

**[DBM LOCAL BUDGET CIRCULAR NO. 56, January
25, 1995]**

**GUIDELINES FOR THE IMPLEMENTATION OF THE REVISED
COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPS)
IN THE LOCAL GOVERNMENT AND OTHER COMPENSATION
MATTERS**

1.0

Purpose

This Circular is being issued to prescribe rules and regulations to govern the second phase of implementation of the Revised Compensation and Position Classification System in the Government as mandated under Executive Order No. 218, providing for the increase of one thousand pesos (P1,000.00) in the basic salaries as of December 31, 1994 of local government personnel effective January 1, 1995 and other compensation matters.

2.0

Coverage

All positions whether permanent, temporary, contractual, casual or emergency in nature, appointive or elective, on full- or part-time basis now existing or hereafter created in the local government units (LGUs).

3.0

Exemptions

3.1. Consultants and experts hired by government entities for a limited period to perform specific activities or services with expected outputs, who will continue to be compensated pursuant to existing applicable laws, rules and regulations until these are revised or amended.

3.2. Student laborers and apprentices and others similarly situated, who will continue to be compensated pursuant to existing applicable laws, rules and regulations until these are revised or amended.

3.3 Laborers hired as part of a job contract (pakiao), those paid on piecework basis, including mail contractors, and others similarly situated.

4.0

Definition of Terms

4.1. The present salary of an incumbent for purposes of this Circular shall mean the actual basic salary rates received as of December 31, 1994 exclusive of Personnel Economic Relief Allowance (PERA), Additional Compensation, representation and

transportation allowances, bonus and cash gift, honorarium and any other form of additional compensation.

4.2 Transition allowance shall mean the excess of the present salary over the eight step of the grade allocation of the employee's position.

5.0

Compensation Rules

5.1 The salary grades and the corresponding salary grade allocation in the salary schedule prescribed under RA 6758 shall be maintained. However, the salary rates are hereby adjusted effective January 1, 1995 pursuant to Section 1 of EO No. 218 as indicated in the Interim Salary Schedules in Annexes "A" to "H"*.

5.2 Incumbents shall receive the salary rates corresponding to their designated salary steps in the salary grade allocation of their positions as of December 31, 1994.

5.3 Incumbents with transition allowance shall likewise be entitled to the salary adjustment authorized herein. The excess of their adjusted salary over the prescribed rates shall be treated as advance implementation of the Revised Compensation and Position Classification System under Joint Senate and House Resolution No. 1, s. 1994 (Illustrative Example A).

5.4 Appointments effective January 1, 1995 and thereafter shall be at the first step of the salary grade allocation of the position prescribed under Section 5.1 hereof. In case the appointee has previously received under an approved permanent appointment, a salary higher than the first step of the salary grade allocation, the existing salary rules shall apply.

5.5 The salary adjustment herein authorized as well as the subsequent salary increases shall not apply to the devolved national personnel except as provided for under paragraph 6.0 of this Circular, until the salary rates of their local counterparts have equaled the salary rates of such devolved personnel (Illustrative Example B**).

5.6 The Personnel Economic Relief Allowance and Additional Compensation shall continue to be paid as allowances and are not considered integrates into the basic salary rates contained in the Interim Salary Schedule.

5.7 Contractual employees whose salaries are paid out of lump sum appropriations or project funds may be entitled to not more than 120% of the adjusted minimum hiring rate of comparable regular positions (Illustrative Example C).

5.8 The Wage Rates of daily paid employees shall be computed by dividing the monthly salary rate shown in the Interim Salary Schedules indicated under Section 5.1 hereof by twenty-two (22) working days, provided that the total wages received by a daily paid employee in a month shall not exceed said monthly salary rate.

5.9 The rates contained in the Interim Salary Schedules referred to under Section 5.1 hereof shall be used for computing retirement pay, year-end bonus and other similar benefits.

6.0

Applicability to Public Health Workers

6.1 The salary rates of locally-paid public health workers, devolved or otherwise, notwithstanding the income classification of the local government units where they are assigned, shall be as indicated in Annex of the Interim Salary Schedules.

6.2 Local government units which do not have adequate or sufficient funds to pay the salary increases herein authorized shall only partially implement the established rates uniformly and proportionately for their respective health workers without prejudice to such financial assistance as may be availed of from the Department of Health for the differentials in the salary adjustment requirement as mandated under Executive Order No. 215 and Administrative Order No. 170.

7.0

Prohibition

The Local Chief Executive/Sangguniang Panlalawigan/Panlungsod/Bayan are prohibited from granting any adjustment in excess of the amounts herein authorized.

8.0

Funding Source

8.1 The amount necessary for the implementation of the second phase of the revised compensation and position classification system shall come from the respective funds of the local government units.

8.2 Said amount shall be provided for in an appropriation ordinance to be enacted by the local Sangguniang Panlalawigan/Panlungsod/Bayan.

8.3 In the event that local funds will not be sufficient, implementation of salary increases under this Circular shall be partial and proportionate for all positions in the local government unit. The salary increase shall be fixed at a uniform rate/amount such that no official or employee shall receive a salary increase higher than that of any other employee in the same local government unit, subject to the provisions of Section 5.5 hereof.

9.0

Responsibility of Head of Local Government Units

The Provincial Governor, City or Municipal Mayor concerned shall be held personally liable for any payment of salary adjustment not in accordance with the provisions of this Circular, without prejudice however, to the refund of any excess payment by the employee concerned.

10.0

Contributions

The salary adjustments herein authorized are subject to the mandatory requirements of GSIS life and retirement insurance premiums, and Home Development Mutual fund (HDMF) contribution, if the recipient is a member of the