

## ADOPTION OF HIGHER SALARY SCHEDULE BY LOCAL GOVERNMENT UNITS

*DBM LOCAL BUDGET CIRCULAR NO. 71, October 05, 2000*

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1. This Circular is issued to clarify Item 11.0 of Local Budget Circular No. 56 dated January 25, 1995 on the adoption of higher Salary Schedule by Local Government Units (LGUs) pursuant to second paragraph Item 5 of Joint Resolution No. 1, s. 1994 of the Senate and the House of Representatives.
2. As contemplated therein, the adoption of a higher salary schedule by LGUs is only an option that can be exercised when the legally mandated requirements of, among others, the Salary Standardization Law, Part II (SSL II) have already been provided for.
3. Hence, LGUs must first implement fully the prescribed salary schedule for its income class and assure its sustainability before it can exercise the option to adopt a higher salary schedule subject to the budgetary and general limitations on Personal Services (PS) expenditures under Sections 325 and 326 of RA 7160 or the Local Government Code.
4. The continued implementation of the SSL II for which the PS limitations under Section 325 (c) and 331 (b) of RA 7160 may be waived refers to the full implementation of the Salary Schedule corresponding to the income classification of a particular LGU. Adoption of higher salary schedule is not considered continued implementation of the SSL for purposes of exemption from the above-cited PS limitations.
5. For the guidance of all concerned.

Adopted: 05 Oct. 2000

(SGD.) BENJAMIN E. DIOKNO  
Secretary

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