



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management  
Malacañang, Manila

**LEGAL OPINION NO. N-C-2001-07**

**SUBJECT : National Government Compensation – R.A. No. 6758**

**ISSUE :** Whether or not the Cost of Living Allowance (COLA) is already integrated in the standardized salaries of all government employees, in view of Republic Act No. 6758 (The Salary Standardization Law).

**FACTS :** The Department of Trade and Industry, the Intellectual Property Office, the Bureau of Customs and the Laguna Lake Development Authority, requested the Department of Budget and Management's comment on the claim for payment of COLA being received by employees prior to the implementation of R.A. No. 6758, in view of the Supreme Court decision in *Rodolfo de Jesus, et.al. vs. COA, et. al.*, G.R. No. 109023 dated 12 August 1998.

**OPINION :** The COLA is already integrated in the standardized salaries of all government employees, in view of R.A. No. 6758.

Per clarification contained under Budget Circular No. 2001-03 dated 12 November 2001, the COLA is already integrated into the standardized salaries of all government employees, including those of the above-mentioned offices, pursuant to Section 12 of R.A. No. 6758 which states, to wit:

***"SEC. 12. Consolidation of Allowances and Compensation. – All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and***

*...and hospital personnel, hazard pay, allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.*

*Existing additional compensation of any national government official or employee paid from local funds of a local government unit shall be absorbed into the basic salary of said official or employee and shall be paid by the National Government."*

COLA is not among those that were specifically mentioned by the above-quoted provision of law as exception to the consolidation of allowances and compensation, hence, it is deemed included in the standardized salaries already implemented.

In view of the foregoing, payment of allowances and compensation, such as COLA, amelioration allowance and inflation-connected allowances, among others, which are already integrated in the basic salary, are deemed unauthorized, unless otherwise provided by law.

**REFERENCE:** Letters both dated 27 November 2001 to Hon. Julita S. Manahan and Hon. Calixto R. Cataquiz

*Recommended:*

  
**JANET B. ABUEL**  
 Director; LLS

*Approved:*

  
**EMILIA T. BONCODIN**  
 Secretary