



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT

NATIONAL BUDGET CIRCULAR

No. 584
January 6, 2021

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

SUBJECT : Implementation of the Second Tranche of the Modified Salary Schedule for Civilian Personnel in the National Government Pursuant to Republic Act (RA) No. 11466

1.0 Background

RA No. 11466¹, otherwise known as the "Salary Standardization Law of 2019," provides the modification of the Salary Schedule for Civilian Personnel and authorizes the grant of additional benefits.

Said Act also states that the modified Salary Schedule for Civilian Personnel shall be implemented in four (4) tranches, i.e., from FY 2020 to FY 2023.

2.0 Purpose

This Circular is issued to prescribe the guidelines, rules, and regulations for the implementation of the second tranche of the modified Salary Schedule for Civilian Personnel stipulated under RA No. 11466.

3.0 Coverage

This 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, SUCs, and GOCCs not covered by RA No. 10149², which are under the jurisdiction of the Department of Budget and Management (DBM).

⑤

¹ An Act Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits, and for Other Purposes

² An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes

4.0 Exclusions

The following are excluded from the coverage of this Circular:

- 4.1 Military and uniformed personnel;
- 4.2 GOCCs under RA No. 10149 which shall be covered by a Compensation and Position Classification System (CPCS) established by the Governance Commission for GOCCs (GCG) and approved by the President of the Philippines; and
- 4.3 Individuals engaged without employer-employee relationship and funded from non-Personnel Services (PS) appropriations/budgets, as follows:
 - 4.3.1 Consultants and experts engaged for a limited period to perform specific activities or services with expected outputs;
 - 4.3.2 Laborers engaged through job contracts (*pakyaw*) and those paid on piecework basis;
 - 4.3.3 Student workers and apprentices; and
 - 4.3.4 Those whose services are engaged through job orders, contracts of service, or others similarly situated.

5.0 Implementation of the Second Tranche of the Modified Salary Schedule for Civilian Personnel Effective January 1, 2021

The new salary rates shall be in accordance with the Second Tranche Monthly Salary Schedule for Civilian Personnel, 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, 2020, 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. 2018-4³ dated October 16, 2018, and additions/modifications thereto.
- 5.1.2 If the actual monthly basic salary of an incumbent as of December 31, 2020 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, 2020 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".

³ Index of Occupational Services, Occupational Groups, Classes and Salary Grades, CY 2018 Edition



- 5.1.3.2 The employee shall not be entitled to salary increase if the actual salary as of December 31, 2020 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, 2020 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 Implementation of the Second Tranche of the Modified Salary Schedule in GOCCs Covered by the DBM

- 6.1 The implementation of the Second Tranche Monthly Salary Schedule in GOCCs covered by the DBM shall be as determined by their respective governing boards. GOCCs which do not have sufficient funds to implement fully the Salary Schedule in Annex "A" may adopt their respective salary schedules at lower rates but at a uniform percentage of the salaries in Annex "A".
- 6.2 In the formulation of such salary schedules, GOCCs shall ensure that they can fund on a sustainable basis the increased salaries, including the government counterparts to the Retirement and Life Insurance Premiums, Pag-IBIG Contributions, PhilHealth Contributions, and the Employees Compensation Insurance Premiums.
- 6.3 In the adjustment of the salaries of incumbent personnel effective not earlier than January 1, 2021, the pertinent rules under this Circular shall apply.

7.0 Procedural Guidelines

- 7.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of a national government agency (NGA) or GOCC shall prepare Notices of Salary Adjustment (NOSAs) for incumbent civilian 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, 2020 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.

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

- 7.3 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.

8.0 Fund Sources

- 8.1 The amounts required to implement the salary adjustment and related fixed expenditures of personnel in NGAs shall be charged against the respective agency budgets authorized under RA No. 11518 or the FY 2021 General Appropriations Act (GAA).
- 8.2 The amounts required to implement the salary adjustment and related fixed expenditures of casual and contractual personnel in NGAs whose salaries are drawn from the lumpsum appropriations for non-itemized positions shall be sourced from the agency's lumpsum appropriations included in the FY 2021 budget.
- 8.3 For covered GOCCs, the amounts shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for salary adjustment or any related expenditures; provided, further, that the GOCCs 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.

9.0 Release of Funds

- 9.1 The requirements for compensation adjustment for personnel of NGAs shall be released through the GAA as Allotment Order, chargeable against the respective agency PS budget under the FY 2021 GAA.
- 9.2 In case of deficiency, the agency may submit a request to the DBM for release of funds charged to the Miscellaneous Personnel Benefits Fund.

10.0 Exempt Entities

Consistent with Section 12 of RA No. 11466, exempt entities shall be governed by their respective CPCS which shall be made effective upon the recommendation of the DBM or the GCG, as the case may be, and approval by the President of the Philippines.

Exempt entities refer to: (a) government agencies that are not covered by the CPCS authorized under RA No. 6758, as amended; (b) GOCCs governed by the CPCS established by the GCG under RA No. 10149; and (c) those authorized by law and have actually adopted their own CPCS.

11.0 Applicability to Certain Officials

Pursuant to Section 6 of Article VII and Section 10 of Article VI of the Constitution, the salaries authorized herein for the President of the Philippines, Vice-President of the Philippines, and Members of Congress shall take effect only after the expiration of the respective terms of the present incumbents.



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 DBM for resolution.

14.0 Effectivity

This Circular shall take effect on January 1, 2021.


WENDEL E. AVISADO
Secretary

ANNEX "A"

**Second Tranche Monthly Salary Schedule for Civilian Personnel
of the National Government
Effective January 1, 2021
(In Pesos)**

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	12,034	12,134	12,236	12,339	12,442	12,545	12,651	12,756
2	12,790	12,888	12,987	13,087	13,187	13,288	13,390	13,493
3	13,572	13,677	13,781	13,888	13,995	14,101	14,210	14,319
4	14,400	14,511	14,622	14,735	14,848	14,961	15,077	15,192
5	15,275	15,393	15,511	15,630	15,750	15,871	15,993	16,115
6	16,200	16,325	16,450	16,577	16,704	16,832	16,962	17,092
7	17,179	17,311	17,444	17,578	17,713	17,849	17,985	18,124
8	18,251	18,417	18,583	18,751	18,920	19,091	19,264	19,438
9	19,593	19,757	19,922	20,089	20,257	20,426	20,597	20,769
10	21,205	21,382	21,561	21,741	21,923	22,106	22,291	22,477
11	23,877	24,161	24,450	24,742	25,038	25,339	25,643	25,952
12	26,052	26,336	26,624	26,915	27,210	27,509	27,811	28,117
13	28,276	28,589	28,905	29,225	29,550	29,878	30,210	30,547
14	30,799	31,143	31,491	31,844	32,200	32,561	32,927	33,297
15	33,575	33,953	34,336	34,724	35,116	35,513	35,915	36,323
16	36,628	37,044	37,465	37,891	38,323	38,760	39,203	39,650
17	39,986	40,444	40,907	41,376	41,851	42,332	42,818	43,311
18	43,681	44,184	44,694	45,209	45,732	46,261	46,796	47,338
19	48,313	49,052	49,803	50,566	51,342	52,130	52,932	53,746
20	54,251	55,085	55,934	56,796	57,673	58,564	59,469	60,389
21	60,901	61,844	62,803	63,777	64,768	65,774	66,797	67,837
22	68,415	69,481	70,565	71,666	72,785	73,923	75,079	76,253
23	76,907	78,111	79,336	80,583	81,899	83,235	84,594	85,975
24	86,742	88,158	89,597	91,059	92,545	94,057	95,592	97,152
25	98,886	100,500	102,140	103,808	105,502	107,224	108,974	110,753
26	111,742	113,565	115,419	117,303	119,217	121,163	123,140	125,150
27	126,267	128,329	130,423	132,552	134,715	136,914	139,149	141,420
28	142,683	145,011	147,378	149,784	152,228	154,714	157,239	159,804
29	161,231	163,863	166,537	169,256	172,018	174,826	177,679	180,579
30	182,191	185,165	188,187	191,259	194,380	197,553	200,777	204,054
31	268,121	273,358	278,697	284,140	289,691	295,349	301,117	306,999
32	319,660	326,107	332,682	339,392	346,236	353,218	360,342	367,609
33	403,620	415,728						

For Regular Positions

Notice of Salary Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Republic Act No. ____ dated _____, your salary is hereby adjusted effective January 1, 2021, as follows:

- 1. Adjusted monthly basic salary effective January 1, 2021, under the new Salary Schedule; SG ____, Step ____ ₱ _____
- 2. Actual monthly basic salary as of December 31, 2020; SG ____, Step ____ _____
- 3. Monthly salary adjustment effective January 1, 2021 (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 ____ Personnel Services Itemization
and/or Plantilla of Personnel: _____

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For Contractual/Casual Personnel

Notice of Salary/Wage Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Republic Act No. ____ dated _____, 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, 2020; 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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