

**[DBM NATIONAL BUDGET CIRCULAR NO. 458,
January 02, 1997]**

**GUIDELINES FOR THE FULL IMPLEMENTATION OF THE NEW
SALARY SCHEDULE IN THE GOVERNMENT**

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Purpose

This Circular is being issued to prescribe rules and regulations to govern the fourth and final year of implementation of the salary increases authorized by Joint Senate-House of Representatives Resolution No. 1, Series of 1994 for all government civilian and uniformed personnel as mandated by RA No. 8244 and adopted under Executive Order No. 389, dated December 28, 1996.

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Coverage

All positions whether permanent, temporary, contractual, casual or emergency in nature, appointive or elective, on full time or part-time basis now existing or hereafter created in the national government, states universities and colleges and government owned and/or controlled corporations and government financial institutions.

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Exemptions

3.1 Officials and employees of agencies that are allowed by law to adopt a Position Classification and Compensation System other than that prescribed in RA No. 6758 and/or Joint Senate-House of Representatives Resolution No. 1, s. 1994.

3.2 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.

3.3 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.

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Definition of Terms

4.1 The present salary or an incumbent for purposes of this Circular shall mean the actual basic salary rate received as of December 31, 1996 for purposes of the adjustment effective January 1, 1997, and as of October 31, 1997, for purposes of the adjustment effective November 1, 1997, exclusive of Personnel Economic Relief Allowance (PERA), Additional Compensation (ADCOM), representation and transportation allowances (RATA), Christmas bonus and cash gift, honoraria, the twenty-percent (20%) premium over basic pay of contractual personnel and any form of compensation usually paid outside of basic salary, but inclusive of "transition allowance", and "over-and-above allowance" in the case of public school teachers and related personnel.

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

4.3 "Over-and-above allowance" shall refer to the additional compensation other than the basic salary regularly paid on a monthly basis by the Local Government Units to public school teachers and related personnel prior to July 1, 1989 and which was added over and above their basic salary.

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Compensation Rules

5.1 For Civilian Personnel

5.1.1 The salary grades in the Salary Schedule prescribed under RA No. 6758 and the corresponding salary grade allocation of positions pursuant thereto shall be maintained. For purposes of the salary increase herein authorized, the basic salary of government civilian personnel as defined in Item 4.1 above shall be adjusted as follows:

a. Effective January 1, 1997 = in accordance with the Fourth Interim Salary Schedule hereto attached and marked as Annex A * of this Circular. The adjustment shall be to the designated salary step of the employee in the salary grade allocation of his position as of December 31, 1996 (Illustrative Example A);

b. Effective November 1, 1997 = in accordance with the attached Salary Schedule marked Annex B * of this Circular. The adjustment shall be to the designated salary step of the employee in the salary grade allocation of his position as of October 31, 1997. (Illustrative Example A **).

5.1.2 Incumbents of positions which are moved to a higher salary grade allocation under Joint Senate-House of Representatives Resolution No. 1, s. 1994, shall continue to receive the salary rate of their old salary grade allocation pursuant to RA No. 6758.

5.1.3 The transition allowance shall be considered as advance payment for the salary increase herein authorized. Any excess thereafter shall be deducted from whatever salary adjustments that such employee may be authorized in the future (Illustrative Example B and B-1**).

5.1.4 The "over-and-above allowance" of public school teachers and related personnel shall likewise be considered as advance payment for the salary increase herein authorized. However, implementation of the salary adjustment herein authorized for public school teachers and related personnel with over-and-above allowance shall be as follows (Illustrative Example C***) :

5.1.4.1 The over-and-above allowance shall first be added to the salary rate in the equivalent salary grade and step under the Salary Schedule marked Annex B;

5.1.4.2 If the total is below the first step of the salary grade allocation of the position in the new Salary Schedule, adjustment shall be to the first step; if in-between steps or equal to any of the step, to the next higher step; if in excess of the maximum or eighth step, to the eighth step and the excess shall be treated as transition allowance which shall be deducted from whatever salary adjustments that such employee may be authorized in the future.

5.1.5 Appointments effective January 1, 1997 and/or November 1, 1997, and thereafter, shall be at the first step of the salary grade allocation of the position in the applicable Salary Schedule prescribed in Item 5.1.1 hereof and subject further to compensation rules and regulations in Annex C* of this Circular.

5.1.6 Notwithstanding the salary increase authorized in this Circular, there shall be no increase in the present rates of allowances and benefits of officials and employees of regular government offices/agencies, state universities and colleges, government-owned and/or-controlled corporations and financial institutions which are based on a percentage of their basic salaries such as RATA, Provident Fund and other similar personnel benefits. However, contributions to the GSIS Retirement and Life Insurance Premium and the Employees Compensation Insurance Premium (ECIP) are not covered by restrictions under this Section.

5.1.7 The PERA and ADCOM shall continue to be paid as allowances and are not considered integrated into the basic salary rates contained in the Salary Schedules in Item 5.1.1 hereof.

5.1.8 Contractual employees whose salaries are paid out of lump-sum appropriations or project funds may be entitled to a premium of not more than twenty-percent (20%) of the adjusted minimum hiring rate of comparable regular positions (Illustrative Example D **).

5.1.9 The Wage Rates of daily paid employees shall be computed by dividing the monthly salary rates shown in said Salary Schedules 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.

5.1.10 The rates contained in said Salary Schedules, plus transition allowance in the case of employees with transition allowance, shall be used as basis for computing retirement pay, year-end bonus and other similar benefits, provided that for those will be compulsorily separated from the government service for having reached the age of mandatory retirement, or due to death, sickness/disability in 1997 but before the full implementation effective November 1, 1997, the computation of their retirement/separation benefits, gratuity and payment of accumulated leave credits