

GUIDELINES ON THE UTILIZATION OF THE SPECIAL ALLOWANCE FOR THE JUDICIARY (SAJ) FUND

ADMINISTRATIVE CIRCULAR NO. 52 -2007, June 25, 2007

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WHEREAS, the SAJ Fund is presently being used for the payment of the SAJ of incumbent justices, judges and officials with the equivalent rank of Court of Appeals justices and Regional Trial Court judges and for the grant of additional allowances out of the surplus in the fund to judiciary officials and personnel who are not direct beneficiaries under Republic Act No. 9227 (RA 9227);

WHEREAS, Sec. 5 of RA 9227 states that "for purposes of retirement, only the allowances actually received and the tranche or tranches of the special allowance already implemented and received pursuant to this Act by the justices, judges and all other positions in the Judiciary with the equivalent rank of justices of the Court of Appeals and judges of the Regional Trial Court as authorized under existing laws shall, at the date of their retirement, be included in the computation of their respective retirement benefits;"

WHEREAS, the Supreme Court, in A.M. No. 04-11 -06-SC (Re: Request of Retired Justices of the Supreme Court for the Upgrading of their Retirement Gratuities), authorized the automatic readjustment of retirement benefits of retired justices to include the special allowances given to incumbent justices pursuant to RA9227;

WHEREAS, the fund release from the Department of Budget and Management (DBM) to cover payment of the SAJ component of the retirement gratuity and terminal leave benefits of retirees is not sufficient to pay all the pending claims of retirees;

WHEREAS, the SAJ Fund not being sufficient to accommodate all the present recurring expenses, there is a need to prioritize disbursements therefrom and to set guidelines for its utilization to include coverage of the retirement gratuities and terminal leave benefits of the retirees which may not be covered by fund releases from the DBM;

NOW, THEREFORE, the following guidelines are hereby adopted for the effective utilization of the SAJ Fund:

A. COVERAGE

These guidelines shall apply to -

1.

Incumbent justices, judges and officials with the equivalent rank of justices of the Court of Appeals and judges of the Regional Trial Court;

2.

Other officials and personnel of the judiciary who are not direct beneficiaries under RA 9227; and,

3.

Retired justices, judges and judiciary officials with the equivalent rank of justices of the Court of Appeals and judges of the Regional Trial Court and/or all heirs, beneficiaries and claimants of the deceased justices, judges and officials entitled to receive retirement gratuity and terminal leave benefits pertaining to SAJ under RA 9227.

B. PURPOSE

To establish the parameters that shall be uniformly observed and for expediency and proper procedure regarding the utilization of the SAJ fund.

C. PROCEDURE AND MANNER (PRIORITIZATION OF PAYMENT)

1.

The monthly SAJ of incumbent justices, judges and officials of equivalent rank shall first be satisfied. The responsible offices of the Court of Appeals, Sandiganbayan, Court of Tax Appeals and lower courts shall submit to the Fiscal Management and Budget Office (FMBO) the list of those who are entitled to SAJ each month for processing and release of payments.

2.

The excess in the SAJ fund, after satisfying the monthly SAJ of incumbents under item no. 1, may be utilized for:

a.

the grant of additional allowance to officials and employees of the judiciary who are not direct beneficiaries thereof under RA 9227 pursuant to paragraph 3, Section 3 thereof; and,

b.

the SAJ component of retirement gratuity and terminal leave benefits of retired justices and judges.

3.

The utilization of the surplus in the SAJ fiind for items no. 2.a and 2.b shall be in accordance with the following order of payment:

a.

The additional allowance from the surplus at a maximum rate of P1,000.00 per month for judiciary officials and employees who are not direct beneficiaries under RA 9227 shall first be paid. The Chief Justice may, however, authorize the grant in excess of the maximum rate herein provided if the available surplus is sufficient for the purpose after considering the payment of retirement benefits hereinafter prescribed;

b.

The SAJ component of the retirement gratuity and terminal leave benefits of retired justices, judges and officials of equivalent rank which has no corresponding fund release from the DBM to be paid as follows:

1)

The SAJ component of the terminal leave benefits of retired justices, judges and officials of equivalent rank shall be paid in full; and,

2)

The SAJ component of the 5-year or 10-year lump sum retirement gratuity shall be paid as follows:

(a)

The portion thereof which has accrued, as of June 30, 2007, shall be paid in full;

(b)

The balance, after payment of the SAJ component which has accrued as of June 30, 2007 under item (a), shall be paid on a monthly basis beginning July 2007 in an amount equivalent to one month SAJ of the retired justice, judge or official of equivalent rank until full payment thereof has been satisfied; and,

(c)

For justices, judges and officials of equivalent rank who will be retiring after the effectivity of this administrative circular, the SAJ component of their retirement gratuity shall be paid on a monthly basis beginning on the 1st month after the date of their retirement in an amount equivalent to one month SAJ of such justice, judge or official of equivalent rank until full payment thereof has been satisfied.

The foregoing payment scheme notwithstanding, payment of claims under items 3.b.1, 3.b.2.b and 3.b.2.c may be modified depending on the availability of funds and as may be authorized by the Chief Justice.

4.

All payments made out of the SAJ Fund for the SAJ component of the 5-year or 10-year lump sum retirement gratuity and terminal leave benefits of justices, judges and officials of equivalent rank, who had retired as of March 31, 2007, shall be treated as an advance from the SAJ Fund in conformity with A.M. No. 04-7-05-SC. Any amount that maybe released by the DBM to cover funding requirements of the said SAJ component of retirement gratuity and terminal leave benefits shall be utilized:

a.

to replenish the SAJ fund for such amount as may have been advanced therefrom to pay the foregoing retirement benefits, and

b.

to pay the balance of the SAJ retirement gratuity differentials which may remain unpaid.

5.

For the SAJ component of retirement gratuity and terminal leave benefits of justices, judges and officials of equivalent rank who retired after March 31, 2007 or will be retiring after the date of effectivity of this administrative circular, payment thereof shall be made from the respective savings of the Supreme Court, Court of Appeals, Sandiganbayan, Court of Tax Appeals and the lower courts. In case of non-availability of savings, the respective financial officers of the Supreme Court, Court of Appeals, Sandiganbayan and the Court of Tax Appeals and the Office of the Court Administrator for the lower courts shall certify as to such non-availability for the purpose of charging such payments against the SAJ Fund.

D. IMPLEMENTING OFFICE

The FMBO, in coordination with the Office of Administrative Services, Supreme Court, the concerned offices of the Court of Appeals, Sandiganbayan and the Court of Tax Appeals and the Financial Management Office and Office of Administrative Services of the Office of the Court Administrator, shall implement these guidelines.

E. EFFECTIVITY

This Administrative Circular shall take effect immediately.

Issued this 25th day of June 2007.

(Sgd)REYNATO S. PUNO

Chief Justice

cc:

Office of the Chief Justice

Offices of the Associate Justices

Office of the Presiding Justice, Court of Appeals

Office of the Presiding Justice, Sandiganbayan

Office of the Presiding Justice, Court of Tax Appeals

Office of the Court Administrator

Office of the Clerk of Court

Fiscal Management and Budget Office

Office of Administrative Services

Office of Administrative Services, OCA

Financial Management Office, OCA

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