

**[ EXECUTIVE ORDER NO. 40, April 29, 2011 ]**

**IMPLEMENTATION OF THE THIRD TRANCHE OF THE MODIFIED  
SALARY SCHEDULE FOR CIVILIAN PERSONNEL AND BASE PAY  
SCHEDULE FOR MILITARY AND UNIFORMED PERSONNEL IN THE  
GOVERNMENT**

**WHEREAS**, the Philippine Government has adopted the modified Salary Schedule for civilian personnel and the Base Pay Schedule for military and uniformed personnel as authorized in the Senate and House of Representatives Joint Resolution No. 4 (s. 2009) which shall be implemented in four (4) yearly tranches for personnel in national government agencies (NGAs);

**WHEREAS**, for personnel in government-owned or controlled corporations (GOCCs), government financial institutions (GFIs), and local government units (LGUs), the implementation of the modified Salary Schedule shall be in at least four (4) years depending on their financial capabilities, pursuant to item (13) of the Joint Resolution;

**WHEREAS**, the first tranche of the modified Salary Schedule and Base Pay Schedule have been implemented effective 1 July 2009 for personnel in NGAs, GOCCs, and GFIs, and effective 1 January 2010 for personnel in LGUs;

**WHEREAS**, the second tranche of the modified Salary Schedule and Base Pay Schedule have been implemented effective 24 June 2010 for personnel in NGAs, GOCCs, and GFIs, and effective 1 January 2011 for personnel in LGUs; and

**WHEREAS**, Republic Act (RA) No. 10147, the FY 2011 General Appropriations Act (GAA), provides appropriations under the Miscellaneous Personnel Benefits Fund (MPBF) for the implementation of the third tranche of the modified Salary Schedule and Base Pay Schedule for personnel in NGAs;

**NOW, THEREFORE, I, BENIGNO S. AQUINO III**, President of the Philippines, by virtue of the powers vested in me by, do hereby order:

**SECTION 1.** Coverage and Exclusion.

(a) *Civilian Personnel* – The compensation adjustments due to the implementation of the third tranche of the modified Salary Schedule shall cover all positions for civilian personnel in the Executive, Legislative, and Judicial Branches, the Constitutional Commissions/Offices, State Universities and Colleges, GOCCs, GFIs, and LGUs, whether regular, casual, or contractual in nature, appointive or elective, on full-time or part-time basis, now existing or hereafter created.

(b) *Military and Uniformed Personnel* – The compensation adjustments due to the implementation of the third tranche of the modified Base Pay Schedule shall cover the military personnel under the Department of

National Defense (DND) and uniformed personnel under the Department of the Interior and Local Government (DILG), Philippine Coast Guard (PCG), and National Mapping and Resource Information Authority (NAMRIA).

(c) The following are excluded from the coverage of the compensation adjustments:

(i) Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated; and

(ii) Civilian personnel in government entities which are exempted from RA No. 6758 and are authorized by law to adopt and are actually implementing their own compensation and position classification systems approved by the Office of the President.

**SECTION 2.** Implementation of the Third Tranche Monthly Salary Schedule for Civilian Personnel of the National Government. The Salary Schedule attached as Annex "A," which is the third tranche of the modified Salary Schedule provided in item (4)(b) of Joint Resolution No. 4, shall be implemented effective 1 June 2011 for personnel in NGAs, and in GOCCs and GFIs.

**SECTION 3.** Implementation of the Third Tranche Monthly Base Pay Schedule for Military and Uniformed Personnel. The Base Pay Schedule attached as Annex "B," which is the third tranche of the modified Base Pay Schedule in item (8) of Joint Resolution No. 4, shall be implemented effective 1 June 2011.

**SECTION 4.** Implementation of the Third Tranche Monthly Salary Schedule for LGU Personnel. The implementation of the third tranche of the modified Salary Schedule for LGU personnel shall be determined by the sanggunian concerned based on the LGU income class and financial capability: Provided, That such salary rates shall not exceed the following applicable percentages of the rates in Annex "A," pursuant to item (7)(a) of Joint Resolution No. 4: Provided, Further, That the resulting Personal Services (PS) cost shall not exceed the PS limitation in LGU budgets, as provided under Sections 325(a) and 331(b) of RA No. 7160: Provided, Finally, That there shall be no diminution in the basic salaries of incumbents for purposes of complying with said PS limitation.

**Percentages of Salary Rates in Annex "A"**

	For Provinces/Cities	For Municipalities
Special Cities	100%	
1 st Class	100%	90%
2 nd Class	95%	85%
3 rd Class	90%	80%
4 th Class	85%	75%
5 th Class	80%	70%
6 th Class	75%	65%

For this purpose, the DBM shall issue the Third Tranche Monthly Salary Schedule for Local Government Personnel for each LGU income class to take effect not earlier

than 1 January 2012.

**SECTION 5.** Inapplicability to Certain Officials. In accordance with Section 10, Article VI of the Constitution, no increase in compensation 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.

**SECTION 6.** Funding. The fund sources for the amounts necessary to implement the provisions of this Executive Order shall be as follows:

(a) For NGAs, the amounts shall be charged against the appropriation for the purpose under the MPBF in the FY 2011 GAA and from available savings. Thereafter, such amounts as may be needed shall be included in the annual GAA;

(b) For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds in the approved corporate operating budgets; and

(c) For LGUs, the amounts shall be charged against their respective local government funds.

**SECTION 7.** Uniform Implementation in Case of Insufficiency of Funds.

(a) GOCCs and GFIs which do not have adequate or sufficient funds shall implement salary schedules which shall be at uniform percentages of the rates in Annex "A."

(b) LGUs which do not have adequate or sufficient funds to implement the salaries authorized for their LGU income classes shall implement salary schedules which shall be at uniform percentages of the rates in the respective Third Tranche Monthly Salary Schedules for Local Government Personnel.

**SECTION 8.** Implementing Rules and Regulations. The DBM shall issue the necessary rules and regulations to implement this Executive Order.

**SECTION 9.** Separability Clause. If any provision of this Executive Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**SECTION 10.** Repealing Clause. All orders, rules, regulations, and issuances, or parts thereof, which are inconsistent with this Executive Order, are hereby repealed, amended, or modified accordingly.

**SECTION 11.** Effectivity. This Executive Order shall take effect immediately.

**DONE** in the City of Manila this 29 th day of April, in the year of our Lord, Two Thousand and Eleven.

**(SGD.) BENIGNO S.  
AQUINO III**

President of the  
Philippines