



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Building I, General Solano Street, San Miguel, Manila



NATIONAL BUDGET CIRCULAR

No. 521
July 1, 2009

TO : Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including State Universities and Colleges; Government-Owned or Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs); and All Others Concerned

SUBJECT : Implementation of the First Tranche Monthly Salary Schedule of Civilian Personnel and Base Pay Schedule of Military and Uniformed Personnel in the National Government, as Well as the Modified Position Classification System

1.0 Purpose

This Circular is issued to prescribe the guidelines, rules, and regulations to govern the implementation in the national government of the pertinent provisions of Senate and House of Representatives Joint Resolution No. 4, and Executive Order No. 811, both approved by the President on June 17, 2009.

Said Executive Order prescribes the first tranche of the modified Salary Schedule of civilian personnel and Base Pay Schedule of military and uniformed personnel, and directs the review and modification of the Position Classification System.

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, on full-time or part-time basis, now existing or hereafter created in national government agencies (NGAs), GOCCs and GFIs covered by the Compensation and Position Classification System under Republic Act No. 6758, "Compensation and Position Classification Act of 1989," as amended; and
- 2.2 Military personnel under the Armed Forces of the Philippines, Department of National Defense; and uniformed personnel under the Philippine National Police, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard and National Mapping and Resource Information Authority, who are covered by a separate compensation system.

3.0 Exclusions

The following are excluded from the coverage of this Circular:

- 3.1 Positions for civilian personnel in government entities which are authorized by law to adopt, and are actually implementing their own compensation and position classification systems;
- 3.2 Those hired without employee-employer relationships and funded from non-Personal Services appropriations/budgets, as follows:
 - 3.2.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
 - 3.2.2 Laborers hired through job contracts (pakyaw) and those paid on piecework bases;
 - 3.2.3 Student laborers and apprentices; and
 - 3.2.4 Others similarly situated who shall be continually compensated pursuant to existing applicable laws, rules, and regulations.

4.0 Definition of Terms

For purposes of this Circular, the following terms shall be construed to mean as follows:

- 4.1 The actual monthly basic salary of an incumbent civilian personnel is that received as of June 30, 2009, inclusive of Step Increment/s and Transition Allowance, if any, but exclusive of all other allowances, benefits, and incentives regularly paid in addition to the monthly basic salary.
- 4.2 The Transition Allowance is the amount of excess of the actual monthly basic salary of an incumbent civilian personnel over the salary corresponding to Step 8 of the salary grade allocation of his/her position as of June 30, 2009.
- 4.3 The adjusted monthly basic salary of an incumbent civilian personnel is that to be received by the latter effective July 1, 2009.
- 4.4 A re-allocated position is that with change in one, or two, or all of the following attributes: position title, level, and salary grade.
- 4.5 The actual monthly base pay of an incumbent military or uniformed personnel is that received as of June 30, 2009, exclusive of Longevity Pay, allowances, benefits, and incentives regularly paid in addition to the monthly base pay.
- 4.6 The adjusted monthly base pay of an incumbent military or uniformed personnel is that to be received by the latter effective July 1, 2009.

5.0 First Tranche Monthly Salary Schedule and Rules for Adjusting Salaries

- 5.1 The new salary rates in NGAs, GOCCs, and GFIs shall be in accordance with the First Tranche Monthly Salary Schedule for Civilian Government Personnel Effective July 1, 2009, attached as Annex "A."
- 5.2 For Positions Which Remain Unchanged
 - 5.2.1 Incumbent civilian personnel in NGAs, GOCCs, and GFIs whose positions and salary grades remain unchanged effective July 1, 2009, and 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 thereto, shall receive the rates in the Salary Schedule in Annex "A" which correspond to the designated salary steps of the salary grade allocations of their positions as of June 30, 2009.
 - 5.2.2 If the actual monthly basic salaries of incumbent personnel as of June 30, 2009, fall between salary steps of the salary grade allocations of their positions as a result of demotion or transfer, both due to the exigency of the service, etc., their salaries shall be adjusted to the rate for the higher step in the Salary Schedule in Annex "A."
 - 5.2.3 If the actual monthly basic salaries including Transition Allowances of incumbent personnel as of June 30, 2009, are lower than the salaries corresponding to Step 8 of the salary grade allocations of their positions in the Salary Schedule in Annex "A," their adjusted monthly basic salaries as of July 1, 2009, shall correspond to Step 8 of the salary grade allocations of their positions in said Salary Schedule.
 - 5.2.4 If the actual monthly basic salaries of incumbent personnel as of June 30, 2009, exceed Step 8 of the salary grade allocations of their positions in the Salary Schedule in Annex "A," they shall not be entitled to further salary increases. They shall continue to receive such excess salaries over Step 8.
- 5.3 Incumbent civilian personnel in NGAs whose positions are among those which are re-allocated effective July 1, 2009, as listed in Annex "B," shall receive the salaries in the Salary Schedule in Annex "A" which correspond to the designated salary steps of the salary grade allocations of their positions as of June 30, 2009.
- 5.4 The salaries of contractual personnel as of June 30, 2009, shall be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions effective July 1, 2009.

- 5.5 The salaries for new hirees beginning July 1, 2009, shall be the salaries corresponding to Step 1 of the salary grade allocations of their positions in the Salary Schedule in Annex "A."
- 5.6 The wages of casual personnel as of June 30, 2009, shall be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions effective July 1, 2009. Said daily wage rates shall be computed by dividing the monthly salaries corresponding to Step 1 of the salary grade allocations of their positions in the Salary Schedule in Annex "A" by 22 working days.
- 5.7 The daily wages for new casual personnel shall be as computed in item 5.6 of this Circular. Their aggregate wages in a month shall be derived using the sample computation in Annex "C" as guide.
- 5.8 Compulsory retirees whose services have been extended beyond June 30, 2009, shall likewise be entitled to salary increases effective July 1, 2009, following items 5.2.1 to 5.2.4 of this Circular, whichever is applicable, consistent with the principle of equal pay for work of equal value. However, their retirement benefits, including Terminal Leave Benefits, shall be computed based on their monthly salaries as of the day prior to the effectivity of their retirement, consistent with existing laws, rules, and regulations.
- 5.9 In accordance with Section 6, Article VII, and Section 10, Article VI of the Constitution, the incumbent President of the Philippines, Vice-President of the Philippines, and Members of Congress are not entitled to the salaries in Annex "A."

6.0 Implementation of Salary Schedule in Case of Insufficiency of Funds

- 6.1 GOCCs and GFIs, which do not have adequate or sufficient funds to implement fully the Salary Schedule in Annex "A," shall formulate and implement their respective salary schedules, duly approved by their governing boards, which shall be at uniform percentages of the salary rates in Annex "A."
- 6.2 In the formulation of such salary schedules, GOCCs and GFIs shall ensure that they can fund on a sustainable basis such salaries, allowances, benefits, incentives, government counterpart contributions to Retirement and Life Insurance Premiums (RLIP), PAG-IB.I.G. Contributions, PHILHEALTH Contributions, and Employees Compensation Insurance Premiums.
- 6.3 In the adjustment of the salaries of incumbents of positions effective July 1, 2009, the pertinent salary rules in item 5.0 shall be applied.

7.0 Modified Position Classification System

7.1 Components

In line with Section 5 of Presidential Decree No. 985 and item (3) of said Joint Resolution, the Position Classification System for civilian personnel shall consist of the following:

- 7.1.1 Classes of positions that are: (i) re-categorized into the Sub-Professional Category, Professional Category, and Executive Category, (ii) arranged in an Index of Occupational Services, Occupational Groups, Classes, and Salary Grades, and (iii) denoted by class/position titles;
 - 7.1.2 Class specifications or written descriptions of the classes of positions; and
 - 7.1.3 Guidelines, rules, and regulations necessary for the administration and maintenance of the Position Classification System.
- 7.2 In compliance with Section 6, Executive Order No. 811, positions listed in Annex "B" are re-allocated effective July 1, 2009. Other positions may be re-allocated by the Department of Budget and Management (DBM) through its Organization, Position Classification, and Compensation Bureau (OPCCB), if warranted, in view of organizational, technological, professional and other developments, and the need to adopt generic, but descriptive, and gender-neutral class/position titles.
- 7.3 The updated guidelines, rules, and regulations to govern the original classification of positions, reclassification of positions, upgrading of classes of positions, and re-titling of classes of positions shall be issued in separate circulars.
- 7.4 Likewise, the updated Index of Occupational Services, Occupational Groups, Classes, and Salary Grades and its sub-indexes for NGAs, GOCCs and GFIs shall be issued by the DBM at the proper time, in coordination with the Civil Service Commission (CSC).

8.0 Items to be Addressed in Separate Circulars/Issuances

- 8.1 An additional list of re-allocated positions in NGAs, GOCCs, and GFIs will be issued in separate circulars/issuances.
- 8.2 The guidelines on the in-step adjustments for Teachers with specialization in Science and Mathematics shall be issued in a separate circular. Meanwhile, Teachers with such specialization and whose positions have been re-allocated effective July 1, 2009, as listed in Annex "B," shall receive the salaries in the Salary Schedule in Annex "A" which correspond to the designated salary steps of the salary grade allocations of their positions as of June 30, 2009.

- 8.3 The coverage, conditions for the grant, and rates of allowances, benefits, and incentives for all government personnel in accordance with the Total Compensation Framework established in items (4)(a) and (8) of said Joint Resolution, including Step Increments and Longevity Pay, shall be covered by separate circulars, in accordance with the Executive Orders to be issued by the President.

9.0 Exempt Entities

- 9.1 Pursuant to item (9) of said Joint Resolution, entities which are exempted from Republic Act No. 6758, as amended, but are still following the salary rates for positions covered by said Act, may be entitled to the salary increases authorized under Executive Order No. 811, until such time that they have implemented their own compensation and position classification systems.
- 9.2 Accordingly, the payment of salary adjustments to the personnel in such entities shall be subject to the pertinent provisions of this Circular.

10.0 First Tranche Monthly Base Pay Schedule

- 10.1 The new base pay rates shall be in accordance with the First Tranche Monthly Base Pay Schedule for Military and Uniformed Personnel effective July 1, 2009, attached as Annex "D."
- 10.2 The actual monthly base pay of an incumbent military or uniformed personnel as of June 30, 2009, shall be adjusted effective July 1, 2009, in accordance with the Base Pay Schedule in Annex "D."
- 10.3 No military or uniformed personnel shall be granted base pay adjustments under this Circular unless their ranks are specified in Annex "D." If not included therein, a request to include such ranks shall be submitted to the DBM, through OPCCB, duly supported by legal bases.

11.0 Procedural Guidelines

- 11.1 Preparation of Plantillas of Personnel and Salary Adjustment (PPASAs)
- 11.1.1 The Human Resource Management Officer/Administrative Officer of the GOCC or GFI concerned shall prepare four (4) copies of the PPASA for regular positions, following the format marked as Annex "E." The PPASAs shall be certified correct by him/her and approved by the Head of Agency and distributed as follows: one copy to the CSC Regional Office/Field Office concerned; one copy to the Commission on Audit, for compliance with auditing requirements; one copy to the DBM Budget and Management Bureau (BMB) or Regional Office (RO) concerned, and one (1) to be retained by the agency. A copy of the duly approved salary schedule shall be attached to the PPASA.

11.1.2 Separate PPASAs for casual personnel and contractual personnel of NGAs, GOCCs, and GFIs shall be submitted to the DBM.

11.2 Preparation of Notices of Salary Adjustment (NOSAs)

If the positions and salary grades of civilian personnel remain unchanged effective July 1, 2009, and if they have no Transition Allowances as of June 30, 2009, the Human Resource Management Officer/Administrative Officer concerned shall prepare NOSAs, following the format marked as Annex "F1." The Head of Agency shall issue a NOSA to each regular, contractual, or casual personnel. Those with excess salaries over Step 8 effective July 1, 2009, shall be issued NOSAs, following the format marked as Annex "F2."

11.3 Preparation of Notices of Position Allocation and Salary Adjustment (NOPASAs)

If the positions of civilian personnel have been re-allocated, the Human Resource Management Officer/Administrative Officer concerned shall prepare NOPASAs, following the format attached as Annex "G." The Head of Agency shall issue a NOPASA to each personnel concerned.

11.4 Copies of the NOSA and NOPASA shall be furnished the Government Service Insurance System, if the personnel concerned are members thereof.

11.5 Salary adjustment under this Circular shall be subject to appropriate re-adjustments if upon review by the DBM these have been found to be not in order. The recipient personnel shall refund any overpayments received.

12.0 Fund Sources

12.1 The amounts required to implement the salary/base pay adjustments, including such related compensation and fixed expenditure adjustments of regular personnel in NGAs, shall be charged against the Miscellaneous Personnel Benefits Fund authorized under Republic Act No. 9524, the FY 2009 General Appropriations Act, and from savings generated by the different departments, bureaus, offices, and agencies of the national government.

12.2 The amounts required to implement the salary/wage adjustments, including such related compensation and fixed expenditure adjustments of casual and contractual personnel in NGAs, shall be sourced from the respective agency lump sum appropriations included in the FY 2009 budgets.

12.3 For GOCCs and GFIs, the amounts shall be charged against their respective corporate operating budgets (COBs), provided, that the national government shall not release additional funds for salary adjustment,

including compensation-related expenditures; provided further, that the GOCCs and GFIs 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.

13.0 Release of Funds

- 13.1 Initially, agencies may charge the requirements of their salary adjustment against their released allotments for Personal Services.
- 13.2 The specific Special Allotment Release Order for this salary adjustment shall be released by the DBM to the agency based on the number of filled positions as of June 30, 2009. Additional fund release for this purpose shall be subject to the submission of the following reports:
 - 13.2.1 Report of newly filled authorized regular positions from July 1, 2009, up to the date of report, to include information on the item numbers, positions and salary grades, names of incumbent, salaries, dates of assumption to duty, and summary of additional funding requirement; and
 - 13.2.2 Statement of Allotments, Obligations, and Balances, highlighting the amount of allotments received and corresponding obligations incurred for compensation adjustments.
- 13.3 DBM shall issue additional Notices of Cash Allocation to cover the 6-month requirement of the agency's salary adjustment, consistent with the procedural guidelines under DBM Circular Letter No. 2008-11.

14.0 Responsibilities of Agency Heads

Agency Heads shall be responsible for the proper implementation of the provisions of this Circular. They shall be held liable for any payment of salary or base pay not in accordance with the provisions of this Circular without prejudice, however, to the refund of any excess payment by the personnel concerned.

15.0 Saving Clause

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

16.0 Effectivity

This Circular shall take effect July 1, 2009.


ROLANDO G. ANDAYA, JR.
Secretary