hired by agencies for a limited
12 period to perform specific activities or services with definite
13 expected output.

14 Uniformed personnel of the Armed Forces of the
15 Philippines, including those of the PC-INP are excluded
16 from the coverage of this Act.

17 **SEC. 4. Discretion of Agency Heads in the Accep-**
18 *tance of Applications for Early Retirement and Voluntary*
19 *Separation.* — So as not to prejudice the smooth functioning
20 of government agencies and the delivery of essential public
21 services, acceptance of applications for early retirement
22 and voluntary separation from the service shall be subject
23 to the discretion of the heads of the government offices
24 or agencies concerned.



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1 No official or employee shall be separated or retired
2 under this Act unless his application for early retirement
3 or voluntary separation shall have been accepted by the
4 head of agency concerned or board of directors in case of
5 government-owned or controlled corporation.

6 SEC. 5. *Exclusiveness of Benefits.* — An official or
7 employee who retires or elects to be separated from the
8 service under this Act shall not be eligible for optional
9 retirement with gratuity under R. A. Nos. 1616 and 4968
10 or with pension under C. A. No. 186, as amended by R. A.
11 No. 660 or under P. D. No. 1146, as amended, or *vice-versa*.

12 SEC. 6. *Restriction on the Employment and Replace-*
13 *ment of Retired or Separated Personnel.* — Officials and em-
14 ployees who are retired or separated under this Act shall
15 not be eligible for employment in the government whether
16 on a permanent, temporary, casual, contractual or emergency
17 status within a period of five years after separation unless
18 they refund the benefits they have received: *Provided, how-*
19 *ever,* That should he reemploy with the government, his
20 status insofar as GSIS coverage is concerned will be treated
21 as a new entrant.

22 Positions vacated under this Act when essential to the
23 proper functioning of the government agency may be filled
24 up by the agency head concerned.

1 Except for key positions above division chiefs, replace-
2 ment shall, in all cases, be chosen from the existing personnel
3 of the agency concerned or from any other government
4 agency.

5 Subsequent hirings shall be based on work requirements
6 not existing at the time the employees were separated.

7 **SEC. 7. *Period of Applicability and Effectivity of the***
8 ***Incentive Benefits.*** — The incentive benefits for early retire-
9 ment and voluntary separation shall be applicable or avail-
10 able only for a period of two (2) months from the date
11 of approval of this Act. No applications for early retire-
12 ment and voluntary separation benefits under this Act
13 shall be entertained after the lapse of the two (2) months
14 prescriptive period.

15 **SEC. 8. *Submission of Revised Staffing Patterns.*** —
16 Government agencies affected by this early retirement and
17 voluntary separation program shall be allowed to re-submit
18 for approval of the Department of Budget and Management
19 within a period of three (3) months after the end of this
20 personnel reduction program, their respective revised staffing
21 patterns on the basis of their reduced personnel.

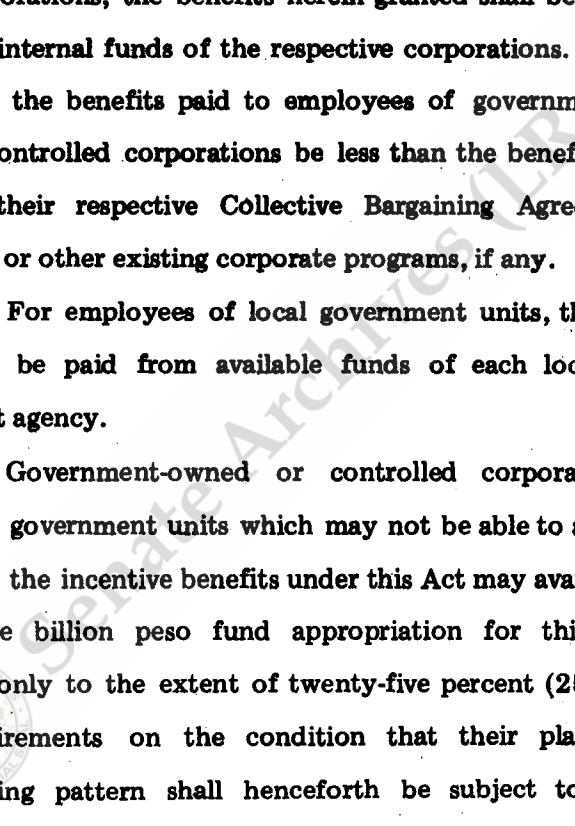
22 **SEC. 9. *Funding.*** — For national government emplo-
23 yees, the sum of Three billion pesos, or so much thereof
24 as may be necessary, is hereby appropriated out of any funds

1 in the National Treasury not otherwise appropriated, for
2 the payment of the early retirement and separation incentive
3 benefits authorized in this Act.

4 For employees of government-owned or controlled
5 corporations, the benefits herein granted shall be paid from
6 the internal funds of the respective corporations. In no case
7 shall the benefits paid to employees of government-owned
8 or controlled corporations be less than the benefits granted
9 by their respective Collective Bargaining Agreements, if
10 any, or other existing corporate programs, if any.

11 For employees of local government units, the benefits
12 shall be paid from available funds of each local govern-
13 ment agency.

14 Government-owned or controlled corporations and
15 local government units which may not be able to adequately
16 fund the incentive benefits under this Act may avail from the
17 Three billion peso fund appropriation for this purpose
18 but only to the extent of twenty-five percent (25%) of the
19 requirements on the condition that their plantilla and
20 staffing pattern shall henceforth be subject to approval
21 of the Department of Budget and Management: *Provided,*
22 That the said twenty-five percent (25%) may be deducted
23 by the Department of Budget and Management from what-
24 ever budgetary allocation and assistance they may get from



1 the national government in the future.

2 SEC. 10. *Retroactive Coverage.* — Employees and
3 officials who were previously separated from their office
4 in view of the reorganization on or after December 1, 1987,
5 to the effectivity of this Act, shall be deemed covered and
6 entitled to avail of the incentive benefits under this Act.

7 SEC. 11. *Implementing Rules and Regulations.* — The
8 rules and regulations for the implementation of this Act
9 shall be issued by the Department of Budget and Manage-
10 ment.

11 SEC. 12. *Effectivity.* — This Act shall take effect
12 immediately.

Approved,

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