

GUIDELINES FOR THE GRANT OF TEN PERCENT (10%) SALARY ADJUSTMENT TO PERSONNEL IN THE LOCAL GOVERNMENT EFFECTIVE JANUARY 1, 2000

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1.0 PURPOSE

This Circular is being issued to prescribe rules and regulations to govern the implementation of new Salary Schedules in the Local Government as mandated under Executive Order No. 219 dated March 20, 2000, providing for a 10% salary adjustment over the monthly basic salaries as of December 31, 1999 of government personnel, effective January 1, 2000.

2.0 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 Local Government Units (LGUs).

3.0 EXEMPTIONS

3.1 Consultants and experts hired by local government units 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.

3.2 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.

3.3 Laborers hired as part of a contract (pakiao), those paid on piecework basis, including mail contractors, and others similarly situated.

4.0 DEFINITION OF TERMS

4.1 The present salary of an incumbent, for purposes of this Circular, shall mean the actual basic salary rate received as of December 31, 1999, inclusive of transition allowance, but exclusive of Personnel Economic Relief Allowance (PERA), Additional Compensation (ADCOM), Representation and Transportation Allowances (RATA), year-end bonus and cash gift, honoraria, the 20% premium over the basic pay of contractual personnel and any other forms of additional compensation usually paid in addition to basic salary.

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.

5.0 THE SALARY SCHEDULES

The salary rates are hereby adjusted effective January 1, 2000 as indicated in the attached Salary Schedules (SS) marked as Annexes A to H. These SS have been prepared in strict conformance with Section 10 of RA 6758.

6.0 COMPENSATION RULES

6.1 The salary grades in the SS prescribed under RA 6758 and the corresponding salary grade allocation of positions pursuant thereto shall be maintained.

6.2 Incumbents of positions shall receive the salary rates corresponding to their designated salary steps in the salary grade allocation of their positions as of December 31, 1999.

6.3 Appointments effective January 1, 2000 and thereafter shall be at the first step of the salary grade allocation of the position in the applicable SS prescribed in item 5.0 hereof. In case the appointee has previously received under an approved permanent appointment, a salary higher than the first step of the salary grade allocation, the existing salary rules shall apply as contained in Annex "C" of LBC 64 dated January 22, 1997.

6.4 Pursuant to RA 7305, the salary rates of devolved and organic Public Health Workers (PHWs) shall be as indicated in Annex A, notwithstanding the income classification of the LGUs where they are assigned.

6.5 Devolved personnel, except the PHWs, whose salaries are now equal to/the same as their organic local counterparts, shall be entitled to the same adjusted salary as their counterpart organic local personnel.

6.6 The transition allowance shall be considered as advance entitlement of 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 Examples A and A - 1)

6.7 The PERA and ADCOM shall continue to be paid as allowances and are not considered integrated into the basic salary rates contained in the SS referred to in item 5.0 hereof, and therefore not subject to tax.

6.8 Contractual employees whose salaries are paid out of lump-sum appropriations or project funds shall be entitled to salary adjustment corresponding to their comparable regular positions (Illustrative Example B). In accordance with the general provisions of RA 8760, the FY 2000 GAA, contractual personnel shall no longer be entitled to the 20% premium over the basic pay.

6.9 The wage rates of daily paid employees shall be computed by dividing the monthly salary rate shown in the SS indicated under item 5.0 hereof 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.

6.10 The appropriate rates contained in the said SS, as the case may be, shall be used as basis for computing retirement pay, year-end bonus and other similar benefits.

6.11 In the event that local funds will not be sufficient to implement the SS prescribed for its income class, implementation of salary adjustments under this Circular shall be partial and uniform for all positions in the LGU concerned (Illustrative Example C).

7.0 The maximum honoraria rates prescribed under LBC No. 63 for the barangay officials and employees are accordingly adjusted based on the SS herein authorized.

8.0 ADOPTION OF HIGHER SALARY SCHEDULES (SS)

8.1 LGUs lower than special cities and first class provinces and cities, may adopt the SS for higher class LGUs subject to the following conditions/limitations:

8.1.1 That the LGU is financially capable;

8.1.2 That the SS to be adopted shall be uniformly applied to all positions in the LGU concerned;

8.1.3 The SS for the Special and Highly Urbanized Cities and first class Provinces and Cities shall not be higher than that being adopted by the national government;

8.1.4 In implementing a new and higher SS, the salary grade allocation of positions and the salary steps of personnel shall be retained;

8.1.5 The difference arising from the adoption of the higher SS shall be subject to the budgetary and general limitations on Personal Services Expenditures mandated under Sections 324 and 325 of RA 7160;

8.1.6 That in the case of component cities and municipalities, the SS to be adopted shall not be higher than that being implemented by the Province or City in the case of some municipalities, where they belong; and

8.1.7 That the adoption of a higher SS shall not in any manner alter the existing classification of the LGU concerned.

8.1.8 That the LGU has fully implemented the authorized salary rates for its PHWs and its organic personnel (Illustrative Example D).

8.2 A LGU which has adopted a higher SS as authorized may opt to revert to the prescribed SS based on its income classification provided, no personnel whose salaries have been adjusted based on the higher SS shall suffer diminution in pay as a result thereof. For the new hirees/appointees, their salaries shall be at the hiring rate of their positions based on the lower SS.

9.0 PROHIBITION

The Local Chief Executive and/or the Sangguniang Panlalawigan/Panlungsod/Bayan/Barangay are prohibited from granting any adjustment in excess of the amounts herein authorized.

10.0 FUNDING SOURCE

10.1 The amount necessary to implement the new Salary Schedules shall come exclusively from the funds of the concerned LGU. The implementation of the authorized salary rates of a LGU for its organic personnel and PHWs is exempt from the Personal Services limitation provided under Section 325 of the Local Government Code.

10.2 Said amount shall be provided for in an appropriation ordinance to be enacted by the Sangguniang Panlalawigan/Panlungsod/Bayan/Barangay taking into account item 6.11 hereof.

11.0 PAYMENT OF SALARY ADJUSTMENT

11.1 Any salary adjustment under this Circular shall be subject to appropriate adjustments if found not in order upon review by DBM.

11.2 The Local Chief Executive shall notify the official/employee of any salary adjustment in accordance with this Circular through a Notice of Salary Adjustment (Annex I). A copy of this Notice shall be furnished the GSIS, if the official/employee is a member thereof.

11.3 In case of adoption of a higher SS, a computation of salary increase in accordance with "Illustrative Example D" shall be submitted to the concerned DBM-RO.

12.0 RESPONSIBILITY OF THE HEAD OF AGENCY

The Provincial Governor, City or Municipal Mayor, and Punong Barangay concerned 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.

13.0 CONTRIBUTIONS

The salary adjustments herein authorized are subject to the mandatory requirements of GSIS life and retirement insurance premiums, and Home Development Mutual Fund (HDMF) contribution, if the recipient is a member of the GSIS and HDMF, pursuant to RA 660 and CA 186 with respect to retirement and life insurance premiums.

14.0 SAVING CLAUSE

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

15.0 EFFECTIVITY

This Circular shall take effect January 1, 2000.

Adopted: 21 Mar. 2000

(SGD.) BENJAMIN E. DIOKNO
Secretary

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