

GUIDELINES FOR THE SECOND PHASE IMPLEMENTATION OF THE NEW SALARY STRUCTURE FOR OFFICERS AND ENLISTED PERSONNEL OF THE AFP

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1.0 Purpose

This Circular is being issued to prescribe rules and regulations to govern the second phase implementation of the new salary structure for the officers and enlisted personnel of the AFP pursuant to Section 2 of Republic Act (RA) No. 9166, "An Act Promoting the Welfare of the Armed Forces of the Philippines by Increasing the Rate of Base Pay and other Benefits of its Officers and Enlisted Personnel, and for Other Purposes"; and RA No. 9206, the FY 2003 General Appropriations Act (GAA).

2.0 Coverage

This Circular shall cover all officers and enlisted personnel of the AFP who are in the active service, cadets of the Philippine Military Academy, officer candidates and candidate soldiers.

3.0 Policy Statements

3.1 Section 2 of RA 9166 provides for an increase in the rate of base pay of officers and enlisted personnel of the AFP and provides for the equivalent Salary Grades (SGs) for each rank in the AFP hierarchy.

3.2 Section 13 of the Implementing Rules and Regulations (IRR) of RA 9166 provides that the increase in base pay shall be implemented in three (3) phase as follows:

- Effective October 1, 2002 at 20% of the increment cost;
- Effective January 1, 2003, an additional 30% of the increment cost; and
- Effective January 1, 2004, the last 50% of the increment cost.

3.3 Section 14 of the same IRR provides that the amount necessary for the first phase implementation of the increase in base pay shall be charged against the appropriations savings of each Major Services/Key Budgetary Units (KBUs) of the AFP. The same was likewise provided under Section 6 of NBC 483 dated October 29, 2002, prescribing the guidelines for the said initial implementation equivalent to 20% of the base pay increase/increment cost.

3.4 RA 9206, the FY 2003 GAA, provides the amount of Two Billion Nine Hundred Million pesos (P2,900,000,000) for the first and second phase implementation of the new salary structure which is equivalent to twenty percent (20%) and thirty percent (30%), respectively, of the increment cost required to fully implement this salary structure.

3.5 However, Item II.F of the President's veto message provides for the prospective implementation of the FY 2003 GAA. Under National Budget Circular (NBC) No. 487, prescribing the guidelines on the release of funds for FY 2003, the effectivity of RA 9206 shall be on June 1, 2003. On the other hand, the amounts obligated by the

agencies for their regular operating requirements from January 1, 2003 up to the effectivity of the FY 2003 GAA as authorized by DBM shall be charged against RA 9162, as re-enacted.

4.0 Implementing Rules

4.1 The present base pay of an officer and enlisted personnel of the AFP for purposes of this Circular shall mean the base pay received as of December 31, 2002 as prescribed under the First Interim Salary Schedule in Annex A[*] of National Budget Circular (NBC) 483 s. 2002.

4.2 The base pay of the officers and enlisted personnel of the AFP shall be adjusted effective January 1, 2003 in accordance with the rates prescribed in the Second Interim Salary Schedule hereto attached and marked as Annex A[*] of this Circular.

4.3 The rates contained in said Salary Schedule shall be used as bases for the payment of longevity pay, year-end bonus and retirement benefits. The existing rates of all other allowances and collateral benefits shall be maintained.

5.0 Prohibition

The Secretary of National Defense is prohibited from granting any adjustment in excess of the amounts herein authorized, unless allowed by law and/or executive order.

6.0 Funding Source

The amounts necessary to implement the pay adjustment of the AFP members authorized in this Circular, shall be sourced as follows:

6.1 January to May 2003 requirement

- 20% from current appropriations savings of Major Services and KBUs of the AFP; and
- 30% from RA 9162 as reenacted - Miscellaneous Personnel Benefits Fund.

6.2 June to December 2003 - from the specific appropriation for the purpose in the FY 2003 GAA.

7.0 Responsibility of the Major Service and KBU Commanders

The Commanders of the Major Services and KBUs shall be held liable for any payment of salary adjustment not in accordance with the provisions of this Circular, without prejudice however, to the refund of any excess payment by the personnel concerned.

8.0 Saving Clause

Cases not covered by the provisions of this Circular shall be referred to the Secretary of Budget and Management for resolution.

9.0 Effectivity

This Circular shall take effect January 1, 2003.

Adopted: 11 Aug. 2003

(SGD.) EMILIA T. BONCODIN

Secretary

[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City

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