

# [ LETTER OF INSTRUCTIONS NO. 562, June 23, 1977 ]

## RELATING TO THE APPROPRIATION OF FUNDS FOR THE SELECTIVE MERIT INCREASE OF DESERVING EMPLOYEES OF GOVERNMENT

TO: The Acting Commissioner of the Budget  
The Chairman, Civil Service Commission

WHEREAS, it is the policy of the state to promote morale and the highest degree of responsibility, integrity and efficiency in the civil service;

WHEREAS, merit and performance need to be more specifically recognized in the implementation of compensation increase, as against seniority and uniform percentage increases of salary in government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby order and direct:

1. The Acting Commissioner of the Budget shall include a Lump Sum for Merit Increase in the budget of each agency of the national government, beginning with the CY 1978 budget. This Lump Sum for Merit Increase shall not exceed one (1) per cent of the agency's program for personal services expenditures and shall be available to meet the cost of merit increases for deserving employees.
2. The Civil Service Commission and the Budget Commission shall jointly determine and issue the rules and regulations governing the use of the Lump Sum, which shall provide for the following:
  - a. the circumstances for which merit increases may be given shall be defined in the rules and regulations and shall provide for increases (i) upon completion of master's or doctoral degrees in fields related to the employee's work, (ii) based on a significant cost-saving or efficiency-enhancing innovation, and (iii) outstanding performance in assigned function;
  - b. any duly approved merit increases shall be automatically incorporated in the regular itemization of personal services in subsequent years;
  - c. the Lump Sum may not be used for bonuses, across-the-board salary increases for groups of persons, for longevity raises or other purposes not based on creditable performance;
  - d. the adjusted salary of an employee after being given a selective merit increase shall not cause him to exceed the maximum step of the salary range of the class to which his position is ranked or classified under the Career Executive Service or the national position classification plans, as the case may be;
  - e. the total annual cost of the selective merit increase approved for an agency in any one year, including associated GSIS contributions, variable allowances, and fixed expenditures, shall not exceed the amount provided for in the Lump Sum, notwithstanding effective dates after the beginning of the year;