



**Tanggapan ng Kalihim**  
*Office of the Secretary*


AUG 13 2007

DepED MEMORANDUM  
No. 327, s. 2007

DISSEMINATION OF EXECUTIVE ORDER NO. 637, S. 2007  
(Providing the Basis for the Computation of the Incentive Benefits  
of Personnel Who May Be Affected by the Implementation  
of the Rationalization Program Under Executive Order  
(E.O.) No. 366, s. 2004)

To; Undersecretaries  
Assistant Secretaries  
Bureau Directors  
Directors of Services/Centers and Heads of Units  
Regional Directors  
Schools Division/City Superintendents  
Chiefs of Divisions  
All Others Concerned

1. For the information and guidance of all concerned, enclosed is a copy of Executive Order No. 637 dated July 24, 2007 entitled ***“Providing the Basis for the Computation of the Incentive Benefits of Personnel Who May Be Affected by the Implementation of the Rationalization Program Under Executive Order (E.O.) No. 366, s. 2004”***.
2. Wide dissemination of this Memorandum is desired.

  
**FRANKLIN C. SUNGA**  
Undersecretary

Encl.: As stated  
Reference: None  
Allotment: 1—(D.O. 50-97)  
To be indicated in the Perpetual Index under the following subjects:

LEGISLATIONS

PROGRAMS

**MALACAÑANG**  
**Manila**

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 637**

**PROVIDING THE BASIS FOR THE COMPUTATION OF THE INCENTIVE BENEFITS OF PERSONNEL WHO MAY BE AFFECTED BY THE IMPLEMENTATION OF THE RATIONALIZATION PROGRAM UNDER EXECUTIVE ORDER (EO) NO. 366, S. 2004**

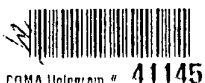
**WHEREAS**, EO 366 dated 04 October 2004 directs all Department Secretaries/Agency Heads to take the lead in pursuing the conduct of a strategic review of the operations and organizations of all their component units, including those of the agencies and government-owned and/or controlled corporations (GOCCs)/government financial institutions (GFIs) attached to or under their respective administrative supervision, to focus government efforts on its vital/core functions and channel government resources to these core public services, thus improve the efficiency and effectiveness of government services, within affordable levels, and in the most accountable manner;

**WHEREAS**, in the implementation of the Rationalization Program under EO 366, personnel assigned to functions, programs, projects and units that would be affected would be given the option to either: (1) *remain in government service* and be placed in other government agencies needing additional personnel; *or* (2) *avail of retirement/separation benefits*, plus the applicable incentive;

**WHEREAS**, EO 611 (Authorizing Compensation Adjustments to Government Personnel) dated 14 March 2007 provides for a 10% increase effective 01 July 2007 over the basic monthly salary as of 30 June 2007 of all civilian national government personnel whose positions are covered by the Position Classification and Compensation System under RA 6758, as amended;

**WHEREAS**, equity and fairness must be ensured in granting incentives to all affected personnel who opted/are opting to avail of retirement/separation benefits;

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:



**Section 1. Guidelines in the Computation of Incentives.** The incentive benefits that would be received by personnel who would opt to avail of the retirement benefit under **RA 660** or the applicable retirement, separation or unemployment benefit provided under **RA 8291** as a result of the rationalization efforts of the different Departments/Agencies/GOCCs/GFIs of the Executive Branch, and whose retirement/separation from government service would be effective starting 01 July 2007 or a later date, shall be computed using the actual monthly salary of said personnel as of **30 June 2007**.

The affected personnel's terminal leave benefits and retirement/separation benefits which would be provided by the National Government and the Government Service Insurance System (GSIS), respectively, shall be computed using the existing Department of Budget and Management and GSIS rules and regulations on the matter at the time of their retirement/separation.

The Department Secretaries/Agency Heads shall be accountable for the correct computation of the incentive benefits of affected personnel in their respective offices.

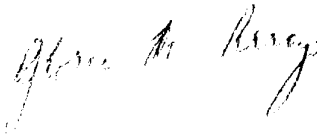
**Section 2. Repealing Clause.** All executive orders, rules, regulations and other issuances, or parts thereof, which are inconsistent with the provisions of this Executive Order, are hereby revoked or modified accordingly.

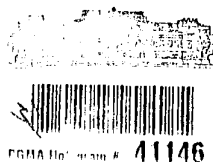
**Section 3. Effectivity.** This Executive Order shall take effect upon its publication in a national newspaper of general circulation.

**DONE** in the City of Manila this 24th day of July, in the year of Our Lord Two Thousand and Seven.

By the President:

  
**EDUARDO R. ERMITA**  
Executive Secretary





**CERTIFIED COPY:**

  
**MARIANITO M. DIMAANDAL**  
DIRECTOR III  
MALACANANG RECORDS OFFICE

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