



REPUBLIC OF THE PHILIPPINES

**Department of Budget and Management**  
Building I, General Solano Street, San Miguel, Manila

ORGANIZATION, POSITION CLASSIFICATION  
and COMPENSATION BUREAU (OPCCB)

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## BUDGET CIRCULAR

No. 2005 - 5

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**TO :** Heads of Constitutional Bodies, Departments, Bureaus and Offices of the National Government, State Universities and Colleges (SUCs), Government-Owned and/or - Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), and All Others Concerned

**SUBJECT :** RECLASSIFICATION OF POSITIONS

### 1.0 Purpose

After consultations were made with the Civil Service Commission (CSC), this Circular is issued to prescribe the guidelines relative to the reclassification of positions in the government.

### 2.0 Coverage, Exemptions and Prohibitions

- 2.1 Reclassification of positions shall apply only to filled regular positions in the national government covered by or following the Position Classification and Compensation System established under RA No. 6758.
- 2.2 In view of their tenure, casual and contractual positions shall not be reclassified. Once vacated, new positions may be created instead.
- 2.3 The reclassification of filled positions in local government units is prohibited in view of Section 325 (f), RA No. 7160 (Local Government Code of 1991).

### 3.0 Policy Guidelines

- 3.1 Reclassification is a form of staffing modification and/or position classification action which may be applied only when there has been a substantial change in the regular duties and responsibilities of the incumbent

of the position and which may result in a change in any or all of the position attributes: position title, level and salary grade.

3.1.1 Such reclassification, however, should not result in a distortion in the staffing pattern nor in an unauthorized change in organizational structure or leveling, not only within the unit where said position is deployed, but also among equivalent or parallel structures in the agency.

3.1.2 Reclassification generally involves a change in the position title and may be accompanied by an upward or downward change in salary grade. However, if the salary grade of the position is maintained, the staffing modification and/or position classification action is deemed as retitling, provided that such is within the same occupational group.

3.2 Reclassification may also be applied when:

3.2.1 There are changes in the level/category of the government entity which will bear on the level of key positions, e.g., President and Vice-President positions in state universities and colleges (SUCs) and General Manager, Assistant General Manager, and other Managerial positions in Local Water Districts;

3.2.2 There are changes in quantitative factors used in determining the appropriate position and level in accordance with existing position classification standards, e.g., coverage of agricultural facility for certain positions under the Department of Agriculture;

3.2.3 There are changes in the position titles and salary grades in the Index of Occupational Services, Position Titles and Salary Grades approved by the DBM; and

3.2.4 The reclassification of a position is provided by law or Presidential authority.

3.3 The following shall not be used as bases for the reclassification of positions:

3.3.1 Non-performance of the regular duties and responsibilities of a position by reason of the incumbent's inability or incompetence;

3.3.2 New duties/assignments which are temporary in nature;

3.3.3 Qualifications of the incumbent except those enumerated in Sub-items 3.4.1 to 3.4.3 of this Circular.

3.4 The following are the instances when reclassification is based on the qualifications of the incumbent:

- 3.4.1 Implementation of the Equivalents Record Forms (ERFs) of teachers pursuant to Section 14 of Presidential Decree No. 985, as implemented by DBM Circular Letter No. 84-4 dated May 30, 1984 and Budget Circular No. 2004-1 dated January 23, 2004;
- 3.4.2 Implementation of the Master Teachers career path provided under Executive Order No. 500 dated March 21, 1978, as implemented by National Budget Circular (NBC) No. 303 dated April 10, 1979 and National Compensation Circular No. 24 dated May 20, 1983; and
- 3.4.3 Implementation of NBC No. 461 dated June 1, 1998 for faculty members of SUCs, higher education institutions, and TESDA technical education institutions, and of NBC No. 308 dated May 28, 1979 in the case of faculty members of the University of the Philippines System and the Mindanao State University System.
- 3.5 A position may be reclassified if the incumbent fully meets the CSC's qualification standards requirement for the position as reclassified, pursuant to CSC law, rules and regulations.
- 3.6 Reclassification shall not apply to vacant regular positions which necessitate changes in their position titles for being under any of the instances cited in Sub-items 3.2.1 to 3.2.4. Instead, they shall be converted, i.e., they shall be abolished and the appropriate positions shall be created.

#### **4.0 Procedural Guidelines**

- 4.1 Government agencies shall submit to the DBM Budget and Management Bureau or Regional Office concerned their requests for reclassification of positions as endorsed by agency heads, together with the following:
  - 4.1.1 Duly accomplished Position Description Forms (PDFs);
  - 4.1.2 Organization, functional and position charts;
  - 4.1.3 Justification for the reclassification of the positions;
  - 4.1.4 A certification that the incumbent fully meets the qualification standards requirement for the position as reclassified, pursuant to CSC rules and regulations.
  - 4.1.5 If no amount is appropriated specifically for the reclassification of positions, a proposal to implement the "scrap and build" policy, i.e., funded vacant positions are to be offered for abolition which shall be used as funding source for the said purpose; and
  - 4.1.6 Justification for the abolition of the funded vacant positions by considering the effects on the operation of the affected units.

- 4.2 The analysts in the DBM Office concerned shall evaluate the request. Should there be a need to validate, clarify or supplement information gathered from the PDFs, the agencies shall assist the DBM analyst in his/her conduct of position/work audit.
- 4.3 An agency shall be informed of the approval of the reclassification of positions through a Notice of Organization, Staffing and Compensation Action (NOSCA) or through a DBM letter, as the case may be; otherwise, the agency shall be informed of the denial action through a DBM letter.
- 4.4 A request for reconsideration may be made within thirty (30) calendar days after receipt of the NOSCA/DBM action.
- 4.5 Agencies which have been granted budget flexibilities by the DBM may reclassify filled positions provided that the conditions in item 3.5 are satisfied; that such are in accordance with the position classification standards and that such are within their budget management authorities. Any additional funding requirement shall be sourced out of the abolition of funded vacant positions. Upon receipt of the budgetary actions made by the agency, the DBM analyst concerned shall evaluate the same. If found in order, the corresponding NOSCA shall be prepared to formalize the change in the GMIS database, subject to approval of the DBM authorities concerned. The NOSCA shall be issued to the agency. However, if upon receipt of the budgetary actions, the reclassification actions made by agencies are not in order, the DBM reserves the right to make alterations therein.
- 4.6 In the implementation of reclassification action, the following salary rules shall apply.
- 4.6.1 An employee whose position is reclassified without change in salary grade shall continue to be paid his present salary.
- 4.6.2 If reclassified to a position with a higher salary grade, the following salary rules on promotion shall apply:
- 4.6.2.1 If the basic salary of the employee in his former position is below the hiring rate of the reclassified position, the employee shall be allowed the 1<sup>st</sup> step or the hiring rate;
- 4.6.2.2 If the present salary falls in-between steps, the employee shall be allowed the higher step;
- 4.6.2.3 If the present salary is in excess of the maximum or 8<sup>th</sup> Step, the employee shall be allowed to continue to receive his/her present salary with the excess over the 8<sup>th</sup> Step treated as "transition allowance" which shall be deducted from any future salary adjustment of the employee.

4.6.3 If to a lower salary grade, the employee shall be allowed to continue to receive his/her present salary.

**5.0 Saving Clause**

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

**6.0 Effectivity**

This Circular shall take effect immediately.



**ROMULO L. NERI**  
Secretary