

[CSC MEMORANDUM CIRCULAR NO. 40, November 06, 1991]

**IMPLEMENTATION OF STEP INCREMENTS BASED ON MERIT
PURSUANT TO JOINT CSC-DBM CIRCULAR NO. 1. 1990**

The Joint CSC-DBM Circular No. 1, s. 1990 authorizes the grant of step increments based on merit to officials and employees who have achieved Outstanding and Very Satisfactory performance for two consecutive rating periods starting January 1, 1990.

Under Section 1, Rule III of the joint Circular, particularly on Merit Schedule, the grant of step increments to deserving officials and employees on the basis of merit shall be in accordance with the following:

1. **Very Satisfactory** performance for two (2) consecutive rating periods based on agency approved performance appraisal system shall be given a one (1) step increment based on merit which shall take effect the day following the end of the second rating period.
2. **Outstanding** performance for two (2) consecutive rating periods based on approved agency performance appraisal system, shall be given a two (2) step increment based on merit and will take effect the day following the end of the second rating periods.
3. The total number of recipients of step increments based on merit in any one (1) calendar year shall not be more than ten per cent (10%) of the total number of personnel actually employed in the department or agency, provided that the total number of recipients of two step increments shall not exceed three per cent (3%) thereof.

Should there be more than 10% who would qualify for the grant, the head of the Department or Agency shall develop a forced ranking system to determine the ten percent (10%) requirement of the Joint Memorandum Circular.

In the initial implementation of step increments based on merit, performance for 1990 under an approved Agency Performance Appraisal System (PES) shall be made the basis of the grant.

In view thereof, all agencies with approved PES are enjoined to implement the grant of step increment base on merit in accordance with the **Joint CSC-DBM Circular No. 1, s. 1990.**

Heads of agencies are required to monitor strict compliance with the Joint Circular.