



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2025 - 2
November 19, 2025

TO : Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including Constitutional Offices Enjoying Fiscal Autonomy; State Universities and Colleges (SUCs); Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of the Collective Negotiation Agreement (CNA) Incentive for FY 2025

1.0 Background

- 1.1 Administrative Order (AO) No. 135, s. 2005¹ authorizes the grant of the CNA Incentive to government employees and directs the Department of Budget and Management (DBM) to issue the necessary policy and procedural guidelines for its implementation.
- 1.2 Item (4)(h)(ii)(aa) of the Congress Joint Resolution (JR) No. 4, s. 2009² institutionalizes the grant of the CNA Incentive as a form of reward to motivate employee efforts toward higher productivity, to wit:

“(aa) Collective Negotiation Agreement (CNA) Incentive - This may be granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNAs in recognition of their efforts in accomplishing performance targets at lesser cost, in attaining more efficient and viable operations through cost-cutting measures and systems improvement xxx.”

¹ Authorizing the Grant of Collective Negotiation Agreement (CNA) Incentive to Employees in Government Agencies

² Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes

- 1.3 Section 82 of the General Provisions (GPs) under the FY 2025 General Appropriations Act (GAA) provides the rules in the grant of the CNA Incentive, to wit:

“Sec. 82. Rules in the Grant of Collective Negotiation Agreement Incentive. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, and SUCs may grant Collective Negotiation Agreement (CNA) Incentive sourced from the allowable MOOE allotments identified by the DBM, subject to the following:

- (a) There is a valid CNA executed between the agency and the recognized employee organization which includes a provision on cost-cutting measures to be undertaken collectively by the agency and its personnel;*
- (b) The one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head;*
- (c) The CNA Incentive that may be granted shall be limited to the amount determined by the DBM; and*
- (d) The use of MOOE for the payment of CNA Incentive shall be subject to approval by the agency head and made only during the validity of appropriations. Any excess amounts therefrom after payment of the CNA Incentive shall revert to the General Fund.*

GOCCs and LGUs may likewise grant CNA Incentive to their respective personnel, subject to the policies, rules and regulations issued by the DBM.”

2.0 Purpose

This Circular is issued to provide the policy and procedural guidelines on the grant of the CNA Incentive for FY 2025, pursuant to the laws and executive issuance stated in Item 1.0 hereof.

3.0 Coverage

This Circular covers the following civilian personnel occupying regular, contractual, or casual positions rendering services on a full-time or part-time basis in national government agencies (NGAs), including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, LWDs, and LGUs, whether or not covered by Republic Act (RA) No. 6758³ dated August 21, 1989:

- 3.1 Rank-and-file employees who are members of an employees' organization accredited by the Civil Service Commission (CSC) as the sole and exclusive negotiating agent (hereinafter referred to as

³ An Act Prescribing a Revised Compensation and Position Classification in the Government and for Other Purposes

“negotiating agent”) in accordance with the rules and regulations issued by the Public Sector Labor Management Council (PSLMC);

- 3.2 Rank-and-file employees who are non-members of the negotiating agent who wish to enjoy or accept benefits under the CNA, subject to the payment of agency fees to the negotiating agent in accordance with PSLMC Resolution No. 1, s. 1993⁴; and
- 3.3 Those who perform managerial functions.

4.0 Policy Guidelines

4.1 Conditions for the Grant of the CNA Incentive

4.1.1 *Existence of a CNA*

- (a) There should be a valid and subsisting CNA executed between the representatives of the management and the employees' organization accredited by the CSC as the sole and exclusive negotiating agent for the purpose of collective negotiations with the management of a department, line bureau, attached agency, Constitutional Office, SUC, GOCC, LWD, or LGU.

In accordance with PSLMC Resolution No. 9, s. 2023⁵, the registration by the employees' organization of its CNA with the CSC shall be a **condition precedent** for the grant of the CNA Incentive. For this purpose, a Certificate of Registration shall be secured from the CSC.

- (b) The grant of the CNA Incentive must be stipulated in the CNA or in supplements thereof.

4.1.2 *Accomplishment of Targets*

- (a) The NGAs, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs not covered by RA No. 10149⁶ dated June 6, 2011 should have accomplished, by September 30, 2025, at least an average of seventy-five percent (75%) of all the targets for all the organizational outcomes/performance indicators under their respective FY 2025 budget approved by Congress, or the approved FY 2025 Corporate Operating Budget (COB), whichever is applicable, with due regard to the targets to be completed/reported by the end of the fourth quarter of FY 2025.

⁴ Agency Fee from Non-Members of the Accredited/Recognized Collective Negotiation Agent

⁵ Registration of Collective Negotiation Agreements (CNAs) with the Civil Service Commission

⁶ An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or –Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes

- (b) GOCCs covered by RA No. 10149 should have accomplished, by September 30, 2025, at least an average of seventy-five percent (75%) of all the targets under their respective Performance Scorecard, as agreed upon between the Governance Commission for GOCCs (GCG) and the GOCC pursuant to GCG Memorandum Circular No. 2024-01⁷ dated June 28, 2024.
- (c) LWDs should have a positive net balance in the average net income for the period January 1 to September 30, 2025, to be validated by the Local Water Utilities Administration.
- (d) LGUs should have accomplished, as of September 30, 2025, at least an average of seventy-five percent (75%) of all the targets under their programs/projects/activities approved in the LGU budget for FY 2025.

4.1.3 *Submission of Accountability Reports*

The NGAs, including Constitutional Offices enjoying fiscal autonomy and SUCs, should have submitted to DBM their respective accountability reports as of September 30, 2025 pursuant to Commission on Audit (COA)-DBM Joint Circular (JC) No. 2014-1⁸ dated July 2, 2014, as amended by COA-DBM JC No. 2019-1⁹ dated January 1, 2019.

4.2 **Rate of the CNA Incentive**

- 4.2.1 The rate of the CNA Incentive shall **not** be pre-determined in the CNA since it is subject to compliance with the conditions in Item 4.1 hereof and the availability of the allowable allotments.
- 4.2.2 The CNA Incentive may be given equally to all qualified employees under Item 3.0 hereof or at varying rates in consideration of the employee's or his/her office's contribution to the accomplishment of performance targets, efficiency, productivity, or profitability, as determined by the agency head upon recommendation of the Employees' Organization-Management Consultative Committee (*Committee, for brevity*).
- 4.2.3 In all cases, the CNA Incentive shall **not exceed Thirty Thousand Pesos (P30,000)** per qualified employee.

⁷ Enhanced Performance Evaluation System for the GOCC Sector

⁸ Guidelines Prescribing the Use of Modified Formats of the Budget and Financial Accountability Reports

⁹ Updated Guidelines Relative to Budget and Financial Accountability Reports (BFARs) Starting FY 2019

4.3 Fund Sources of the CNA Incentive

4.3.1 *For NGAs, Including Constitutional Offices and SUCs*

The CNA Incentive shall be sourced **solely** from the available balances of allowable Maintenance and Other Operating Expenses (MOOE) allotments after considering the FY 2025 requirements, provided further that the same have become available as a result of cost-cutting and systems improvement measures undertaken collectively by the agency and its personnel, as identified in their respective CNAs and supplements thereof. Such fund sources shall be limited to the following MOOE items defined under the Government Accounting and Auditing Manual:

- (a) Communication Expenses;
- (b) Repairs and Maintenance Expenses;
- (c) Supplies and Materials Expenses;
- (d) Transportation and Delivery Expenses;
- (e) Traveling Expenses;
- (f) Utility Expenses;
- (g) Printing and Publication Expenses;
- (h) Advertising Expenses; and
- (i) Subscription Expenses.

4.3.2 The following shall, in **no** case, be used as fund sources of the CNA Incentive:

- (a) Balances of allotment for programs/activities/projects which were discontinued with finality, or abandoned; and
- (b) Released allotments intended for acquisition of goods and services to be distributed/delivered to, or to be used by agency clients.

4.3.3 Items under Personnel Services (PS), all other MOOE, and/or Capital Outlay shall **not** be used to increase allowable MOOE items as a fund source for the FY 2025 CNA Incentive.

4.3.4 *For GOCCs*

The CNA Incentive shall be sourced **solely** from the total MOOE level under their respective DBM-approved COBs for FY 2025, provided that the following conditions are complied with:

- (a) Actual operating income for the period January 1 to September 30, 2025 shall, at least, meet the targeted operating income in the approved COB for the same period.

For GOCCs, which by the nature of their functions consistently incur losses, the current year's operating loss should have been minimized or reduced compared to or at most equal to that of the prior year's level;

- (b) Actual operating expenses as of September 30, 2025 are less than the DBM-approved level of operating expenses in the COB so as to generate sufficient source of funds for the payment of CNA Incentive; and
- (c) For income generating GOCCs required to remit earnings, an amount equivalent to at least fifty percent (50%) of the annual earnings of the immediately preceding year should have been remitted to the National Treasury in accordance with Section 3 of RA No. 7656¹⁰ dated November 9, 1993.

4.3.5 *For LWDs*

The CNA Incentive shall be sourced **solely** from the allowable MOOE allotments in FY 2025, as enumerated in Item 4.3.1, under their Board of Directors-approved COBs, subject to the provision of Item 4.1.2(c) hereof.

4.3.6 *For LGUs*

The CNA Incentive shall be sourced **solely** from the allowable MOOE allotments in FY 2025, as enumerated in Item 4.3.1, under their respective approved LGU budgets.

4.4 **Payment of the CNA Incentive**

- 4.4.1 The FY 2025 CNA Incentive is a **one-time benefit** which shall be granted **not earlier than December 15, 2025 but not later than December 31, 2025**.
- 4.4.2 It cannot be given immediately upon signing and ratification of the CNA as this will transform the CNA Incentive into a CNA Signing Bonus which the Supreme Court, in the case of *Social Security System vs. COA*¹¹, has prohibited for not being a truly reasonable compensation.
- 4.4.3 The CNA Incentive for the year shall be granted only during the validity of appropriations from which the available MOOE allotments shall be sourced.

¹⁰ An Act Requiring Government-Owned or -Controlled Corporations to Declare Dividends under Certain Conditions to the National Government, and for Other Purposes

¹¹ 384 SCRA 548

4.4.4 The amount paid as CNA Incentive shall be recorded in the agency books under the account code "Collective Negotiation Agreement Incentive-Civilian," "Other Benefits," and "Collective Negotiation Agreement Incentive" for NGAs, LGUs, GOCCs, and LWDs, respectively.

4.4.5 Agencies are advised that additional funds can no longer be provided during the remainder of the current year for those programs, projects, and activities covered by the MOOE allotments, which are to be used to fund the CNA Incentive.

5.0 Procedural Guidelines

5.1 The Committee, being referred to in Item 4.2.2 hereof, which was established pursuant to PSLMC Resolution No. 2, s. 2022¹² or a similar body composed of representatives from management and the negotiating agent shall determine if the agency is qualified for the grant of CNA Incentive based on compliance with the requirements under this Circular.

If qualified, the Committee shall review the agency's financial records and submit recommendations on the following, for approval of the agency head:

5.1.1 The total amount of allowable MOOE allotments in Item 4.3 hereof which has become available as a result of cost-cutting and systems improvement measures identified in the CNAs and supplements thereto, and which was the result of the joint efforts of management and employees;

5.1.2 The internal guidelines to be followed in the grant of the CNA Incentive, such as: (i) *the specific criteria for determining who are entitled*; and (ii) *the distribution of the amount available and the rate of the CNA Incentive in accordance with Item 4.2 hereof*.

5.1.3 As provided under Section 82(d) of the GPs under the FY 2025 GAA, the payment of the CNA Incentive shall be subject to the approval by the Agency head and made only during the validity of appropriations.

The entire available balance of the selected allowable MOOE allotments to be used to cover the PS requirements for the payment of CNA Incentive shall be reflected in the Modification Advice Form (MAF), as prescribed under National Budget Circular No. 595¹³ dated January 20, 2025.

¹² Provision of Employees' Organization-Management Consultative Committee in the Collective Negotiation Agreement (CNA)

¹³ Guidelines on the Release of Funds for Fiscal Year (FY) 2025

Any excess amount from the selected allowable MOOE allotments utilized for the payment of the CNA Incentive shall revert to the unappropriated surplus of the General Fund.

- 5.2 In large departments wherein employees' organizations in the regional offices have been accredited by the CSC as the negotiating agent/s, the Department Secretary or his duly authorized representative should provide internal guidelines to ensure uniformity and equity in the negotiation process, monitor the progress of simultaneous negotiations, and ensure compliance with the provisions of this Circular.
- 5.3 For LGUs, the savings in the identified MOOE items shall be determined through the Registry of Appropriations, Allotments and Obligations and Statement of Appropriations, Allotments, Obligations, Disbursements and Balances.

A supplemental budget (SB) to cover the CNA Incentive shall be submitted by the local chief executive for authorization of the *sanggunian* within the validity of appropriations sourced from the allowable MOOE allotments in Item 4.3 hereof which have become available as a result of cost-cutting and systems improvement measures identified in the CNAs and supplements thereto, and which was the result of the joint efforts of the LGU and its employees. Accordingly, the Appropriation Ordinance authorizing the SB shall be subject to review by the reviewing authority concerned.

For recording purposes of the payment of CNA incentives in LGU books, LGUs shall comply with the recording requirements consistent with Section 13 of the COA Government Accounting Manual for Local Government Units-Volume 1.

6.0 Reportorial Requirement

Each agency shall submit to the DBM **not** later than January 31, 2026, the annual report on the grant of the CNA Incentive using the template in **Annex A**.

Agencies must encode the required details/information and upload a scanned copy of the report using the following link:
<https://forms.dbm.gov.ph/index.php/submit-cna-report>.

The DBM shall ensure strict compliance of the agencies with the reportorial requirement set forth in this Circular.

7.0 Responsibility of Agency Heads

Agency heads and accountable officers shall be responsible for the proper implementation of the provisions of this Circular in their respective offices, including the submission of the required report.

They shall be held administratively, civilly, and/or criminally liable, as the case may be, for any payment of the CNA Incentive **not** in accordance with the provisions of this Circular, without prejudice to the obligation of the employees concerned to return any unauthorized or excess payment thereof.

Annex B contains illustrative examples of various scenarios on the grant of the CNA Incentive.

8.0 Repealing Clause

All existing circulars or issuances on the grant of the CNA Incentive, which are inconsistent herewith, are hereby repealed or modified accordingly.

9.0 Effectivity

This Circular shall take effect immediately after publication in the Official Gazette or in a newspaper of general circulation.



ROLANDO U. TOLEDO
Officer-in-Charge, DBM

**Report on the Payment
of the Collective Negotiation Agreement (CNA) Incentive
for FY 2025**

Department/Agency: _____

I. If CNA Incentive was granted

Total Amount Paid for the CNA Incentive:

Number of Qualified Personnel	
Regular	XXX
Contractual	XXX
Casual	XXX
Total	<u>XXXX</u>
Approved Rate of CNA Incentive	_____
Total Amount Paid¹	<u>XXXX</u>

Fund Sources:

Object of Expenditures	(A) Entire Available Balance ²	(B) Fund Utilized	(C) Excess ³ (C=A-B)
Communication Expenses	XXX	XXX	XXX
Repairs and Maintenance Expenses	XXX	XXX	XXX
Supplies and Materials Expenses	XXX	XXX	XXX
Transportation and Delivery Expenses	XXX	XXX	XXX
Traveling Expenses	XXX	XXX	XXX
Utility Expenses	XXX	XXX	XXX
Printing and Publication Expenses	XXX	XXX	XXX
Advertising Expenses	XXX	XXX	XXX
Subscription Expenses	XXX	XXX	XXX
Total	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>

II. If the CNA Incentive was not granted

Please state reason/s for non-grant

Submitted by:

Certified Correct:

Head, Finance/Administrative Unit

Agency Head

¹ Total Amount Paid should be equal to the Total Fund Utilized

² Entire Available Balance of the selected allowable MOOE allotments used for the payment of CNA Incentive, as reflected in the Modification Advice Form prescribed under NBC No. 595

³ Excess amounts to be reverted to the Unappropriated Surplus of the General Fund after payment of the CNA Incentive

Illustrative Examples

Premise: *The agency head approved the recommendation of the Employees' Organization-Management Consultative Committee (EOMCC) to grant the CNA Incentive of P30,000 to officials and employees who rendered at least six (6) months of service in the agency as of September 30, 2025. In the agency's internal guidelines, it was stipulated that those with less than six (6) months of service shall be entitled to a pro-rated share of the CNA Incentive.*

1. Ms. J. Rumi, Executive Assistant (EA) III, is part of the immediate support staff in the Office of the Secretary. Given the nature of her position, her appointment is *coterminous* with the official being served. She held the same position for over two (2) years.

Ms. Rumi is **not** a member of the agency's sole employee organization.

Ms. Rumi is **entitled** to the CNA Incentive of P30,000, subject to the payment of agency fees to the negotiating agent in accordance with Public Sector Labor Management Council Resolution No. 1, s. 1993.

2. The same agency engaged the services of Ms. S. Mira as a job order (JO) worker since January 2, 2025.

Ms. Mira is **not** entitled to the CNA Incentive as workers engaged under contract of service/job order basis are **not** covered by the guidelines.

3. Ms. A. Jose is currently the head of the Administrative Division. Prior to her transfer on May 1, 2025, she served as the Planning Officer in a government-owned or -controlled corporation.

Under the internal guidelines prescribed by the agency, the employee must have rendered at least six (6) months of service in the agency by September 30, 2025 to be eligible to the Incentive.

In accordance with the agency's approved internal guidelines and considering that Ms. Jose has only been with the agency for five (5) months as of September 30, 2025, she is entitled only to a **pro-rated** share of the CNA Incentive.

4. Ms. M. Jinu was promoted to a third-level position in the same agency on April 1, 2025. Prior to her promotion, she was the head of a technical division in the same agency.

Ms. Jinu is **entitled** to the agency's full amount of the CNA Incentive as those performing managerial functions are also entitled to the said benefit.

It bears noting that under Congress Joint Resolution No. 4, s. 2009, "*the CNA Incentive shall be granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNAs, in recognition of their efforts in accomplishing performance targets at lesser cost and in attaining more efficient and viable operations through cost-cutting measures and systems improvement xxx.*"