



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2019 - 1
February 12, 2019

TO : All Heads of Departments, Bureaus, Offices and Other Agencies of the National Government, Including Commissions/Offices under the Constitutional Fiscal Autonomy Group, State Universities and Colleges (SUCs), Local Government Units (LGUs), Government-Owned or -Controlled Corporations (GOCCs), and All Others Concerned

SUBJECT : Salary Rules and Regulations Applicable to Human Resource, Position Classification and Staffing Actions

1.0 Background

Presidential Decree (PD) No. 985¹, Republic Act (RA) No. 6758², and Congress Joint Resolution No. 4, s. 2009³ mandate the Department of Budget and Management (DBM) to administer the Compensation and Position Classification System (CPCS) in the government.

Relatedly, Civil Service Commission (CSC) Memorandum Circular (MC) No. 14, s. 2018⁴ provides the updated and consolidated policies and procedures on appointments and other human resource actions applicable to employees appointed to first and second level positions, including executive/managerial positions who are not presidential appointees, in the career service and non-career service.

2.0 Purpose

This Circular is issued to harmonize and update the salary rules applicable to the different human resource, position classification, and staffing actions as part of the maintenance of the CPCS. These rules shall serve as guide in determining the

¹ "A Decree Revising the Position Classification and Compensation Systems in the National Government, and Integrating the Same" dated August 22, 1976

² "An Act Prescribing a Revised Compensation and Position Classification System in the Government and for Other Purposes" dated August 21, 1989

³ "Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government and for Other Purposes" dated July 28, 2009

⁴ "2017 Omnibus Rules on Appointment and Other Human Resource Actions, Revised July 2018" dated August 30, 2018

appropriate salary rate in the applicable Salary Schedule in cases of hiring, promotion, reclassification and other related actions.

3.0 Coverage

The salary rules prescribed herein shall apply to the following:

- 3.1 Incumbents of regular appointive positions in the national government agencies (NGAs), SUCS, GOCCs, and LGUs covered by or following the CPCS established under RA No. 6758, as amended; and
- 3.2 Incumbents of regular positions in agencies implementing their own CPCS approved by the President.

4.0 Exclusions

The following are excluded from the coverage of this Circular:

- 4.1 Casual and contractual personnel;
- 4.2 Military and uniformed personnel;
- 4.3 Elective officials; and
- 4.4 Those hired without employee-employer relationship and funded from non-Personnel Services (PS) appropriations, as follows:
 - 4.4.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
 - 4.4.2 Laborers hired through job contracts (*pakyaw*) and workers paid on piecework or job order bases;
 - 4.4.3 Student workers and apprentices; and
 - 4.4.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

5.0 Salary Rules and Regulations

5.1 Hiring Rate

The salary corresponding to the first (1st) step in the salary grade for a given position shall be the ***hiring rate***. Accordingly, no employee occupying a regular position in the agency plantilla shall receive a salary less than the hiring rate for the position.

5.2 Promotion

Promotion refers to the advancement of a career employee from one position to another, with an increase in duties and responsibilities, and usually accompanied by an increase in salary.

Promotion may be within the same organizational unit, from one organizational unit to another in the same department or agency, or from one department or agency to another.

- 5.2.1 If the present salary of the employee immediately prior to the promotion is *below* the hiring rate for the new position, the employee shall be paid at the hiring rate or the 1st step of the new position.
- 5.2.2 If the present salary of the employee immediately prior to the promotion *falls between steps* of the salary grade for the new position, the salary of the employee shall be adjusted to the rate of the higher step.
- 5.2.3 If the present salary of the employee immediately prior to the promotion is *equal* to any of the steps of the salary grade for the new position, the salary of the employee shall be adjusted to the rate of the next step.

However, if the present salary is equal to the maximum or 8th step, the employee shall continue to be paid at his/her present salary rate.

- 5.2.4 If the present salary of the employee immediately prior to the promotion is *higher* than the maximum or 8th step of the salary grade for the new position, the employee shall continue to be paid at his/her present salary rate.

Any excess over the maximum or 8th step shall be considered as advanced implementation of future salary increases.

5.3 Demotion

Demotion refers to the movement of an employee from a higher to a lower level position entailing a reduction in duties and responsibilities, status or rank, which may or may not involve a reduction in salary.

Demotion may be within the same organizational unit, from one organizational unit to another in the same department or agency, or from one department or agency to another.

- 5.3.1 If the demotion is due to the *exigency of the service*, the employee shall continue to be paid at his/her present salary rate.

Any excess over the maximum or 8th step shall be considered as advanced implementation of future salary increases.

- 5.3.2 If the demotion is *voluntary or at the instance of the employee*, his/her salary shall be adjusted to the salary grade of the lower level position, but at the same salary step of his/her previous position.
- 5.3.3 If the demotion is *a result of disciplinary action*, the salary of the incumbent shall be adjusted to the hiring rate or the 1st step of the salary grade of the lower level position.

- 5.3.4 If the demotion is due to *reorganization*, the employee shall continue to be paid at his/her present salary rate.

Any excess over the maximum or 8th step shall be considered as advanced implementation of future salary increases.

5.4 **Reclassification**

Reclassification is a form of staffing modification or position classification action which may be applied only when there is a warranted substantial change in the regular duties and responsibilities of the incumbent of the position, as determined by the DBM.

Reclassification may also be applied when there are changes in the qualifications of incumbents of positions covered by the Teachers' Preparation Pay Schedule and the Compensation and Position Classification Plan for Faculty Positions.

- 5.4.1 If reclassified to a position with *lower salary grade*, the employee shall continue to be paid at his/her present salary rate.

Any excess over the maximum or 8th step shall be considered as advanced implementation of future salary increases.

- 5.4.2 If reclassified to a position with the *same salary grade*, the employee shall continue to be paid at his/her present salary rate.

- 5.4.3 If reclassified to a position with *higher salary grade*, the salary rules on promotion shall apply.

5.5 **Retitling**

Retitling is a form of reclassification. It involves a change in the position title without any change in salary grade allocation.

The incumbent of a position which was retitled shall continue to be paid at his/her present salary rate.

5.6 **Reinstatement**

Reinstatement involves the restoration of a person, as a result of a decision, to a career position from which he/she, through no delinquency or misconduct, has been separated.

An employee who was reinstated shall be paid the salary rate he/she received prior to separation.

5.7 **Transfer**

Transfer is the movement of an employee from one position to another which is of equivalent rank, level or salary. It may be from one organizational unit to

another in the same department or agency, or from one department or agency to another.

In case of transfer, the incumbent shall continue to be paid at his/her present salary rate.

6.0 Resolution of Cases

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

7.0 Repealing Clause

Pertinent portions of the Manual on Position Classification and Compensation which was circularized through DBM Circular Letter No. 2007-6 dated February 19, 2007, and all other issuances that are inconsistent with the rules and regulations prescribed in this Budget Circular are hereby repealed, amended or modified accordingly.

8.0 Effectivity

This Circular shall take effect immediately.

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BENJAMIN E. DIOKNO
Secretary

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