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

SUBJECT: Implementation of the Second Tranche Monthly Salary Schedule for Civilian Personnel and Base Pay Schedule for Military and Uniformed Personnel in the National Government

1.0 Purpose

This Circular is issued to prescribe the guidelines, rules, and regulations to govern the implementation in the National Government of the second tranche of the modified Salary Schedule for civilian personnel and the modified Base Pay Schedule for military and uniformed personnel, both provided under the Senate and House of Representatives Joint Resolution No. 4, s. 2009, approved on June 17, 2009, and as mandated under Executive Order (E.O.) No. 900, issued on June 23, 2010.

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/Offices, SUCs, GOCCs, and GFIs covered by the Compensation and Position Classification System under Republic Act (R.A.) 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.

3.0 Exclusions

The following are excluded from the coverage of this Circular:

3.1 Positions for civilian personnel in government entities which are exempted from R.A. No. 6758, as amended, and are authorized by law to adopt, and are actually implementing their respective compensation and position classification systems approved by the Office of the President;

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 for piecework;

3.2.3 Student workers and apprentices; and

3.2.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

4.0 Second Tranche Monthly Salary Schedule for Civilian Personnel

The new salary rates shall be in accordance with the Second Tranche Monthly Salary Schedule for Civilian Personnel of the National Government attached as Annex “A,” which shall be implemented effective June 24, 2010. This Salary Schedule, however, shall not apply to officials and employees whose terms of office are coterminous with the incumbent President of the Philippines, including the coterminous employees of these officials,

4.1 Rules for Adjusting Salaries

4.1.1 The salaries of incumbent civilian personnel shall be adjusted to 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 23, 2010, provided 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 June 23, 2010, falls between salary steps of the salary grade allocation of his/her position due to the grant of service award or as a result of
demotion or transfer due to the exigency of the service, his/her 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 his/her position as of June 23, 2010:

4.1.3.1 His/Her salary shall be adjusted to the salary for Step 8 of the salary grade allocation of his/her position in the Salary Schedule in Annex “A”; or

4.1.3.2 He/She shall not be entitled to salary increase if the actual salary as of June 23, 2010, exceeds the rate for Step 8 of the salary grade allocation of his/her position 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 June 23, 2010, may be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions effective June 24, 2010. The adjusted daily wage rates of casual personnel 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 work days.

4.1.5 Compulsory retirees, whose services have been extended beyond June 23, 2010, shall be entitled to salary increases effective June 24, 2010, 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 salaries as of the day prior to the effectivity of their retirement, consistent with existing laws, rules, and regulations.

4.1.6 The salary increase for the month of June 2010 shall correspond to the incremental salary for 5 work days, computed as follows:

\[
\text{Incremental Salary for June 2010} = \left( \frac{\text{Monthly Salary as of June 24, 2010} - \text{Monthly Salary as of June 23, 2010}}{22 \text{ work days/month}} \right) \times 5 \text{ work days}
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4.2 Salaries for Constitutional Officials

Pursuant to Section 6 of Article VII and Section 10 of Article VI of the Constitution, the salaries prescribed under this Circular shall not apply to the incumbent President of the Philippines, Vice-President of the Philippines, and Members of the 14th Congress, including Senators whose full terms will expire in the year 2013.
5.0 Implementation of Salary Schedule in GOCCs and GFIs

5.1 The implementation of the Second Tranche Monthly Salary Schedule in GOCCs and GFIs shall be as determined by their respective governing boards. GOCCs and GFIs which do not have adequate or sufficient funds to implement fully the Salary Schedule in Annex “A,” may formulate and implement their respective salary schedules which shall be at uniform percentages of the salary rates in Annex “A.”

5.2 In the formulation of such salary schedules, GOCCs and GFIs 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-I.B.I.G. Contributions, PHILHEALTH Contributions, and Employees Compensation Insurance Premiums.

5.3 In the adjustment of the salaries of incumbent personnel effective June 24, 2010, the pertinent rules under item 4.1 shall be applied.

6.0 Second Tranche Monthly Base Pay Schedule for Military and Uniformed Personnel

6.1 The new base pay rates shall be in accordance with the Second Tranche Monthly Base Pay Schedule for Military and Uniformed Personnel Effective June 24, 2010, attached as Annex “B.”

6.2 The monthly base pay as of June 23, 2010, of incumbent military and uniformed personnel shall be adjusted effective June 24, 2010, in accordance with the Base Pay Schedule in Annex “B.”

7.0 Conditional Applicability to Entities Exempted from R.A. No. 6758, as Amended

7.1 Pursuant to item (9) of the Senate and House of Representatives Joint Resolution No. 4, s. 2009, entities which are exempted from R.A. 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 E.O. No. 900 and as prescribed under this Circular, until such time that they have implemented their respective compensation and position classification systems approved by the Office of the President.

7.2 Accordingly, the payment of salary adjustments to the personnel in these entities shall be subject to the pertinent provisions of this Circular.

8.0 Procedural Guidelines

8.1 Preparation of Notices of Salary Adjustment (NOSAs)

8.1.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of a national government agency (NGA), GOCC, or GFI shall prepare NOSAs for incumbent civilian
personnel following the format marked as Annex “C,” for approval by the Head of Agency.

8.1.2 For personnel whose actual monthly salaries as of June 23, 2010 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.

8.1.3 The original copies of the NOSAs shall be issued to the personnel concerned. Copies of the same shall be furnished the Government Service Insurance System (GSIS), if the personnel concerned are members thereof.

8.2 Preparation of Plantillas of Personnel and Salary Adjustment (PPASAs)

8.2.1 The HRMO/AO of the GOCC or GFI shall prepare the PPASA for regular positions following the format marked as Annex “D,” for approval by the Head of Agency.

8.2.2 The original copy shall be submitted to the DBM Budget and Management Bureau (BMB) or Regional Office (RO) concerned, together with a copy of the duly approved salary schedule (under item 5.1 of this Circular). Copies thereof shall be furnished the Civil Service Commission (CSC) Regional Office (RO)/Field Office (FO) concerned.

8.2.3 Separate PPASAs for casual and contractual personnel of NGAs, GOCCs, and GFIIs shall be similarly prepared and submitted to the DBM BMB/RO and CSC RO/FO concerned.

8.3 Preparation of Notices of Base Pay Adjustment (NOBPAs)

8.3.1 The HRMO/AO of an NGA shall prepare NOBPAs for incumbent military/uniformed personnel following the format marked as Annex “E,” for approval by the Head of Agency.

8.3.2 The original copies of the NOBPAs shall be issued to the personnel concerned.

8.4 The salary/base pay adjustment under this Circular shall be subject to review by the authorities concerned, and to appropriate re-adjustment if found not in order. The recipient personnel shall refund any overpayments received.

9.0 Fund Sources

9.1 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 R.A. No. 9970, the FY 2010
General Appropriations Act, and from any available savings in the FY 2010 budget.

9.2 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 2010 budgets.

9.3 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds in the approved corporate operating budgets (COBs), provided that the national government shall not release funds for salary adjustments or for any 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.

10.0 Release of Funds

10.1 Initially, agencies may charge the requirements of the salary adjustment of their personnel against their released allotments for Personal Services.

10.2 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 24, 2010. Additional fund release for this purpose shall be subject to the submission of the following reports:

10.2.1 Report of newly filled authorized regular positions from June 25, 2010, 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

10.2.2 Statement of Allotments, Obligations, and Balances, highlighting the amount of allotments received and corresponding obligations incurred for compensation adjustments.

10.3 DBM shall issue additional Notices of Cash Allocation to cover the six (6) months and five (5) days requirement of the salary adjustment of agency personnel, consistent with the procedural guidelines under DBM Circular Letter No. 2008-11.

11.0 Responsibilities of Heads of Agencies

Heads of Agencies 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.
12.0  Saving Clause

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

13.0  Effectivity

This Circular shall take effect immediately.

[Signature]

JOAQUIN C. LAGONERA
Secretary