



REPUBLIC OF THE PHILIPPINES

**Department of Budget and Management**

Building I, General Solano Street, San Miguel, Manila



**NATIONAL BUDGET CIRCULAR**

No. 516

June 21, 2008

- TO :** Heads of Departments, Bureaus, Offices and Agencies of the National Government, Including State Universities and Colleges and Government-Owned or Controlled Corporations; and All Others Concerned
- SUBJECT :** Rules and Regulations on the Grant of Compensation Adjustments to National Government Personnel Pursuant to Executive Order No. 719
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**1.0 Purpose**

This Circular is issued to prescribe the rules and regulations governing the grant of compensation adjustments to national government personnel effective July 1, 2008, as authorized under Executive Order (EO) No. 719 dated May 1, 2008.

**2.0 Coverage**

- 2.1 National Government Agencies (NGAs) Including State Universities and Colleges (SUCs)

2.1.1 Civilian Personnel

The 10% salary increase covers all authorized permanent, contractual and casual positions, appointive or elective, on full-time or part-time basis, now existing or hereafter created in NGAs, including SUCs, which are covered by RA No. 6758 (Compensation and Position Classification Act of 1989), as amended.

2.1.2 Military/Uniformed Personnel

The 10% base pay increase covers military/uniformed personnel of the following agencies:

- 2.1.2.1 Armed Forces of the Philippines (AFP) under the Department of National Defense;
- 2.1.2.2 Philippine National Police (PNP), Bureau of Fire Protection (BFP) and Bureau of Jail Management and Penology (BJMP) under the Department of the Interior and Local Government;

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2.1.2.3 Philippine Coast Guard (PCG) under the Department of Transportation and Communications; and,

2.1.2.4 National Mapping and Resource Information Authority (NAMRIA) under the Department of Environment and Natural Resources.

2.2 Government-Owned or Controlled Corporations (GOCCs)

All authorized permanent, contractual and casual positions, on full-time or part-time basis, now existing or hereafter created in GOCCs which are covered by RA No. 6758, as amended, are covered by the 10% salary increase, subject to the availability of corporate funds.

### 3.0 Exclusions

The following personnel are not covered by the compensation adjustments authorized under said EO in view of the provisions of existing laws, rules and regulations:

3.1 Positions in government entities which are exempted by law from the coverage of RA No. 6758, as amended;

3.2 Positions not entitled to salary increase under the 1987 Philippine Constitution until after the expiration of the terms of the incumbents during which such increase was approved, such as the President of the Philippines, Vice-President of the Philippines, Senators and Members of the House of Representatives;

3.3 Those with services hired without employee-employer relationships and funded from non-Personal Services appropriation/budget, as follows:

3.3.1 Consultants and experts hired by government entities for a limited period to perform specific activities or services with expected outputs who shall be continually compensated pursuant to existing applicable laws, rules and regulations;

3.3.2 Laborers hired through job contracts (pakyaw) and those paid on piecework bases;

3.3.3 Student laborers, apprentices; and,

3.3.4 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:

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- 4.1 Actual monthly basic salary is the monthly basic salary of an incumbent civilian government personnel received as of June 30, 2008, inclusive of Step Increment/s and Transition Allowance, if any, but exclusive of all allowances and benefits regularly paid in addition to the monthly basic salary.
- 4.2 Transition Allowance is the amount of excess of the actual monthly basic salary of an incumbent civilian government personnel over the salary corresponding to Step 8 of the salary grade allocation of his/her position.
- 4.3 Adjusted monthly basic salary is the monthly salary to be received by civilian government personnel effective July 1, 2008.
- 4.4 Actual monthly base pay is the monthly base pay of an incumbent military/uniformed personnel received as of June 30, 2008, exclusive of Longevity Pay and all allowances/benefits regularly paid in addition to the monthly base pay.
- 4.5 Adjusted monthly base pay is the monthly base pay to be received by military/uniformed personnel effective July 1, 2008.

## 5.0 General Guidelines

- 5.1 Compensation Adjustments for Civilian Personnel
  - 5.1.1 Incumbent civilian personnel 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, 2008 in line with Sections 1.a.i and 1.b of EO No. 719.
  - 5.1.2 If the actual monthly basic salary including Transition Allowance of an incumbent as of June 30, 2008 is already lower than the salary corresponding to Step 8 of the salary grade allocation of his/her position in the Salary Schedule in **Annex "A,"** his/her adjusted monthly basic salary as of July 1, 2008 shall correspond to Step 8 of his/her salary grade allocation.
  - 5.1.3 If the actual monthly basic salary including Transition Allowance of an incumbent as of June 30, 2008 is higher than the salary corresponding to Step 8 of the salary grade allocation of his/her position in the Salary Schedule in **Annex "A,"** he/she is **not** entitled to the 10% salary increase. He/She shall continue to receive such excess which shall be referred to as Transition Allowance.
  - 5.1.4 A compulsory retiree whose services has been extended beyond June 30, 2008 shall likewise be entitled to the authorized 10% salary increase effective July 1, 2008. However, his/her retirement benefits, including terminal leave benefit shall be computed based on the monthly salary as of June 30, 2008. This rule is in line with the pertinent section of Civil Service Commission (CSC) Memorandum Circular No. 15, s. 1999, CSC Resolution No. 020365 adopted on March 7, 2002 and related CSC Resolutions.

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5.1.5 The wages/salaries of casual/contractual employees as of June 30, 2008 which are paid out of lump-sum appropriations or project funds shall be adjusted to the wages/salaries corresponding to Step 1 of the salary grade allocations of their positions effective July 1, 2008. The daily wage rate of a casual employee shall be computed by dividing the monthly salary corresponding to Step 1 of the salary grade allocation of the position in the Salary Schedule in **Annex "A"** by 22 work days.

5.1.6 The rates of the Special Allowances authorized under special laws to personnel of certain national government agencies, which are intended as advance implementation of future salary increases that may be granted to government personnel, shall be reduced correspondingly by the amount equivalent to the salary increase granted under EO No. 719. Accordingly, the portion of the Special Allowance corresponding to the salary increase shall be converted as part of the adjusted monthly basic salary of an incumbent.

## 5.2 Compensation Adjustment for Military/Uniformed Personnel

5.2.1 The incumbent military/uniformed personnel shall receive the base pay corresponding to their ranks as provided in **Annex "B,"** in line with Section 1.a.ii, EO No. 719.

5.2.2 The adjusted monthly base pay rates in **Annex "B"** shall be used as bases for computing the adjustment in Longevity Pay for military/uniformed personnel, consistent with the provisions of RA No. 1134, as amended by RA No. 3725 and RA No. 6975.

## 5.3 Other Allowances and Benefits

All existing rates of allowances and benefits which are computed at percentages of salaries/base pay shall not be adjusted, notwithstanding the 10% salary/base pay increase authorized under EO No. 719, except for the year-end bonus, government counterpart contributions to Retirement and Life Insurance Premiums (RLIP), PAG-I.B.I.G, PHILHEALTH and Employees Compensation Insurance Premiums (ECIP) and Longevity Pay for military/uniformed personnel.

## 5.4 GOCCs with Inadequate/Insufficient Funds

GOCCs which do not have adequate or sufficient funds to pay the salary increases shall only partially implement the adjusted monthly salary per **Annex "A,"** Provided, That any partial implementation shall be at a uniform percentage rate for all positions in the GOCC concerned and shall likewise consider the amounts needed for the corresponding adjustments in year-end bonus and government counterpart contributions to RLIP, PAG-I.B.I.G, PHILHEALTH and ECIP. **Annex "C"** illustrates the computation of compensation adjustments which are partial and at uniform percentage rates.

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## 6.0 Fund Sources

- 6.1 For NGAs, the amounts required to implement the compensation adjustments due to the 10% salary/base pay increase in FY 2008 shall be charged against the Miscellaneous Personnel Benefits Fund authorized under RA No. 9498, the FY 2008 General Appropriations Act. However, the amounts required to implement the compensation adjustments for casual and contractual employees shall be sourced from their respective lump-sum appropriations for salaries/wages included in agency FY 2008 appropriations/budgets.
- 6.2 For GOCCs, the amounts shall be charged against their respective corporate funds in the approved corporate operating budgets. The use of funds for the purpose shall be subject to the approval of their respective governing boards in accordance with applicable laws.

## 7.0 Release of Funds

- 7.1 The Department of Budget and Management (DBM) shall release the funds needed to implement the authorized compensation adjustments in the NGAs concerned based on the number of filled positions as of June 30, 2008.
- 7.2 Initially, the release of funds shall cover the requirements for July to September 2008. The requirements for October to December 2008 shall be released upon submission by the operating units of agencies concerned of the following data/report to DBM:
  - 7.2.1 Report of newly filled authorized positions from July 1 up to the date of report, subject to the moratorium and policy on the filling of positions/hiring of personnel provided under Circular Letter No. 2008-7 dated June 2, 2008. Said report shall reflect information, i.e., names, positions and total number of personnel hired; and
  - 7.2.2 Statement of Allotments, Obligations and Balances as of September 30, 2008, highlighting the amount of allotments received and corresponding obligations incurred for compensation adjustments.

## 8.0 Notice of Salary Adjustment

- 8.1 The Head of the NGA/GOCC shall notify each regular, casual and contractual employee concerned of the salary adjustment in accordance with this Circular through a Notice of Salary Adjustment (for individuals without Transition Allowance, **Annex "D1"**; and for individuals with Transition Allowance, **Annex "D2"**).
  - 8.2 Copies of the Notices shall be furnished the Government Service Insurance System, if the employees are members thereof, and the Commission on Audit.
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## **9.0 Plantilla of Personnel and Salary Adjustment Form (PPSAF)**

- 9.1 GOCCs implementing the herein salary increase shall likewise accomplish the Plantilla of Personnel and Salary Adjustment Form (PPSAF) for regular positions as shown in **Annex "E."** A separate PPSAF shall be prepared for casual and contractual positions.
- 9.2 The original and three (3) copies of said PPSAF, certified correct by the Human Resource Management Officer/Administrative Officer and approved by the Head of GOCC concerned, shall be submitted within thirty (30) days after the grant of the salary increase to DBM. The DBM shall examine and verify the entries in the PPSAF and certify them accordingly. The PPSAF shall be distributed as follows:

- Original copy - with DBM for records, control and post-audit purposes.
- 1 copy - to the Civil Service Commission Regional Office and Field Office concerned;
  - 1 copy - to the COA, for compliance with auditing requirements;
  - 1 copy - to the office of origin.

## **10.0 Responsibility of the Head of Agency**

The Head of Agency shall be responsible for the implementation of the provisions of this Circular. He/She shall be held personally liable for any payment of compensation adjustment not in accordance with the provisions of this Circular without prejudice, however, to the refund by the employee concerned of any excess payment made to him/her.

## **11.0 Saving Clause**

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

## **12.0 Effectivity**

This Circular shall take effect July 1, 2008.

  
**ROLANDO G. ANDAYA, JR.**  
Secretary