



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

NATIONAL BUDGET CIRCULAR

No. 562

February 24, 2016

TO : Heads of Departments, Agencies, State Universities and Colleges (SUCs) and Other Offices of the National Government Including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG), Government-Owned or -Controlled Corporations (GOCCs); and All Others Concerned

SUBJECT : Implementation of the First Tranche Compensation Adjustment for Civilian Personnel, and Military and Uniformed Personnel in the National Government

1.0 Purpose

This Circular is issued to prescribe the guidelines, rules, and regulations for the implementation of the first tranche Compensation Adjustment provided under Executive Order (EO) No. 201, s. 2016, entitled "Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel," as approved by the President on February 19, 2016.

2.0 Coverage

The following are covered by this Circular:

- 2.1 All positions for civilian personnel, whether regular, casual, or contractual in nature, appointive or elective, full-time or part-time, now existing or hereafter created in the Executive, Legislative and Judicial Branches, the Constitutional Commissions and other Constitutional Offices, SUCs, and GOCCs covered by the Compensation and Position Classification System (CPCS) under Republic Act (RA) No. 6758, as amended by Congress Joint Resolutions No. 1, series of 1994 and No. 4, series of 2009; and
- 2.2 Military personnel under the Armed Forces of the Philippines, Department of National Defense (DND) and uniformed personnel under the Philippine National Police (PNP), Philippine Public Safety College (PPSC), Bureau of Fire Protection

(BFP), and Bureau of Jail Management and Penology (BJMP) of the Department of the Interior and Local Government (DILG); Philippine Coast Guard (PCG) of the Department of Transportation and Communications (DOTC); and National Mapping and Resource Information Authority (NAMRIA) of the Department of Environment and Natural Resources (DENR).

3.0 Exclusions

The following are excluded from the coverage of this Circular:

- 3.1 Government agencies, including GOCCs, that are exempted from RA No. 6758, as amended, as expressly provided in their respective enabling law or charter, and are actually implementing their respective CPCS approved by the President of the Philippines;
- 3.2 GOCCs covered by the CPCS established by the Governance Commission for GOCCs and approved by the President of the Philippines, under RA No. 10149; and
- 3.3 Those hired without employee-employer relationships and funded from non-Personnel Services appropriations/budgets, as follows:
 - 3.3.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
 - 3.3.2 Laborers hired through job contracts (pakyaw) and those paid on piecework basis;
 - 3.3.3 Student workers and apprentices; and
 - 3.3.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

4.0 First Tranche Monthly Salary Schedule for Civilian Personnel, Effective January 1, 2016

The new salary rates shall be in accordance with the First Tranche Monthly Salary Schedule for Civilian Personnel under Section 3 of EO No.201, attached as Annex "A."

4.1 Rules for Adjusting Salaries

- 4.1.1 The salaries of incumbent personnel shall be adjusted to the rates in the Salary Schedule in Annex "A" corresponding to the designated steps of the salary grade allocations of their positions as of December 31, 2015, provided that their positions and salary grades are in accordance with the Index of Occupational Services, Occupational Groups, Classes, and Salary Grades issued under Budget Circular No. 2006-3 dated May 17, 2006, and the Index of Occupational Services attached to Corporate Compensation Circular No. 10 dated February 15, 1999, and additions/modifications thereto.

- 4.1.2 If the actual monthly basic salary of an incumbent as of December 31, 2015 falls between steps of the salary grade allocation of the position due to the grant of service award or as a result of demotion or transfer due to the exigency of the service, the salary shall be adjusted to the rate for the higher step in the Salary Schedule in Annex "A."
- 4.1.3 If the actual monthly basic salary of an incumbent exceeds that for Step 8 of the salary grade allocation of the position as of December 31, 2015:
 - 4.1.3.1 The salary shall be adjusted to the rate for Step 8 of the same salary grade in the Salary Schedule in Annex "A"; or
 - 4.1.3.2 The employee shall not be entitled to salary increase if the actual salary as of December 31, 2015 exceeds the rate for Step 8 of the same salary grade in the Salary Schedule in Annex "A."
- 4.1.4 If supported by sufficient funds, the salaries/wages of incumbent contractual/casual personnel as of December 31, 2015 may be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions effective January 1, 2016. The adjusted daily wage rates of casual personnel shall be computed by dividing the monthly rates by 22 working days per month.
- 4.1.5 Compulsory retirees whose services have been extended beyond December 31, 2015 shall be entitled to salary increases effective January 1, 2016, following items 4.1.1 to 4.1.3 of this Circular, whichever is applicable. However, their retirement benefits, including Terminal Leave Benefits, shall be computed based on their monthly basic salaries as of the day prior to the effectivity of their retirement, consistent with existing laws, rules and regulations.

5.0 First Tranche Provisional Allowance Schedule for Military and Uniformed Personnel (MUP), Effective January 1, 2016

The new **Provisional Allowance** for MUP shall be in accordance with the First Tranche Provisional Allowance Schedule for Military and Uniformed Personnel under Section 7 of EO No. 201, attached as Annex "B".

- 5.1 The grant of Provisional Allowance shall be an interim measure pending the modification and rationalization of the Base Pay Schedule of military and uniformed personnel.
- 5.2 The Provisional Allowance shall not form part of the base pay. Accordingly, the grant of this Allowance shall not increase the longevity pay, pension and other collateral allowances which are indexed to the base pay.

6.0 Mid-Year Bonus for All Government Personnel, Beginning FY 2016

A **Mid-Year Bonus** equivalent to one (1) month basic salary as of May 15 shall be granted to those who have rendered at least four (4) months of satisfactory service and are still in the service as of same date, to be given not earlier than May 15 of every year, subject to the specific guidelines to be issued by the Department of Budget and Management.

7.0 Productivity Enhancement Incentive for All Government Personnel, Beginning FY 2016

A **Productivity Enhancement Incentive (PEI)** in the amount of P 5,000 shall be granted to qualified government personnel not earlier than December 15 of every year, subject to the specific guidelines to be issued by the Department of Budget and Management.

8.0 Increase in Hazard Pay for MUP, Effective January 1, 2016

The **Hazard Pay** of all military and uniformed personnel shall be increased from the current rate of P 240 per month to P 390 per month for FY 2016.

9.0 First Tranche Officers' Allowance for Military and Uniformed Officers, Effective January 1, 2016

An **Officers' Allowance** shall be granted to military and uniformed officers in accordance with the First Tranche Officers' Allowance Schedule under Section 9 of EO No. 201, attached as Annex "C".

9.1 Similar to the Provisional Allowance, the Officers' Allowance shall be an interim measure pending the modification and rationalization of the Base Pay Schedule of military and uniformed personnel.

9.2 The Officers' Allowance shall not form part of the base pay. Accordingly, the grant of this Allowance shall not increase the longevity pay, pension and other collateral allowances which are indexed to the base pay.

10.0 Performance-Based Bonus for Personnel of National Government Agencies and Local Government Units

10.1 For FY 2016, the **Performance-Based Bonus** shall be at such rates as are provided under Section 3.0 of Executive Order No. 80, series of 2012, entitled "Directing the Adoption of a Performance-Based Incentive System for Government Employees" and implemented in accordance with Memorandum Circular No. 2015-1 dated August 12, 2015 issued by the Inter-Agency Task Force created under Administrative Order No. 25, series of 2011 (AO 25 IATF).

10.2 The Enhanced Performance-Based Bonus shall be implemented starting FY 2017, subject to the guidelines on eligibility, procedures and ranking system to be prescribed by the AO 25 IATF, providing for a progressive rate as the position and responsibility in improving agency performance becomes higher.

11.0 Implementation of the Compensation Adjustments in covered GOCCs

- 11.1 The implementation of the first tranche salary increase in GOCCs shall be as determined by their respective governing boards. GOCCs which do not have sufficient funds to implement fully the Salary Schedule in Annex "A" may adopt their respective salary schedules at lower rates than, but at uniform percentages of the salaries in Annex "A".
- 11.2 In the formulation of such salary schedules, GOCCs shall ensure that they can fund on a sustainable basis the increased salaries, including the government counterpart to the Retirement and Life Insurance Premiums (RLIP), Pag-IBIG Contributions, PhilHealth Contributions, and Employees Compensation Insurance Premiums.
- 11.3 In the adjustment of the compensation of incumbent personnel effective not earlier than January 1, 2016, the pertinent rules under this Circular shall apply.

12.0 Procedural Guidelines

- 12.1 Preparation of Notices of Salary Adjustment (NOSAs) for personnel
 - 12.1.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of a national government agency (NGA) or GOCC shall prepare NOSAs for incumbent civilian personnel by following the format marked as Annex "D-1" or Annex "D-2", whichever is applicable, for approval by the Head of Agency.
 - 12.1.2 For personnel whose actual monthly salaries as of December 31, 2015 exceed the rates corresponding to Step 8 of the salary grade allocation of their positions in Annex "A," the HRMO/AO shall no longer prepare NOSAs.
 - 12.1.3 The NOSAs shall be issued to the personnel concerned, copy furnished the Government Service Insurance System (GSIS) if they are members thereof.
- 12.2 The salary adjustment under this Circular shall be subject to the usual accounting and auditing rules and regulations, and to appropriate re-adjustment if found not in order. The personnel concerned shall refund any overpayments received.

13.0 Fund Sources

- 13.1 The amounts required to implement the compensation adjustment and related fixed expenditures of personnel in NGAs shall be charged against the Miscellaneous Personnel Benefits Fund (MPBF) authorized under RA No. 10717, or the FY 2016 General Appropriations Act (GAA).
- 13.2 The amounts required to implement the compensation adjustment and related fixed expenditures of casual and contractual personnel in NGAs whose salaries and wages are drawn from the lump sum appropriation for non-itemized positions

shall be sourced from said agency lump sum appropriations included in the FY 2016 budget.

- 13.3 For covered GOCCs, the amounts shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for compensation adjustment or any related expenditures; provided, further, that the GOCCs shall not resort to borrowings for the purpose; and provided, furthermore, that the performance targets in their DBM-approved COBs are met and their programs/projects for the year are not adversely affected.

14.0 Release of Funds

- 14.1 The DBM shall release to the agencies concerned the Special Allotment Release Order (SARO) covering the full year requirements of the compensation adjustment and related fixed expenditures of their regular personnel, pursuant to EO No. 201, based on data from the Government Manpower Information System (GMIS), chargeable against the MPBF.

The SARO shall be released directly to the operating units of the agencies concerned based on the number of filled positions as of December 31, 2015.

In the case of regular personnel, the RLIP requirements corresponding to the salary adjustments, being automatically appropriated, shall be released through a separate SARO.

DBM shall issue the corresponding Notice of Cash Allocation (NCA), with monthly breakdown, to cover the total annual requirement, i.e., January to December 2016, for this compensation adjustment and related fixed expenditures of agency personnel, consistent with applicable guidelines under National Budget Circular (NBC) No. 561 dated January 4, 2016.

- 14.2 Additional release of funds for newly filled positions after the December 31, 2015 cut-off date cited above shall be subject to the submission by the agency concerned of the following:

- 14.2.1 The information on the item numbers, positions and salary grades, names of incumbents, salaries and dates of assumption to duty; and

- 14.2.2 Latest Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB), highlighting the amount of allotment received and corresponding obligations and disbursements incurred for compensation adjustments.

15.0 Applicability to Certain Officials

Consistent with the policy under Section 6 of Article VII and Section 10 of Article VI of the Constitution, the compensation adjustment authorized under EO No. 201, for the President of the Philippines, Vice President of the Philippines and Members of Congress shall take effect only after the expiration of the respective terms of the incumbents.

The implementation of said EO with respect to the regular members of the Cabinet shall be effective starting July 1, 2016.

16.0 Responsibilities of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions of this Circular without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

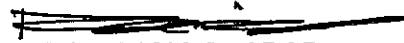
17.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

18.0 Effectivity

The effectivity of the compensation adjustments authorized for civilian personnel, and military and uniformed personnel shall retroact on January 1, 2016.

This Circular shall take effect immediately.


FLORENCIO B. ABAD
Secretary

**First Tranche Monthly Salary Schedule for
Civilian Personnel of the National Government
Effective January 1, 2016
(in Pesos)**

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	9,478	9,568	9,660	9,753	9,846	9,949	10,036	10,132
2	10,159	10,255	10,351	10,449	10,547	10,647	10,747	10,848
3	10,883	10,985	11,089	11,193	11,298	11,405	11,512	11,621
4	11,658	11,767	11,878	11,990	12,103	12,217	12,333	12,448
5	12,488	12,644	12,725	12,844	12,965	13,087	13,211	13,335
6	13,378	13,504	13,630	13,759	13,889	14,020	14,152	14,285
7	14,331	14,466	14,602	14,740	14,878	15,018	15,159	15,303
8	15,368	15,519	15,670	15,823	15,978	16,133	16,291	16,450
9	16,512	16,671	16,830	16,992	17,155	17,319	17,485	17,653
10	17,730	17,900	18,071	18,245	18,420	18,634	18,775	18,955
11	19,077	19,286	19,496	19,709	19,925	20,142	20,362	20,585
12	20,651	20,870	21,091	21,315	21,540	21,769	21,999	22,232
13	22,328	22,564	22,804	23,045	23,289	23,536	23,786	24,037
14	24,141	24,396	24,655	24,916	25,180	25,447	25,717	25,989
15	26,192	26,489	26,790	27,094	27,401	27,712	28,027	28,344
16	28,417	28,740	29,066	29,396	29,729	30,066	30,408	30,752
17	30,831	31,183	31,536	31,893	32,255	32,622	32,991	33,366
18	33,452	33,831	34,215	34,603	34,996	35,393	35,795	36,201
19	36,409	36,857	37,312	37,771	38,237	38,709	39,186	39,670
20	39,768	40,259	40,755	41,258	41,766	42,281	42,802	43,330
21	43,439	43,974	44,517	45,066	45,621	46,183	46,753	47,329
22	47,448	48,032	48,625	49,224	49,831	50,445	51,067	51,697
23	51,826	52,466	53,112	53,767	54,430	55,101	55,781	56,468
24	56,610	57,308	58,014	58,730	59,453	60,187	60,928	61,679
25	61,971	62,735	63,508	64,291	65,083	65,885	66,698	67,520
26	67,690	68,524	69,369	70,224	71,090	71,967	72,855	73,751
27	73,937	74,849	75,771	76,705	77,651	78,608	79,577	80,567
28	80,760	81,756	82,764	83,784	84,817	85,862	86,921	87,993
29	88,214	89,301	90,402	91,516	92,644	93,786	94,943	96,113
30	96,354	97,543	98,745	99,962	101,195	102,442	103,705	104,984
31	117,086	118,623	120,180	121,758	123,356	124,975	126,616	128,278
32	135,376	137,174	138,996	140,843	142,714	144,610	146,531	148,478
33	160,924	165,752						

ANNEX "B"

**First Tranche Provisional Allowance Schedule
for Military and Uniformed Personnel
Effective January 1, 2016
(In Pesos)**

DND	DILG		PCG	NAMRIA	Monthly Provisional Allowance
	BJMP and BFP	PNP and PPSC			
Candidate Soldier					267
Private	Fire/ Jail Officer I	Police Officer I	Apprentice Seaman/Seaman Third Class	Apprentice Seaman/Seaman Third Class	342
Private First Class			Seaman Second Class	Seaman Second Class	514
Corporal	Fire/ Jail Officer II	Police Officer II	Seaman First Class	Seaman First Class	673
Sergeant			Petty Officer III	Petty Officer III	836
Staff Sergeant	Fire/ Jail Officer III	Police Officer III	Petty Officer II	Petty Officer II	992
Technical Sergeant			Petty Officer I	Petty Officer I	1,196
Master Sergeant	Senior Fire/ Jail Officer I	Senior Police Officer I	Chief Petty Officer	Chief Petty Officer	1,429
Senior Master Sergeant	Senior Fire/ Jail Officer II	Senior Police Officer II	Senior Chief Petty Officer	Senior Chief Petty Officer	1,688
Chief Master Sergeant	Senior Fire/ Jail Officer III	Senior Police Officer III	Master Chief Petty Officer	Master Chief Petty Officer	2,081
First Chief Master Sergeant	Senior Fire/ Jail Officer IV	Senior Police Officer IV	First Master Chief Petty Officer	First Master Chief Petty Officer	2,651
Cadet		Cadet	Cadet		2,651
Probationary Second Lieutenant					2,651
Second Lieutenant			Ensign	Ensign	3,341
First Lieutenant	Inspector	Inspector	Lieutenant Junior Grade	Lieutenant Junior Grade	4,092
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	Lieutenant Senior Grade	5,003
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	Lieutenant Commander	5,853
Lieutenant Colonel	Superintendent	Superintendent	Commander	Commander	7,061
Colonel	Senior Superintendent	Senior Superintendent	Captain	Captain	8,304
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	Commodore	9,708
Major General	Director	Director	Rear Admiral	Rear Admiral	10,679
			Vice Admiral	Vice Admiral	11,747
Lieutenant General		Deputy Director General	Admiral	Admiral	12,922
General		Director General			14,214

ANNEX "C"

**First Tranche Officers' Allowance Schedule
for Military and Uniformed Personnel
Effective January 1, 2016
(In Pesos)**

DND	DILG		PCG	NAMRIA	Monthly Officers' Allowance
	BJMP and BFP	PNP and PPSC			
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	Lieutenant Senior Grade	1,000
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	Lieutenant Commander	1,500
Lieutenant Colonel	Superintendent	Superintendent	Commander	Commander	2,000
Colonel	Senior Superintendent	Senior Superintendent	Captain	Captain	3,000
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	Commodore	4,000
Major General	Director	Director	Rear Admiral	Rear Admiral	5,000
			Vice Admiral	Vice Admiral	6,000
Lieutenant General		Deputy Director General	Admiral	Admiral	7,000
General		Director General			9,000

For Plantilla Positions

Notice of Salary Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Executive Order No. 201, s. 2016, your salary is hereby adjusted effective January 1, 2016, as follows:

- 1. Adjusted monthly basic salary effective January 1, 2016, under the new Salary Schedule; SG ____, Step ____ P _____
- 2. Actual monthly basic salary as of December 31, 2015; SG ____, Step ____ _____
- 3. Monthly salary adjustment effective January 1, 2016 (1-2) P _____

It is understood that this salary adjustment is subject to review and post-audit, and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

Head of Agency

Position Title: _____
Salary Grade: _____
Item No./Unique Item No., FY ____ Personal Services Itemization
and/or Plantilla of Personnel: _____

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For Contractual/Casual Personnel

Notice of Salary/Wage Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Executive Order No. 201, s. 2016, your salary/daily wage is hereby adjusted effective _____, as follows:

- 1. Monthly basic salary/daily wage rate under the new Salary Schedule; SG _____, P _____
- 2. Actual monthly basic salary/daily wage rate as of December 31, 2015; SG _____, _____
- 3. Monthly salary adjustment/Daily wage adjustment effective _____ (1-2) P _____

It is understood that this salary/wage adjustment is subject to review and post-audit, and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

Head of Agency

Position Title: _____
Salary Grade: _____

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