

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 77

AMENDING EXECUTIVE ORDER (EO) NO. 637 (S. 2007), ON THE BASIS OF THE  
COMPUTATION OF THE INCENTIVES OF PERSONNEL AFFECTED BY THE  
IMPLEMENTATION OF THE RATIONALIZATION PROGRAM UNDER EO NO.  
366 (S. 2004)

**WHEREAS**, Executive Order (EO) No. 366 (s. 2004) calls for a Rationalization Program (RP) to transform the Executive Branch into a more effective and efficient government by removing redundancies, overlaps and duplication, focusing its efforts on vital functions, and channeling resources to core public services;

**WHEREAS**, personnel affected by the implementation of the Rationalization Program under EO No. 366 have the option to either: (a) remain in their mother agency if their skills are still needed and there are positions where they can be accommodated; (b) be redeployed to other agencies needing additional personnel, without reduction in salary; or (c) retire/separate with the applicable incentives;

**WHEREAS**, EO No. 637 (s. 2007) provides that the incentives of personnel who may be affected by the rationalization efforts and would avail of the retirement/separation/unemployment benefits starting 01 July 2007 or a later date under Republic Act (RA) No. 660 (*An Act to Amend Commonwealth Act Numbered One Hundred and Eighty-Six entitled "An Act to Create and Establish a Government Service Insurance System, to Provide for its Administration, and to appropriate the Necessary Funds Therefor," and to Provide Retirement Insurance and for Other Purposes*) or RA No. 8291 (*An Act Amending Presidential Decree No. 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes*), shall be computed using the actual monthly salary of said personnel as of 30 June 2007;

**WHEREAS**, the salaries of government workers have been increasing since 2007 pursuant to EO No. 611 (s. 2007), EO No. 719 (s. 2008), and Senate and House of Representatives Joint Resolution No. 4 (s. 2009), as implemented by EO No. 811 (s. 2009), EO No. 900 (s. 2010), and EO No. 40 (s. 2011); and,

**WHEREAS**, there is a need to improve the basis for the computation of EO No. 366 incentives in recognition of the services of personnel affected by the RP.

**NOW, THEREFORE, I, BENIGNO S. AQUINO III**, President of the Philippines, by virtue of the powers vested in me by the Constitution and by law, do hereby order the following:



**SECTION 1. Revised Guidelines in the Computation of Incentives.** The incentives that shall be received by personnel who will be affected by the RP under EO No. 366 and opt to avail of the retirement benefit under RA No. 660 or the applicable retirement/separation/unemployment benefit provided under RA No. 8291 shall be computed using their actual monthly salary as of 31 December 2011.

The incentive factors under EO No. 366 shall continuously be adopted. For the purpose of computing the total amount of incentive, only the government service of an affected personnel up to age 59 and a fraction thereof shall be counted.

The terminal leave benefits and retirement/separation/unemployment benefits of the affected employees, which are being released by the Department of Budget and Management (DBM) and the Government Service Insurance System (GSIS), respectively, shall be based on the existing rules and regulations on the matter.

**SECTION 2. Availment of Incentives of Affected Personnel from Agencies with Approved Rationalization Plan (RP).** Personnel who were affected as a result of the approval of the RP of their respective department/agency/government-owned and/or controlled corporation (GOCC)/government financial institution (GFI) and opted to remain either in their mother agency or in another agency shall be allowed to avail of the retirement/separation/unemployment benefits under RA No. 660 or RA No. 8291, including the applicable incentives, within one (1) month from the effectivity of this Order.

Consistent with Section 1 hereof, the incentives of said personnel shall be computed using their actual monthly salary as of 31 December 2011.

**SECTION 3. Payment of Incentives of Affected Personnel Who Retired/Separated Starting 01 July 2007 but Before the Issuance of this Order.** The incentives of those affected personnel who have already availed of the retirement/separation/unemployment benefits under the aforementioned retirement laws and whose retirement/separation from government service became effective starting 01 July 2007 but before the issuance of this Order shall be based on their actual monthly salary as of the date of their retirement, subject to the recomputation of their incentive by their respective agency and validation by the DBM, and the existing budgeting, accounting and auditing rules and regulations.

**SECTION 4. Suspension of the Creation of Regular Positions.** Departments/agencies/GOCCs/GFIs with approved RP shall not be allowed additional regular positions for at least five (5) years, except the following:

- a) Those to be created under the "scrap and build policy" where there is no additional cost to the government;
- b) Population-related items such as policemen, teachers, and medical and allied medical positions for hospitals and similar facilities; and,



- c) For mandated new functions which cannot be absorbed by existing units/positions, as determined by the DBM.

**SECTION 5. Funding Source.** The funds necessary to pay the incentives of affected employees in all regular government agencies shall be provided by the National Government, chargeable against appropriate funds, as may be determined by DBM.

Incentives of affected personnel in GOCCs/GFIs shall be sourced from their respective corporate funds. In case of funding deficiency of GOCCs/GFIs not exempted from the Salary Standardization Law, the National Government may provide assistance.

**SECTION 6. Responsibility Clause.** It shall be the responsibility of the Department Secretaries and equivalent Agency Heads to strictly implement the provisions of this Order. In case of any violation, the official authorizing such action shall be held responsible for whatever expenses the government incurred for not strictly following the guidelines set forth.

**SECTION 7. Repealing Clause.** All other issuances, rules, and regulations or parts thereof which are inconsistent with this Order are hereby repealed or modified accordingly.

**SECTION 8. Effectivity.** This Order shall take effect upon its publication in the Official Gazette or in a newspaper of general circulation.

**DONE**, in the City of Manila, this 08<sup>th</sup> day of May in the year of our Lord, Two Thousand and Twelve.



By the President:



**PAQUITO N. OCHOA, JR.**  
Executive Secretary

