To: Heads of Departments, Agencies, and Other Offices of the National Government, including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG) and State Universities and Colleges (SUCs); and All Others Concerned

Subject: IMPLEMENTATION OF THE FOURTH TRANCHE COMPENSATION ADJUSTMENT FOR CIVILIAN PERSONNEL IN THE NATIONAL GOVERNMENT

1.0 Background

Executive Order (EO) No. 201, s. 2016 entitled, "Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel" was signed by the President in accordance with the authority vested in him under Presidential Decree (PD) No. 985¹ and Congress Joint Resolution (JR) No. 4, s. 2009.²

The issuance of EO No. 201 is consistent with the governing principle of the Compensation and Position Classification System (CPCS), as espoused under Congress JR No. 4, that compensation of government personnel shall be generally comparable with those in the private sector doing comparable work in order to attract, retain, and motivate a core of competent civil servants.

EO No. 201 provided for a four-year (2016-2019) implementation of the compensation adjustment.

Further, EO No. 76, s. 2019³ amended Section 15(a) of EO No. 201 which provides the funding sources for the amounts necessary to implement the said EO.

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

² Dated June 17, 2009 entitled, "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."

³ Dated March 15, 2019 entitled, "Amending Executive Order No. 201 (s. 2016), Entitled 'Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel.'"
2.0 **Purpose**

This Circular is issued to prescribe the guidelines, rules and regulations for the implementation of the fourth tranche compensation adjustment stipulated in EO No. 201, s. 2016 and EO No. 76, s. 2019.

3.0 **Coverage**

The Circular covers 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 and other Constitutional Offices, and SUCs.

4.0 **Exclusions**

Those engaged without employer-employee relationship and funded from non-Personnel Services (PS) appropriations/budgets are excluded from the coverage of this Circular, as follows:

4.1 Consultants and experts engaged for a limited period to perform specific activities or services with expected outputs;

4.2 Laborers engaged through job contracts (*pakyaw*) and those paid on piecework basis;

4.3 Student workers and apprentices; and

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

5.0 **Implementation of the Fourth Tranche Monthly Salary Schedule for Civilian Personnel Effective January 1, 2019**

The new salary rates shall be in accordance with the Fourth Tranche Monthly Salary Schedule for Civilian Personnel under Section 3 of EO No. 201, s. 2016, attached as Annex “A” in this Circular.

5.1 **Rules for Adjusting Salaries**

5.1.1 The salaries of incumbent civilian personnel shall be adjusted to the rates in the Salary Schedule in Annex “A” corresponding to the designated steps of the salary grade allocations of their positions as of December 31, 2018, provided, that their positions and salary grades are in accordance with the Index of Occupational Services, Occupational Groups, Classes, and Salary Grades issued under Budget Circular (BC) No. 2018-4 dated October 16, 2018, and additions/modifications thereto.

5.1.2 If the actual monthly basic salary of an incumbent as of December 31, 2018 falls between steps of the salary grade allocation of the position due to the grant of service award or as a result of demotion or transfer due to the exigency of the service, the salary shall be adjusted to the rate for the higher step in the Salary Schedule in Annex “A”.
5.1.3 If the actual monthly basic salary of an incumbent as of December 31, 2018 exceeds that for Step 8 of the salary grade allocation of the position:

5.1.3.1 The salary shall be adjusted to the rate for Step 8 of the same salary grade in the Salary Schedule in Annex “A”.

5.1.3.2 The employee shall not be entitled to salary increase if the actual salary as of December 31, 2018 exceeds the rate for Step 8 of the same salary grade in the Salary Schedule in Annex “A”.

5.1.4 The salary of a new hire shall be the rate corresponding to Step 1 of the salary grade allocation of the position in the Salary Schedule in Annex “A”.

5.1.5 The salaries/wages of contractual/casual personnel shall be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions in the Salary Schedule in Annex “A”. The adjusted daily wage rates of casual personnel shall be computed by dividing the monthly rates by 22 work days per month.

5.1.6 Compulsory retirees whose services have been extended beyond December 31, 2018 shall be entitled to salary increase following items 5.1.1 to 5.1.3 of this Circular, whichever is applicable. However, their retirement benefits, including Terminal Leave Benefits, shall be computed based on their monthly basic salaries as of the day prior to the effectivity of their retirement, consistent with existing laws, rules and regulations.

6.0 Mid-Year Bonus

The Mid-Year Bonus equivalent to one (1) month basic salary as of May 15 shall be granted to those who have rendered at least four (4) months of satisfactory service and are still in the service as of same date, to be given not earlier than May 15 of every year, subject to the rules and regulations provided under BC No. 2017-2 dated May 8, 2017.4

7.0 Productivity Enhancement Incentive (PEI)

The PEI in the amount of P5,000.00 shall be granted to qualified government personnel not earlier than December 15 of every year, subject to the rules and regulations provided under BC No. 2017-4 dated December 4, 2017.5

8.0 Performance-Based Bonus (PBB)

The PBB to be granted in FY 2019 based on FY 2018 performance to personnel in national government agencies (NGAs) shall be subject to Memorandum Circular No. 2018-1 dated May 28, 20186 issued by the Inter-Agency Task Force created under Administrative Order No. 25, s. 2011.

4 Rules and Regulations on the Grant of the Mid-Year Bonus for FY 2017 and Years Thereafter
5 Guidelines on the Grant of Productivity Enhancement Incentive to Government Employees for Fiscal Year 2017 and Years Thereafter
6 Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2018 under Executive Order No. 80, s. 2012 and Executive Order No. 201, s. 2016
9.0 Procedural Guidelines

9.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of an NGA shall prepare Notices of Salary Adjustment (NOSAs) for incumbent personnel by following the format marked as Annex “B-1” or Annex “B-2”, whichever is applicable, for approval by the Head of Agency. For personnel whose actual monthly salaries as of December 31, 2018 exceed the rates corresponding to Step 8 of the salary grade allocations of their positions in Annex “A”, the HRMO/AO shall no longer prepare NOSAs.

9.2 The NOSAs shall be issued to the personnel concerned, copy furnished the Government Service Insurance System (GSIS), if they are members thereof.

9.3 The salary adjustment under this Circular shall be subject to the usual accounting, and auditing rules and regulations, and to appropriate re-adjustment if found not in order. The personnel concerned shall refund any overpayments received.

10.0 Fund Source

The amounts required to implement the compensation adjustment and related fixed expenditures for personnel in the NGAs shall be charged against any available appropriations under the FY 2018 General Appropriations Act, as reenacted.

11.0 Release of Funds

The requirements for compensation adjustment for personnel in the NGAs shall be released through the Special Allotment Release Order and Notice of Cash Allocation for the purpose.

12.0 Responsibilities of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions hereof without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

13.0 Resolution of Cases

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

14.0 Effectivity

This Circular shall take effect on January 1, 2019.

(Sgd.) JANET B. ABUEL
Officer-in-Charge, DBM
## ANNEX “A”

### Fourth Tranche Monthly Salary Schedule for Civilian Personnel of the National Government

Effective January 1, 2019

(In Pesos)

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For Regular Positions

Notice of Salary Adjustment

Date: ____________________

Pursuant to National Budget Circular No. _____ dated _____________, implementing Executive Order (EO) No. 201, s. 2016, as amended by EO No. 76, s. 2019, your salary is hereby adjusted effective January 1, 2019, as follows:

1. Adjusted monthly basic salary effective January 1, 2019, under the new Salary Schedule; SG ____; Step ______ P _______

2. Actual monthly basic salary as of December 31, 2018; SG ____; Step ______

3. Monthly salary adjustment effective January 1, 2019 (1-2) P _______

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 ____ Personnel Services Itemization and/or Plantilla of Personnel: ____________________________

Copy Furnished: GSIS
For Contractual/Casual Personnel

Notice of Salary/Wage Adjustment

Date: ____________________

Pursuant to National Budget Circular No. ____ dated ____________, implementing Executive Order No. 201, s. 2016, as amended by EO No. 76, s. 2019, your salary/daily wage is hereby adjusted effective ________, as follows:

1. Monthly basic salary/daily wage rate under the new Salary Schedule; SG ____, P _______

2. Actual monthly basic salary/daily wage rate as of December 31, 2018; SG ____

3. Monthly salary adjustment/Daily wage adjustment effective ________ (1-2) P _______

It is understood that this salary/wage 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: __________________________

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