

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

'13 AUG 29 AIO :39

SENATE

Senate Bill No. 1417

RECEIVED BY: *Jui*

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

For years, the government's manpower has been perceived as bloated and overstaffed. This has not only become a source of inefficiency caused by red tape, but the link between corruption and government service has become inherent.

In an attempt to address this problem, Congress enacted RA No. 6683 "An Act Providing Benefits for Early Retirement and Voluntary Separation from Government Service" which aimed to downsize the huge government bureaucracy by providing ample incentives and benefits to those who wished to retire and leave government service.

However, records would show that less than the estimated number of public servants availed of the benefits provided by this law. This can be attributed to two reasons: (1) the benefits of said law were not remunerative enough to attract government employees to avail of them, compared to the benefits which they expect to receive when they reach the mandatory retirement age, and (2) the law was enacted at a time when government salaries were scheduled to be upgraded. They opted to wait for their salaries to be adjusted based on the computation given by the Salary Standardization Law.

Huge government bureaucracy thus remained and problems related to an overstaffed government continued to persist.

This proposed measure then aims to strengthen RA 6683 by offering not only higher benefits but benefits that are computed based on the present salary schedule. Also, one of the bigger benefits of this bill is the trimming of the bureaucracy without necessarily creating undue insecurity on the part of our civil servants. In fact, the bill gives them several options: whether to stay in government service, to leave and enjoy the benefits offered herein, or start a second career.

Hence, the immediate passage of this bill is urged.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT
PROVIDING EARLY RETIREMENT AND VOLUNTARY SEPARATION FROM
THE GOVERNMENT SERVICE, PROVIDING A SYSTEM OF FUNDING
THEREFORE, AND FOR OTHER PURPOSES

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

SECTION 1. Declaration of Policy. It is hereby declared the policy of the State to promote economy, efficiency and effectiveness in government operations, particularly in the delivery of essential public services.

For this purpose, the State shall endeavor to streamline government functions and to maintain necessary positions to affect a leaner and more efficient bureaucracy. To cushion any possible adverse effects on government employees in the process of reducing the number of personnel in the government, a safety net shall be created through a more attractive and viable retirement and separation program.

SEC. 2. Coverage. This Act shall cover all appointive officials and employees of the national government including government-owned or controlled corporations with original charters, as well as the personnel of all local government units subject to the results of the study by the Special Committee of Voluntary Early Retirement of the Legislative Executive Development Advisory Council (LEDAC) as provided in Section 3 of this Act. The benefits authorized under this Act shall apply to all regular, temporary, casual, and contractual employees, regardless of age, who have rendered a total of at least three (3) consecutive years of government service as of the date of separation. The term "contractual" as used in this Act does not include experts and consultants hired by the agencies for a limited period to perform specific activities or services with definite expected output.

Uniformed personnel of the Armed Forces of the Philippines, including those of the Philippine National Police are excluded from the coverage of this Act.

SEC. 3. Vital and Non-Vital Agencies. The Legislative Executive Development Advisory Council (LEDAC) shall create a special Committee of Voluntary Early Retirement with three (3) members from the Executive Branch,

and two (2) members from the Congress (one from each Chamber) to study and recommend within ninety (90) days after the effectivity of this Act, which government agencies and/or units may be considered as essential/vital or non-essential/non-essential on the basis of sound management concepts and guiding principles to be agreed within the committee.

The Early Retirement Program shall be automatically offered to all employees of agency identified to be non-essential/non-vital. The same program shall be offered to agencies identified as essential/vital; Provided, that in no case shall this exceed twenty percent (20%) of the total number of employees of said agency; Provided further, That application for early retirement of participating employees from essential/vital agencies to be subject to the approval of the agency head with the confirmation of the agency's Board of Directors, Trustees, Administrators or policy making councils, as the case may be.

SEC. 4. *Early Retirement and Voluntary Separation Benefits.* – All appointive government officials and employees included in the coverage hereof who voluntarily elect in writing to be retired or separated from the service and whose retirement has been approved under the provisions of this Act shall be paid retirement or separation benefits equivalent to the following:

- (a) 1. 2 months time the basic salary for every year of government service should the total be less than ten (10) years;
- (b) 1.4 months times the basic salary for every year of government service should the total be equal than ten (10) to less than fourteen (14) years;
- (c) 1.6 months times the basic salary for every year of government service should the total be equal to fourteen (14) years to less than nineteen (19) years;
- (d) 1.8 months times the basic salary for every year of government service should the total be equal to nineteen (19) years to less than twenty three (23) years; and
- (e) 2 months times the basic salary for every year of government service should the total be twenty-three (23) years or more, or the nearest equivalent fraction thereof favorably to them on the basic or the highest salary which they respectively received in the course of their employment in the government:

Provided, That the phrase "total number of years of government service" shall mean the total cumulative years of service despite any interruption thereof due to resignation, phase out or lay-off due to operation of law or reorganization, then followed by subsequent reappointment irrespective of the length of interruption.

Provided, further, That in no case shall the benefit be paid to any appointive official or employee be less than Ten Thousand Pesos (P10,000.00); Provided, finally, that any appointive official or employee who has previously been found guilty in an administrative proceeding and whose rank or salary has been reduced shall be paid on the basis of his last salary in accordance with the imposed sanctions.

SEC. 5. *Mode of Payment of Retirement Benefits.* This early retirees will receive their separation benefits under a staggered payment scheme, as follows:

- (a) Upon approval of the retiree's application for early retirement, he/she shall receive the initial payment in cash, may be equivalent to, but not

exceeding, one-year salary including bonuses from the date of approval until the end of the same calendar year.

- (b) The balance of computed benefits (net of initial cash benefits) shall be paid with interest-earning Treasury Bills, each of which shall have a face value of one (1) year salary (including bonuses). Each of the Treasury Bills shall mature once. In case of multiple Treasury Bill shall mature after every succeeding year from the date of approval of the early retirement, until the total amount of benefits are received in full.

SEC. 6. *Additional Benefits.* In addition to the benefits herein authorized, covered appointive officials and regular employees who retire or voluntarily elect to be separated from the service under this bill shall be entitled to the return of GSIS personal contributions pertaining to retirement only and the payment of corresponding share of the government with the interest earned pursuant to existing rules and regulations of the GSIS. They shall likewise be entitled to the commutation of unused vacation and sick leaves in accordance with existing rules and regulations.

SEC. 7. *Exclusivity of Benefits.* An appointive official or employee who retires or elects to be separated from the service under this Act shall not be eligible for optional retirement with gratuity under Republic Act Nos. 1616 and 4968 or with pension under Commonwealth Act No. 186, as amended by FW 660, or under Presidential Decree 1146, as amended, or vice versa.

SEC. 8. *Discretion of Agency Heads to Accept Application for Early Retirement.* No appointive official or employee shall be separated or retired under this Act unless his/her position, agency or office shall have been declared as non-vital/non-essential by the President upon the recommendation of the LEDAC Special Committee on Voluntary Early Retirement. In case of agencies declared as vital or essential, application for early retirement or voluntary separation shall have been accepted by the head of the government agency, office or government-owned or controlled corporation concerned as the case may be.

SEC. 9. *Restriction on the Employment and Replacement of Retired or Separated Personnel.* Appointive officials and employees who are retired or separated under this Act shall not be eligible for employment in the government whether on a permanent, temporary, casual, or contractual status within the period of five (5) years after separation unless they refund the benefits they have received under this Act.

SEC. 10. *Option for Retirees.* Early retirees shall be given opportunities to further earn their income after voluntary separation from the government service. They can avail of the following opportunities, strictly for early retirees only:

- a) The Civil Service Commission (CSC) shall establish and maintain the manpower pool database where the early retirees with special skills may register for referral purposes.
- b) The Cooperative Development Authority (CDA) shall establish a special program for early retirees who opt to join a cooperative which membership and management shall be limited to early retirees under this

- Act. The retirees shall be provided with necessary orientation and training on cooperatives upon request.
- c) The early retirees shall be given the option to continue membership with the GSIS or to file membership with the Social Security System (SSS) and enjoy special benefits like shorter maturation period.
 - d) The Asset Privatization Trust (APT) shall establish a program that will provide early retirees the option to convert their retirement or separation benefits or a portion thereof into stocks or equity in any of the privatized government owned or controlled operations.
 - e) Government Finance Institutions (GFIs) shall establish a concessional loan program for early retirees who decide to put up business ventures.

SEC. 11. System of Funding. The positions vacated through the early retirement or separation of its incumbent shall be temporarily retained until such time that the full amount of early retirement benefits has been paid. The office /agencies where these positions come from are authorized to continue to budget for the salaries and benefits of participating employees as payment for their initial cash benefits from date of approval or early retirement up to the end of the calendar year.

For employees of government-owned or controlled operations, the benefits herein granted shall be paid from the internal funds of the respective corporations. In no case shall the benefits paid to the employees of government-owned or controlled corporations be less than the benefits granted by their existing corporate programs, if any.

For employees of local government units, the benefits shall be paid from the available funds of each local government unit, provided that the funds are officially appropriated under their regular annual budget.

A special funding shall be appropriated for the study to be conducted by the Special Committee on Voluntary Early Retirement. This fund shall be taken from the savings of any of the agencies under the Office of the President.

SEC. 12. Penalties. Any government official who compels an employee under any guise whatsoever to retire or be separated from the government service by virtue of this Act or otherwise, shall be punished by a fine of not exceeding Ten Thousand Pesos (P10,000.00) or by imprisonment shall not exceeding six (6) months or both such fine and imprisonment at the discretion of the court.

SEC. 13. Implementing Rules and Regulations. The implementing rules and regulations shall be issued within ninety (90) days from the effectivity of this Act by the Civil Service Commission (CSC) in consultation with LEDAC, Department of Budget and Management (DBM), GSIS, SSS, GFIs, CDA, AND APT; Provided, that any provision of the law contrary notwithstanding, the only documents or supporting papers to be submitted by appointive officials and employees who wish to avail themselves of the benefits under this Act are the following:

- a) A duly approved application under oath for early retirement or voluntary separation in accordance with this Act, including a statement of the number of years of service in the government and the rate of the highest salary received;

- b) Money and property clearance from the agency concerned; and
- c) A simplified statement of assets and liabilities, net worth and financial and business interest in the case of regular employees: Provided, further, that the processing and actual payment of benefits to the appointive officials and employees concerned shall be completed within fifteen (15) days from the date of submission of the foregoing documents.

SEC. 14. *Compliance and Reporting.* Within six (6) months from the effectivity of this Act and every six (6) months thereafter, the Department of Budget and Management (DBM) and the CSC shall, on the basis of the reports of the various heads of government offices and agencies, render a report to Congress on the number of government employees affected, the type or nature of positions involved, the total amount spent and an evaluation thereof.

SEC. 15. *Transitory Provisions.* In case of salary adjustments brought about by existing and new laws (e.g. Salary Standardization Law), the benefits of such salary shall apply to the early retirees from the date of effectivity of such law until the year that have full retirement benefits shall have been paid. In which case, the cumulation of said additional benefits shall be paid under the separate cash or T-bill arrangements.

SEC. 16. *Repealing Clause.* All laws, rules and regulations or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 17. *Separability Clause.* If any part, section or provision of this Act shall be held invalid or unconstitutional, no other part, section or provision thereof shall be affected thereby.

SEC. 18. *Effectivity.* This Act shall take effect for a period of two (2) years commencing upon its publication in at least two (2) newspapers of general circulation.

Approved,