

Title: **Encabo, Villarín et al. vs. Osmeña Jr. et al.: A Case of Bad Faith in the Abolition of Positions**

Facts:

The case unfolded in Cebu City where Sergio Osmeña Jr., as Mayor, with other city officials, found themselves entangled in a legal dispute over the abolition of positions held by Sinforiano V. Urgelio, Jose V. Encabo, and Jorge M. Villarín. These petitioners were employed under the office of the City Mayor as laborer and office helpers since the late 1940s and early 1950s, indicating the permanent character of their tenure evidenced by their GSIS membership. In January 1956, the Municipal Board created thirty-five new positions, and in February, through Ordinance No. 192, abolished several positions including those of the petitioners. By February's end, Mayor Osmeña notified them of their termination effective mid-March, citing the ordinance. The aggrieved workers sought recourse by appealing to the Commissioner of Civil Service and the Executive Secretary but to no avail. Thus, they filed a petition in the Court of First Instance of Cebu aiming for the reversal of their termination, reinstatement, compensation for lost wages, and additional moral and exemplary damages, including attorney's fees.

The procedural progression saw the case eventually appealed to the Supreme Court following the CFI's dismissal of their petition. The primary contention was the alleged bad faith behind Ordinance No. 192, supposedly enacted to promote economy and efficiency but argued to be a guise for illicitly removing the appellants.

Issues:

1. Whether the abolition of appellants' positions by Ordinance No. 192 was done in good faith.
2. If found in bad faith, are appellants entitled to reinstatement and back wages?
3. The legality of denying reinstatement based on lack of civil service eligibility and acquiescence to the termination.

Court's Decision:

The Supreme Court reversed the CFI's decision, siding with the appellants. It concluded that the abolition was undertaken in bad faith, highlighted by the creation of new positions before and after the abolition, which could have accommodated the appellants. The Court dismissed the argument of promoting economy and efficiency as a subterfuge. Citing similar precedents, it reinforced the principle that positions could not be abolished for ulterior motives violating the security of tenure. Consequently, the appellants were entitled to

reinstatement to equivalent positions, back wages minus interim earnings, attorney's fees, and costs. A subsequent motion for reconsideration raised by the respondents, arguing against reinstatement due to non-civil service eligibility and implied consent to termination, was denied, reinforcing the appellants' right to back salaries and reinstatement.

****Doctrine:****

The primary doctrine established is that the power to abolish public office positions is conditional upon the sake of good faith, mainly for the purposes of economy and efficiency. The abolition of positions as a means to unjustly remove incumbents contravenes constitutional safeguards on security of tenure. Furthermore, acceptance of terminal pay does not waive an individual's right to contest the termination of services.

****Class Notes:****

- ****Security of tenure**** is a constitutional guarantee that cannot be circumvented by the bad faith abolition of positions.
- The ****good faith requirement**** in the abolition of positions mandates genuine intentions for economy and efficiency, not ulterior motives for personnel removal.
- ****Right to reinstatement and back wages:**** Employees illegally dismissed due to bad faith abolition of their positions are entitled to reinstatement and compensation for lost wages, subject to offsets from earnings in other employment during the interim.
- ****Relevance of civil service eligibility:**** Being part of the GSIS indicates a permanent employment character, thus civil service eligibility is not a precondition for right to reinstatement when abolished in bad faith.
- ****Acceptance of terminal pay**** is not tantamount to consenting to the termination or waiving rights for redress.

****Historical Background:****

This case exemplifies the tension between administrative discretion in managing municipal employment and the protective cloak of tenure security afforded to government employees. It underscores the judiciary's critical role in scrutinizing legislative and executive actions impacting civil service employees, ensuring adherence to constitutional and statutory protections against arbitrary removal and ensuring checks against the misuse of power in government employment practices.