

Title: Central Bank (Now Bangko Sentral ng Pilipinas) Employees Association, Inc. v. Bangko Sentral ng Pilipinas and The Executive Secretary

Facts:

This case revolves around the constitutionality of the last proviso of Section 15(c), Article II of Republic Act (R.A.) No. 7653, or the New Central Bank Act, which took effect on July 3, 1993. The law created the new Bangko Sentral ng Pilipinas (BSP), replacing the old Central Bank of the Philippines. Under contention is the provision that the compensation and wage structure of employees whose positions fall under salary grade 19 and below shall be in accordance with the rates prescribed under Republic Act No. 6758, also known as the Salary Standardization Law (SSL). The petitioner, Central Bank Employees Association, Inc. (now BSP Employees Association, Inc.), challenged this proviso, arguing that it creates an unconstitutional distinction between BSP employees based on their salary grades, specifically discriminating against those in salary grade 19 and below by not exempting them from the coverage of the SSL, unlike their higher-grade counterparts and employees of other Government Financial Institutions (GFIs).

The petitioner filed a petition for prohibition on June 8, 2001, against the respondents BSP and the Executive Secretary of the Office of the President, contending that the proviso violates the equal protection clause of the Constitution. The BSP and the Executive Secretary defended the validity of the provision, emphasizing its accordance with the principles of establishing professionalism and excellence at all levels in accordance with sound management and the fiscal and administrative autonomy of BSP.

Issues:

1. Whether the last paragraph of Section 15(c), Article II of R.A. No. 7653 violates the equal protection clause of the Constitution.
2. Whether subsequent laws amending the charters of other GFIs and exempting their rank-and-file employees from the SSL have rendered the contested proviso discriminatory against BSP rank-and-file employees, violating the equal protection clause.

Court's Decision:

The Supreme Court held that while the provision was originally valid, the enactment of subsequent laws exempting all other rank-and-file employees of GFIs from the SSL made the continued application of the challenged proviso to BSP employees a violation of the equal protection clause. The Court invoked the doctrine of relative constitutionality, recognizing that a statute's validity can be influenced by changed conditions over time. The Court

determined that the discrimination arising from the legal differentiation between BSP rank-and-file employees and those from other GFIs, who were all later exempted from the SSL, rendered the proviso unconstitutional.

Doctrine:

The case reaffirmed the principle that laws must apply equally to all members of the same class and highlighted the doctrine of relative constitutionality, where the validity of a statute may be affected by subsequent changes in circumstances, rendering its continuous enforcement unconstitutional due to violation of the equal protection clause.

Class Notes:

- The equal protection clause requires that laws should be applied equally and fairly to all individuals or parties similarly situated.
- Legislative classifications must be reasonable, based on substantial differences, and must apply equally to each member of the class.
- The doctrine of relative constitutionality recognizes that laws valid at their enactment might become unconstitutional due to changes in circumstances or the passage of subsequent laws affecting the same interests or subjects.

Historical Background:

This case underscores the dynamic and evolving nature of constitutional interpretation in relation to legislative actions and societal changes. It highlights how laws that once served to organize and modernize institutions like the BSP can lead to unintended inequalities, prompting judicial review to ensure constitutional protections, such as equal protection of the law, are upheld over time.