

Title:

****Philippine Ports Authority Employees vs. Commission on Audit:**** A Case on Entitlement to COLA and Amelioration Allowance Post RA 6758

Facts:

The crux of this case pertains to the entitlement of the Philippine Ports Authority (PPA) employees, hired after July 1, 1989, to back pay for Cost of Living Allowance (COLA) and amelioration allowance. Following the passage of the Salary Standardization Law (RA No. 6758) in 1989, which aimed to standardize government salaries, the PPA ceased the payment of COLA and amelioration allowances. This cessation was in adherence to Corporate Compensation Circular No. 10, which integrated these allowances into basic salaries effective July 1, 1989. However, the Supreme Court, in the case of Rodolfo de Jesus, et al. vs. COA, declared CCC No. 10 ineffective due to non-publication, prompting the PPA Board to direct payment of back pay allowances to qualified personnel. Disputes on eligibility criteria set by the PPA Auditor and upheld by the COA led to the filing of the petition under Rule 65 of the Rules of Court, questioning the COA's decision and resolution.

Issues:

1. Whether DBM-CCC No. 10's lack of publication affected the integration of COLA and amelioration allowance into the standardized salaries.
2. Whether employees hired post-July 1, 1989, are entitled to back pay for COLA and amelioration allowance from July 1, 1989, to March 16, 1999.

Court's Decision:

The Supreme Court granted the petition, overturning the COA's decision, and ruled that all PPA employees, regardless of their hiring date, are entitled to the back pay for COLA and amelioration allowance from July 1, 1989, to March 16, 1999. This period corresponds to the interval between RA 6758's effectivity and the lawful publication of DBM-CCC No. 10. The Court cited the principle of equal protection under the law, emphasizing that employees similarly situated shall receive identical benefits. The lack of effective integration of the allowances due to non-publication of DBM-CCC No. 10 meant the employees retained their right to these allowances until their official integration in 1999.

Doctrine:

The case reiterates the doctrine that in the absence of effective legal publication of rules intending to modify government employees' compensation, such rules cannot deprive employees of their existing benefits. Furthermore, it emphasizes the principle of equal

protection, ensuring that all similarly situated individuals must be treated equally under the law.

Class Notes:

- **RA 6758 (Salary Standardization Law):** Intended to standardize the compensation of government employees to create equity and efficiency.
- **DBM-CCC No. 10:** A directive from the Department of Budget and Management intended to integrate allowances into the basic salary, deemed ineffective due to non-publication.
- **Equal Protection Clause:** Requires that all persons similarly situated be treated alike in terms of privileges and liabilities.
- **Publication Requirement:** Legal mandates, especially those affecting public interest, must be published to be effective and enforceable.

Historical Background:

The case unfolds against the backdrop of efforts by the Philippine government to standardize the compensation scheme across its bureaucracy. It reveals a critical junction between administrative efficiency and legal procedural requirements, notably the imperative of publication for legal effectiveness. It illustrates the continuing legal discourse on the rights of government employees amidst attempts to streamline government operations and rationalize public spending.