



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
Boncodin Hall, General Solano Street, San Miguel, Manila



NATIONAL BUDGET CIRCULAR

No. 540

May 10, 2012

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 Fourth 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 fourth tranche of the modified Salary Schedule for civilian personnel and 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. 76, issued on April 30, 2012.

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 (DND); and uniformed personnel under the Philippine National Police (PNP), Philippine Public Safety College (PPSC), Bureau of Fire Protection (BFP), and Bureau of Jail Management and Penology (BJMP) under the Department of the Interior and Local Government (DILG); Philippine Coast Guard (PCG); and National Mapping and Resource Information Authority (NAMRIA).

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 Fourth Tranche Monthly Salary Schedule for Civilian Personnel

The new salary rates shall be in accordance with the "Fourth Tranche Monthly Salary Schedule for Civilian Personnel of the National Government Effective June 1, 2012," attached as Annex "A."

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 May 31, 2012, 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 May 31, 2012 falls between 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 May 31, 2012:

4.1.3.1 His/Her salary shall be adjusted to the rate 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 May 31, 2012 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 May 31, 2012 may be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions effective June 1, 2012. The adjusted daily wage rates of casual personnel shall be computed by dividing the monthly rates by 22 work days per month.

4.1.5 Compulsory retirees whose services have been extended beyond May 31, 2012 shall be entitled to salary increases effective June 1, 2012, 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.

4.2 Effectivity of the Salary Adjustment for the President of the Philippines, Vice President of the Philippines, and Cabinet Secretaries

The implementation of the fourth tranche of the Salary Schedule in the case of the President of the Philippines, the Vice President, and the Cabinet Secretaries shall be effective July 1, 2012.

4.3 Inapplicability to Certain Officials

In accordance with Section 10, Article VI of the Philippine Constitution, no increase in compensation of Senators and Members of the House of Representatives shall take effect until after the expiration of the full term of all the Members of the Senate and the House of Representatives approving such increase.

5.0 Implementation of the Salary Schedule in GOCCs and GFIs

5.1 The implementation of the fourth tranche of the 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 at lower rates than, but at uniform percentages of the salaries 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 1, 2012, the pertinent rules under item 4.1 of this Circular shall be applied.

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

- 6.1 The new base pay rates shall be in accordance with the "Fourth Tranche Monthly Base Pay Schedule for Military and Uniformed Personnel Effective June 1, 2012," attached as Annex "B."
- 6.2 The monthly base pay as of May 31, 2012 of incumbent military and uniformed personnel shall be adjusted to the rates in the Base Pay Schedule in Annex "B" effective June 1, 2012.

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 Compensation and Position Classification System and salary rates for positions covered by said Act, may be entitled to the salary increases authorized under E.O. No. 76 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 by 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 May 31, 2012, 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 NOSAs shall be issued to the personnel concerned, copy furnished the Government Service Insurance System (GSIS) if the personnel are members thereof.
- 8.2 Preparation of Plantillas of Personnel and Salary Adjustment (PPSAs)
 - 8.2.1 The HRMO/AO of a GOCC or GFI shall prepare the PPSA for regular positions by following the format marked as Annex "D," for approval by the Head of Agency.
 - 8.2.2 The PPSA shall be submitted to the Department of Budget and Management (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), copy furnished the Civil Service Commission (CSC) RO/Field Office (FO) concerned.
 - 8.2.3 Separate PPSAs for casual and contractual personnel of NGAs, GOCCs, and GFIs 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 NOBPAs shall be issued to the personnel concerned.
- 8.4 The salary/base pay adjustment under this Circular shall be subject to review and post audit, and to appropriate re-adjustment if found not in order. The personnel concerned 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. 10155, the FY 2012 General Appropriations Act, and from any available savings in the FY 2012 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 FY 2012 lump sum appropriations/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, including such related compensation and fixed expenditure adjustments of their personnel against their allotments for Personal Services (PS) comprehensively released through their Agency Budget Matrices.
- 10.2 The release of the specific Special Allotment Release Order (SARO) for this salary adjustment and related compensation and fixed expenditures shall be contingent on agency submission of the second quarter Budget Accountability Reports, i.e., as of June 30, 2012, consistent with item 4.4.2 of NBC No. 535 (Guidelines on the Release of Funds for CY 2012). This shall be released by the DBM directly to the operating units of NGAs (i.e., units receiving Notice of Cash Allocation, or NCA, directly from DBM) based on the number of filled positions as of May 31, 2012.
- 10.3 Additional release of funds for this purpose shall consider the following:
- 10.3.1 Requirements of newly filled regular positions after the May 31, 2012 cut-off date cited above
- The agency report for the purpose shall include information on the item numbers, positions and salary grades, names of incumbent, salaries and dates of assumption to duty.
- 10.3.2 Retired personnel of the agency from June 1, 2012 up to the date of issuance of the SARO, using as reference the requests for payment of terminal leave and retirement gratuity benefits processed by DBM; and
- 10.3.3 Latest Statement of Allotments, Obligations, and Balances, highlighting the amount of allotments received and corresponding obligations incurred for salary adjustments.
- 10.4 DBM shall issue additional NCAs to cover the seven (7) months requirement for this salary adjustment and related compensation and fixed expenditures of agency personnel, consistent with the procedural guidelines under DBM Circular Letters No. 2008-11 and No. 2011-15.

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.



FLORENCIO B. ABAD
Secretary

**Fourth Tranche Monthly Salary Schedule for Civilian Personnel
of the National Government
Effective June 1, 2012
(InPesos)**

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	9,000	9,090	9,181	9,273	9,365	9,459	9,554	9,649
2	9,675	9,772	9,869	9,968	10,068	10,169	10,270	10,373
3	10,401	10,505	10,610	10,716	10,823	10,931	11,040	11,151
4	11,181	11,292	11,405	11,519	11,635	11,751	11,869	11,987
5	12,019	12,139	12,261	12,383	12,507	12,632	12,759	12,886
6	12,921	13,050	13,180	13,312	13,445	13,580	13,716	13,853
7	13,890	14,029	14,169	14,311	14,454	14,598	14,744	14,892
8	14,931	15,081	15,232	15,384	15,538	15,693	15,850	16,009
9	16,051	16,212	16,374	16,538	16,703	16,870	17,039	17,209
10	17,255	17,428	17,602	17,778	17,956	18,135	18,317	18,500
11	18,549	18,735	18,922	19,111	19,302	19,495	19,690	19,887
12	19,940	20,140	20,341	20,545	20,750	20,958	21,167	21,379
13	21,436	21,650	21,867	22,086	22,306	22,529	22,755	22,982
14	23,044	23,274	23,507	23,742	23,979	24,219	24,461	24,706
15	24,887	25,161	25,438	25,718	26,000	26,286	26,576	26,868
16	26,878	27,174	27,473	27,775	28,080	28,389	28,702	29,017
17	29,028	29,348	29,671	29,997	30,327	30,661	30,998	31,339
18	31,351	31,696	32,044	32,397	32,753	33,113	33,478	33,846
19	33,859	34,231	34,608	34,988	35,373	35,762	36,156	36,554
20	36,567	36,970	37,376	37,788	38,203	38,623	39,048	39,478
21	39,493	39,927	40,367	40,811	41,259	41,713	42,172	42,636
22	42,652	43,121	43,596	44,075	44,560	45,050	45,546	46,047
23	46,064	46,571	47,083	47,601	48,125	48,654	49,190	49,731
24	49,750	50,297	50,850	51,410	51,975	52,547	53,125	53,709
25	53,730	54,321	54,918	55,522	56,133	56,750	57,375	58,006
26	58,028	58,666	59,312	59,964	60,624	61,291	61,965	62,646
27	62,670	63,360	64,057	64,761	65,474	66,194	66,922	67,658
28	67,684	68,428	69,181	69,942	70,711	71,489	72,276	73,071
29	73,099	73,903	74,716	75,537	76,368	77,208	78,058	78,916
30	78,946	79,815	80,693	81,580	82,478	83,385	84,302	85,230
31	90,000	90,990	91,991	93,003	94,026	95,060	96,106	97,163
32	103,000	104,133	105,278	106,437	107,607	108,791	109,988	111,198
33	120,000							

**Fourth Tranche Monthly Base Pay Schedule
for Military and Uniformed Personnel
Effective June 1, 2012
(In Pesos)**

DND	DILG		PCG and NAMRIA	Monthly Base Pay
	BJMP and BFP	PNP and PPSC		
Candidate Soldier				11,265
Private	Fire/Jail Officer I	Police Officer I	Apprentice Seaman/ Seaman Third Class	14,834
Private First Class			Seaman Second Class	15,952
Corporal	Fire/Jail Officer II	Police Officer II	Seaman First Class	16,934
Sergeant			Petty Officer III	17,744
Staff Sergeant	Fire/Jail Officer III	Police Officer III	Petty Officer II	18,665
Technical Sergeant			Petty Officer I	20,159
Master Sergeant	Senior Fire/Jail Officer I	Senior Police Officer I	Chief Petty Officer	21,711
Senior Master Sergeant	Senior Fire/Jail Officer II	Senior Police Officer II	Senior Chief Petty Officer	23,513
Chief Master Sergeant	Senior Fire/Jail Officer III	Senior Police Officer III	Master Chief Petty Officer	25,394
First Chief Master Sergeant	Senior Fire/Jail Officer IV	Senior Police Officer IV	First Master Chief Petty Officer	27,425
Cadet		Cadet		27,425
Probationary Second Lieutenant				27,425
Second Lieutenant			Ensign	29,945
First Lieutenant	Inspector	Inspector	Lieutenant Junior Grade	32,341
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	35,312
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	37,313
Lieutenant Colonel	Superintendent	Superintendent	Commander	40,298
Colonel	Senior Superintendent	Senior Superintendent	Captain	43,521
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	47,002
Major General	Director	Director	Rear Admiral	50,763
			Vice Admiral	54,824
Lieutenant General		Deputy Director-General	Admiral	59,210
General		Director General		67,500

Notice of Salary Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. 540 dated May 10, 2012, implementing Executive Order No. 76 dated April 30, 2012, your salary is hereby adjusted effective June 1, 2012, as follows:

- 1. Adjusted monthly basic salary effective June 1, 2012, under the new Salary Schedule; SG _____, Step _____ ₱ _____
- 2. Actual monthly basic salary as of May 31, 2012; SG _____, Step _____ _____
- 3. Monthly salary adjustment effective June 1, 2012 (1-2) ₱ _____

It is understood that this salary adjustment is subject to review and post-audit, and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

Head of Agency

Position Title: _____

Salary Grade: _____

Item No./Unique Item No., FY _____ Personal Services Itemization
and/or Plantilla of Personnel: _____

Copy Furnished: GSIS

**Plantilla of Personnel and Salary Adjustment
As Required Under Item 8.2 of National Budget Circular No. 540 dated May 10, 2012**

Department/Agency: _____

Item No./ Unique Item No. FY _____ Personal Services Itemization and/or Plantilla of Personnel (1)	Position Title (2)	Salary Grade (3)	Salary Step (4)	Actual Monthly Basic Salary as of May 31, 2012 (5)	Adjusted Monthly Basic Salary Effective June 1, 2012 (6)	Monthly Salary Adjustment Effective June 1, 2012; (6) – (5) (7)	Name of Incumbent (8)	Date of Birth (9)	Tax Identification Number (10)	Date of Original Appointment (11)	Date of Last Promotion (12)
Total Per Office											

Prepared/Certified Correct by:

**Human Resource Management Officer/
Administrative Officer**

Approved by:

Head of Agency

Notice of Base Pay Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. 540 dated May 10, 2012, implementing Executive Order No. 76 dated April 30, 2012, your base pay as _____ (rank) is hereby adjusted effective June 1, 2012, as follows:

1. Adjusted monthly base pay effective June 1, 2012 ₱ _____
2. Actual monthly base pay as of May 31, 2012 _____
3. Monthly base pay adjustment effective June 1, 2012 (1-2) ₱ _____

It is understood that this base pay adjustment is subject to review and post-audit, and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

 Head of Agency