



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacanang, Manila

CIRCULAR LETTER

NO. 2004 - 7

March 25, 2004

TO : The Heads of State Universities and Colleges (SUCs), Chief of Finance and Management Services, Chief Accountants/Heads of Accounting Units and Budget Officers, Auditors of the Commission on Audit (COA), Officials and Technical Staff of the Department of Budget and Management and the Commission on Higher Education and All Others Concerned

SUBJECT : **Budget and Management Flexibilities for State Universities and Colleges**

1.0 PURPOSES

- 1.1 To improve the conduct and delivery of public services through the Public Expenditure Management and Improvement Program which shall be implemented through the grant of budget and management flexibilities to state universities and colleges (SUCs);
- 1.2 To prescribe the guidelines to implement these flexibilities, and in the process improve operational efficiencies; and
- 1.3 To prescribe the reports covering the actions taken by the concerned SUCs on the flexibilities granted them under this Circular Letter.

2.0 COVERAGE

This Circular shall cover all State Universities and Colleges listed in the annual General Appropriations Act (GAA).

3.0 POLICY GUIDELINES

- 3.1 SUCs are hereby granted authority to undertake the following budget and management functions without need of prior approval from the Department of Budget and Management (DBM), subject, however, to prior approval from the SUCs governing boards, pursuant to the pertinent provisions of Republic Act (R.A.) No. 8292:

3.1.1 Staffing modifications, as indicated below:

- 3.1.1.1 Conversion/abolition of vacant non-coterminous positions for the reclassification and creation of positions according to the following priorities:

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- 1st - Creation of Instructor I positions
- 2nd - Reclassification of positions
- 3rd - Creation of non-faculty positions

3.1.1.2 Conversion of vacant coterminous items to Instructor I positions; and

3.1.1.3 Transfer of positions from one organizational unit to another provided that said transfer is warranted and necessary.

3.1.1.4 The foregoing staffing modifications shall take into consideration the following:

3.1.1.4.1 The conversion/reclassification/upgrading of non-coterminous vacant positions will not require additional funds:

3.1.1.4.2 The conditions prescribed in the creation, conversion or reclassification of positions as contained in the pertinent Special Provisions for SUCs in the GAA shall be strictly observed;

3.1.1.4.3 The upgrading of faculty positions shall be in accordance with the provisions and limitations stipulated under National Budget Circular (NBC) No. 308 dated May 28, 1979 in the case of the University of the Philippines System and the Mindanao State University System; and NBC No. 461 dated June 1, 1998 for other SUCs, subject to the availability of funds for the purpose;

3.1.1.4.4 The conversion/reclassification/creation involving Instructor I and non-teaching positions shall be in accordance with the prescribed faculty : student ratio and the staffing standards for such positions as contained in the Organization and Staffing Standard for SUCs issued by DBM; and

3.1.1.4.5 The reclassification of positions shall be subject further to rules and regulations that may be issued jointly by DBM and the Civil Service Commission.

3.1.2 Regularization and Classification of casual and contractual positions, taking into consideration the following:

3.1.2.1 The positions involved are in accordance with the Organization and Staffing Standards for SUCs mentioned in Item No. 3.1.1.4.4 of this Circular;

3.1.2.2 The funding requirements for the purpose such as salaries, Personnel Economic Relief Allowance,

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Additional Compensation Allowance, Uniform/Clothing Allowance and Year-End Benefits, shall not exceed the lump-sum appropriation for casual and contractual personnel as authorized by the governing boards of SUCs in the Program of Receipts and Expenditures (PRE).

3.1.3 Use of savings:

3.1.3.1 Savings shall be as defined in the pertinent General Provision in the annual GAA;

3.1.3.2 The priority in the use of savings as provided in the GAA shall be observed;

3.1.3.3 Personnel benefits to be funded from savings shall be limited to those already authorized by law or by the President of the Philippines, subject to the pertinent issuances on the grant thereof, such as monetization of leave credits, loyalty award, collective negotiation agreement incentive, and other valid claims; and

3.1.3.4 Realignment of savings to augment an existing item, project, activity or purpose in the SUCs budget, as follows:

3.1.3.4.1 Personal Services (PS) to Maintenance and Other Operating Expenditures (MOOE);

3.1.3.4.2 PS to Capital Outlays (CO); and

3.1.3.4.3 MOOE to CO

3.1.3.4.4 Augmentation may be effected to any item of expenditures within MOOE except confidential and intelligence fund.

3.1.3.5 Savings shall not be used for the following:

3.1.3.5.1 Creation/reclassification/upgrading of positions unless the savings are generated from abolition or downgrading of positions; and

3.1.3.5.2 Grant of salary increases and additional or increased allowances, bonuses and other benefits not authorized by law or by the President of the Philippines.

3.2 The said flexibilities shall be executed in accordance with existing budgeting, accounting and auditing, laws, rules and regulations.

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4.0 REPORTING REQUIREMENTS

4.1 The SUCs shall submit to DBM Regional Offices (ROs) concerned a quarterly report of actions taken pursuant to this Circular Letter, using the attached Annex A, on or before the fifth (5th) day of the first month of the ensuing quarter.

4.2 The above-cited report shall be supported by the Plantilla of Personnel and Salary Adjustment covering the staffing modifications approved by the SUC during the quarter. This shall serve as the basis of DBMROs in issuing the corresponding Notice of Staffing and Classification Action (NOSCA).

5.0 RESPONSIBILITY OF THE HEAD OF SUCs

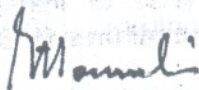
It shall be the responsibility of the Head of SUCs to strictly implement the provisions of this Circular Letter. Non-compliance thereof shall be subject to sanctions provided for under applicable laws.

6.0 APPLICABILITY CLAUSE

The provisions of this Circular Letter shall be applicable until revoked.

7.0 EFFECTIVITY

This Circular Letter shall take effect immediately.



EMILIA T. BONCODIN
Secretary

**LIST OF BUDGETARY ACTIONS TAKEN PURSUANT TO DBM-
CHED JOINT CIRCULAR NO. _____**

For the Quarter ending _____

SUC : _____

Budgetary Action	Effectivity Date	Justifications/Purpose

Prepared by:

Certified Correct:

SUC Budget Officer

SUC President

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