NATIONAL ADMINISTRATIVE REGISTER · JANUARY 2, 1997

GUIDELINES FOR THE FULL IMPLEMENTATION OF THE NEW SALARY SCHEDULE IN THE GOVERNMENT

DBM NATIONAL BUDGET CIRCULAR NO. 458, January 02, 1997

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Purpose

This Circular is being issued to prescribe rules and regulations to govern the fourth and final year of implementation of the salary increases authorized by Joint Senate-House of Representatives Resolution No. 1, Series of 1994 for all government civilian and uniformed personnel as mandated by RA No. 8244 and adopted under Executive Order No. 389, dated December 28, 1996.

2

Coverage

All positions whether permanent, temporary, contractual, casual or emergency in nature, appointive or elective, on full time or part-time basis now existing or hereafter created in the national government, states universities and colleges and government owned and/or controlled corporations and government financial institutions.

3

Exemptions

3.1 Officials and employees of agencies that are allowed by law to adopt a Position Classification and Compensation System other than that prescribed in RA No. 6758 and/or Joint Senate-House of Representatives Resolution No. 1, s. 1994.

3.2 Consultants and experts hired by government entities for a limited period to perform specific activities or services with expected outputs, who will continue to be compensated pursuant to existing applicable laws, rules and regulations until these are revised or amended.

3.3 Student laborers and apprentices and others similarly situated who will continue to be compensated pursuant to existing applicable laws, rules and regulations until these are revised or amended.

4

Definition of Terms

4.1 The present salary or an incumbent for purposes of this Circular shall mean the actual basic salary rate received as of December 31, 1996 for purposes of the adjustment effective January 1, 1997, and as of October 31, 1997, for purposes of the adjustment effective November 1, 1997, exclusive of Personnel Economic Relief Allowance (PERA), Additional Compensation (ADCOM), representation and transportation allowances (RATA), Christmas bonus and cash gift, honoraria, the twenty-percent (20%) premium over basic pay of contractual personnel and any form of compensation usually paid outside of basic salary, but inclusive of “transition

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allowance", and "over-and-above allowance" in the case of public school teachers and related personnel.

4.2 Transition allowance shall mean the excess of the present salary over the eighth step of the salary grade allocation of the employee's position.

4.3 "Over-and-above allowance" shall refer to the additional compensation other than the basic salary regularly paid on a monthly basis by the Local Government Units to public school teachers and related personnel prior to July 1, 1989 and which was added over and above their basic salary.

5

Compensation Rules

5.1 For Civilian Personnel

5.1.1 The salary grades in the Salary Schedule prescribed under RA No. 6758 and the corresponding salary grade allocation of positions pursuant thereto shall be maintained. For purposes of the salary increase herein authorized, the basic salary of government civilian personnel as defined in Item 4.1 above shall be adjusted as follows:

a. Effective January 1, 1997 = in accordance with the Fourth Interim Salary Schedule hereto attached and marked as Annex A * of this Circular. The adjustment shall be to the designated salary step of the employee in the salary grade allocation of his position as of December 31, 1996 (Illustrative Example A);

b. Effective November 1, 1997 = in accordance with the attached Salary Schedule marked Annex B * of this Circular. The adjustment shall be to the designated salary step of the employee in the salary grade allocation of his position as of October 31, 1997. (Illustrative Example A **).

5.1.2 Incumbents of positions which are moved to a higher salary grade allocation under Joint Senate-House of Representatives Resolution No. 1, s. 1994, shall continue to receive the salary rate of their old salary grade allocation pursuant to RA No. 6758.

5.1.3 The transition allowance shall be considered as advance payment for the salary increase herein authorized. Any excess thereafter shall be deducted from whatever salary adjustments that such employee may be authorized in the future (Illustrative Example B and B-1**).

5.1.4 The "over-and-above allowance" of public school teachers and related personnel shall likewise be considered as advance payment for the salary increase herein authorized. However, implementation of the salary adjustment herein authorized for public school teachers and related personnel with over-and-above allowance shall be as follows (Illustrative Example C***) :

5.1.4.1 The over-and-above allowance shall first be added to the salary rate in the equivalent salary grade and step under the Salary Schedule marked Annex B;

5.1.4.2 If the total is below the first step of the salary grade allocation of the position in the new Salary Schedule, adjustment shall be to the first step; if in-between steps or equal to any of the step, to the next higher step; if in excess of the maximum or eighth step, to the eighth step and the excess shall be treated as transition allowance which shall be deducted from whatever salary adjustments that such employee may be authorized in the future.

5.1.5 Appointments effective January 1, 1997 and/or November 1, 1997, and thereafter, shall be at the first step of the salary grade allocation of the position in the applicable Salary Schedule prescribed in Item 5.1.1 hereof and subject further to compensation rules and regulations in Annex C* of this Circular.

5.1.6 Notwithstanding the salary increase authorized in this Circular, there shall be no increase in the present rates

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of allowances and benefits of officials and employees of regular government offices/agencies, state universities and colleges, government-owned and/or-controlled corporations and financial institutions which are based on a percentage of their basic salaries such as RATA, Provident Fund and other similar personnel benefits. However, contributions to the GSIS Retirement and Life Insurance Premium and the Employees Compensation Insurance Premium (ECIP) are not covered by restrictions under this Section.

5.1.7 The PERA and ADCOM shall continue to be paid as allowances and are not considered integrated into the basic salary rates contained in the Salary Schedules in Item 5.1.1 hereof.

5.1.8 Contractual employees whose salaries are paid out of lump-sum appropriations or project funds may be entitled to a premium of not more than twenty-percent (20%) of the adjusted minimum hiring rate of comparable regular positions (Illustrative Example D **).

5.1.9 The Wage Rates of daily paid employees shall be computed by dividing the monthly salary rates shown in said Salary Schedules by twenty-two (22) working days, provided that the total wages received by a daily paid employee in a month shall not exceed said monthly salary rate.

5.1.10 The rates contained in said Salary Schedules, plus transition allowance in the case of employees with transition allowance, shall be used as basis for computing retirement pay, year-end bonus and other similar benefits, provided that for those will be compulsorily separated from the government service for having reached the age of mandatory retirement, or due to death, sickness/disability in 1997 but before the full implementation effective November 1, 1997, the computation of their retirement/separation benefits, gratuity and payment of accumulated leave credits shall be made on the basis of salary rate in the Salary Schedule in Annex B hereof corresponding to their previous designated salary step plus the remaining balance of their transition allowance, if any.

5.1.11 In case of separation on account of compulsory retirement, the employee shall be given the option to retire pursuant to RA No. 660 but the retiring employee shall still be paid by last employer the difference between the lump-sum amount he will receive under RA No. 660 and the retirement benefit had he retired under RA No. 1616, provided that an employee who will opt to be compulsorily retired that an employee who will opt to be compulsorily retired pursuant to RA No. 1616 shall be paid only the retirement benefits provided under RA No. 1616.

5.2 For Uniformed Personnel

5.2.1 For purposes of the salary increase herein authorized the basic salary of the uniformed personnel of the Department of National Defense (DND) and the Department of the Interior and Local Government (DILG) and the commissioned officers and enlisted personnel of the National Mapping and Resource Information Authority (NAMRIA) shall be adjusted as follows:

a. Effective January 1, 1997 = in accordance with the Fourth Interim Salary Schedule for Uniformed Personnel hereto attached and marked as Annex D of this Circular.

b. Effective November 1, 1997 = in accordance with the attached Salary Schedule for Uniformed Personnel hereto attached and marked as Annex E * of this Circular.

5.2.2 The cost-of-living allowance of subject uniformed personnel is deemed integrated in the rates contained in salary schedules.

5.2.3 The rates contained in said salary schedules shall be used as basis for computing retirement pay, year-end bonus and other similar benefits, provided that for those who will be separated from the government service due

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to compulsory retirement, death, sickness/disability in 1997 but before the full implementation effective November 1, 1997, the computation of their retirement/separation benefits, gratuity and payment of accumulated leave credits shall be made on the basis of the salary rate in the Salary Schedule in Annex E corresponding to their designated rank.

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Prohibition

6.1 The salary adjustment funded under R.A. No. 8244 shall not benefit the President, the Vice-President and the Members of Congress.

6.2 Unless allowed by law and/or order, heads of national government agencies and corporate entities are prohibited from granting any adjustment in excess of the amounts herein authorized.

7

Funding Source

The funding sources for the amounts necessary to implement in full the new Salary Schedule shall be as follows:

7.1 For National Government Agencies, the amount shall be charged against the P27.0 Billion appropriated for the purpose under RA No. 8244 and accordingly set aside for the purpose in their respective budgets for FY 1997 and from their savings.

7.2 For government-owned and/or -controlled corporations and financial institutions, the amount shall come from their respective corporate funds. Government-owned and controlled corporations and financial institutions which do not have adequate or sufficient funds shall only partially implement the established rates, provided, that any partial implementation shall be fixed at a uniform percentage such that no official/employee shall receive a percentage higher than that of any other official/employee in the same corporate entity.

8

Release of Funds

The DBM shall release the covering Notice of Cash Allocation (NCA) needed to implement the salary adjustment herein authorized.

9

Payment of Salary Adjustment

9.1 Upon receipt of the NCA, agencies shall pay the required salary adjustment authorized herein.

9.2 The Head of agency shall notify the official/employee of any salary adjustment in accordance with this Circular through a Notice of Salary Adjustment following the format in Annex F *, for individuals, and Annex G** for Group (officials/employees covered by similar information). A copy of the Notice shall be furnished the GSIS if the beneficiaries are members thereof.

Notice of Salary Adjustment of employees who will be compulsorily separated from government service under the conditions enumerated in Items 5.1.10 and 5.1.11 hereof shall be issued not later than the last day of their service in the government.

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Post-Audit

10.1 Any salary adjustment under this Circular shall be subject to post-audit by this Department through the Compensation and Position Classification Bureau (CPCB) and to appropriate adjustments if found not in order.

10.2 For this purpose, all agencies shall prepare a Plantilla of Personnel and Salary Adjustment (PPSA) for the November 1, 1997 implementation following the format in Annex H. A separate PPSA shall be prepared for contractual, casual and emergency positions.

10.3 The original and four (4) copies of each of the said PPSA which shall be certified correct by the Human Resource Management Officer/Administrative Officer and approved by the Head of the government agency, shall be submitted for post-audit within thirty (30) days after the salary adjustment for November 1, 1997 has been implemented to the CPCB, Regional Coordination Service (RCS) or to the appropriate Regional Offices of the DBM, in the case of regionalized offices. The CPCB, RCS or the DBM Regional Office concerned shall examine and verify the said PPSA based on its records and certify them accordingly. The certified copies shall then be distributed as follows:

10.3.1 one (1) copy to the Civil Service Commission Regional Office and Field Office concerned;

10.3.2 one (1) copy to the Commission on Audit, for compliance with auditing requirements;

10.3.3 one (1) copy to the Office of origin; and

10.3.4 the original shall remain with the CPCB, RCS or DBM Regional Office concerned for records, control and post-audit purposes.

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Responsibility of the Head of Agency

The Head of Agency shall be responsible for the submission of the required reports. He shall be held personally 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 employee concerned.

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Contributions

The salary adjustments herein authorized are subject to the mandatory requirements of the GSIS life and retirement premiums, and Home Development Mutual Fund (HDMF) contribution, if the recipient is a member of the GSIS and HDMF.

13

Saving Clause

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

14 Effectivity

This Circular shall take effect January 1, 1997.

Adopted: 2 Jan. 1997

(SGD.) SALVADOR M. ENRIQUEZ, JR.

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Secretary

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