

**[DBM NATIONAL COMPENSATION CIRCULAR NO.
74, January 02, 1995]**

**GUIDELINES FOR THE SECOND YEAR IMPLEMENTATION OF THE
NEW SALARY SCHEDULE IN THE GOVERNMENT**

1.0
Purpose

This Circular is being issued to prescribe rules and regulations to govern the second year implementation of the new salary schedule in the Government as mandated under Executive Order No. 218, dated January 1, 1995, providing for one thousand peso (P1,000) increase over the monthly basic salaries as of December 31, 1994 of government personnel, effective January 1, 1995.

2.0
Coverage

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

3.0
Exemptions

3.1 Officials and employees of agencies which are exempt from the Position Classification and Compensation System and/or do not follow the Salary Schedule prescribed for government employees.

3.2 Consultants and experts hired by government entitled 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.

3.4 Laborers hired as part of a job or contract (pakiao), those paid on piecework basis, including mail contractors, and other 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 forms of additional compensation usually paid in addition to basic salary.

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.

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 LGUs to public school teachers prior to July 1, 1989, and which was added over and above their basic salary.

5.0 Compensation Rules

5.1 For Civilian Personnel

5.1.1 The salary grades in the salary schedule prescribed under RA 6758 and the corresponding salary grade allocation of positions pursuant thereto shall be maintained. For purposes of the salary increase herein authorized, the monetary value of each salary step is hereby adjusted effective January 1, 1995, as indicated in the following Interim Salary Schedule* .

5.1.2 Incumbents shall receive the salary rates corresponding to their designated salary steps in the salary grade allocation of their positions as of December 31, 1995. Likewise, incumbents of positions which were moved to a higher salary grade allocation under Joint Senate and House of Representatives Resolution No. 1, s. 1994 as adopted under EO No. 164, shall continue to receive the salary rate of their old salary grade allocation as of December 31, 1994.

5.1.3 Incumbents with transition allowance and/or "over-and-above allowance" shall likewise be entitled to the salary adjustments authorized herein. The excess of their adjusted salary over the prescribed salary rates shall be treated as advance implementation of the Salary Schedule contained under Joint Senate and House Representatives Resolution No. 1, s. 1994 as adopted by EO No. 164 (Illustrative Example A).

5.1.4 Appointments effective January 1, 1995 and thereafter shall be at the first step of the salary grade allocation of the position prescribed under Item 5.1.1 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.

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

5.1.6 Contractual Employees whose salaries are paid-out of lump-sum