

### Title:

Confederation for Unity, Recognition, and Advancement of Government Employees (COURAGE) vs. Florencio Abad and Corazon Soliman

### Facts:

This case pertains to a legal dispute surrounding the grant of Collective Negotiation Agreement (CNA) incentives to government employees. The case began with the issuance of Department of Budget and Management (DBM) Circular No. 2011-5, which set a P25,000.00 ceiling on the CNA incentives for 2011. The Confederation for Unity, Recognition and Advancement of Government Employees (COURAGE) and several affiliated unions, represented by their respective national presidents, filed a Petition for Certiorari and Prohibition alleging several violations, including constitutional breaches by the DBM and questioned the ceiling imposed.

1. **Issuance of Circular Letter and Authorizations:**

- On September 29, 2011, the DBM issued Circular Letter 2011-9 reiterating guidelines on CNA incentives.
- Secretary Soliman of the DSWD authorized CNA incentives in two tranches for 2011: P10,000.00 by October 28, 2011, and P20,000.00 by December 2011.

2. **Issuance of Budget Circular No. 2011-5 and Refund Memo:**

- DBM Circular No. 2011-5, issued on December 26, 2011, put a P25,000.00 cap on CNA incentives for 2011.
- Assistant Secretary David-Casis issued directives on December 28, 2011, and January 20, 2012, requiring refunds for amounts exceeding P25,000.00.

3. **Petition Filing and Subsequent Motions:**

- The associations filed their initial Petition on February 21, 2012.
- An Urgent Motion for a Temporary Restraining Order (TRO) was filed by petitioners on March 28, 2012.

4. **Responses and Supplemental Memoranda:**

- Secretary Abad and Secretary Soliman argued in favor of the Circular's validity and procedural correctness.
- Parties were required to file supplemental memoranda to address issues comprehensively.

### Issues:

1. **Legal Standing:**

- Do the petitioners have the legal standing to challenge DBM Circular No. 2011-5?

2. **Hierarchy of Courts:**

- Did the petitioners violate the doctrine concerning the hierarchy of courts by directly approaching the Supreme Court?

3. **Exhaustion of Administrative Remedies:**

- Did the petitioners avail themselves of the proper remedy prior to filing suit, considering the doctrine on exhaustion of administrative remedies?

4. **Authority of the Budget Secretary:**

- Was the issuance of DBM Circular No. 2011-5 within the jurisdiction and authority of Secretary Abad?

5. **Consistency with Administrative Order No. 135:**

- Do the provisions of DBM Circular No. 2011-5 contravene Administrative Order No. 135, series of 2005?

6. **Non-Impairment Clause:**

- Does DBM Circular No. 2011-5 modify or nullify the provisions of CNAs, thus violating the constitutional provision on the non-impairment of contracts?

7. **Vested Rights:**

- Do the petitioners have vested rights to CNA incentives?

8. **Memorandum on Refunds:**

- Does the January 20, 2012 Memorandum violate Section 43 of the General Appropriations Act of 2011 on allowable salary deductions?

9. **PSLMC Resolution Constitutionality:**

- Is Section 5 of PSLMC Resolution No. 4, series of 2002, unconstitutional for violating Article VI, Section 25 (5) of the Constitution?

10. **Executive Order No. 180 Validity:**

- Is Section 15 of Executive Order No. 180, which created the PSLMC, unconstitutional?

**### Court's Decision:**

The Supreme Court denied the petition, ruling as follows:

1. **Legal Standing:**

- **COURAGE**, **NAFEDA**, and **DAREA** were dismissed for lack of direct injury. SWEAP-DSWD was found to have standing.

2. **Hierarchy of Courts:**

- Though exceptions exist for cases of transcendental importance, the court found that resort to lower courts was essential. However, the Court still proceeded to resolve the issues on the merits due to judicial economy.

3. **Exhaustion of Administrative Remedies:**

- Petitioners failed to exhaust available administrative remedies before approaching the Court.

4. **Authority of the Budget Secretary:**

- The Court upheld the Secretary's authority to issue the circular under various laws and the Administrative Code.

5. **Consistency with Administrative Order No. 135:**

- The Court found DBM Circular No. 2011-5 consistent with Administrative Order No. 135 and existing laws regulating budget and compensation.

6. **Non-Impairment Clause:**

- CNA incentives depend on savings and other conditions; thus, there are no vested rights. The Court found Secretary Abad's directives validly issued.

7. **Vested Rights:**

- The petitioners have no vested rights to CNA incentives, as the incentives are not absolute and unconditional.

8. **Memorandum on Refunds:**

- Ordered retroactive return of incentives under the memo was erroneous, but prospective compliance was upheld.

9. **PSLMC Resolution Constitutionality:**

- Article VI, Section 25 (5) was not violated as the resolutions provided valid guidelines and were consistent with legislative intent.

10. **Executive Order No. 180 Validity:**

- Section 15 of Executive Order No. 180 does not violate the Constitution, affirming the role of the Civil Service Commission in public sector labor-management.

**### Doctrine:**

1. **Non-Impairment of Contracts:**

- Government employees do not have vested rights to CNA incentives as these are conditioned on availability of savings and are subject to administrative regulations.

2. **Rule-Making Authority:**

- The DBM has jurisdiction to enforce rules on government compensation, fulfilling both

executive and statutory mandates.

### Class Notes:

1. **Non-Impairment Clause:** Only applies to legally absolute, complete, and unconditional contracts.
2. **Standing:** Personal and substantial interest is required to bring a legal action.
3. **Hierarchy of Courts and Administrative Remedies:** Ensures exhaustion of administrative mechanisms and respect for judicial order.

### Historical Background:

The case underscores the interplay between labor rights in public sector employment and executive authority. It reflects the legislative and constitutional framework governing the right to organize and negotiate in the context of government employment, against the backdrop of post-Marcos era administrative reforms.