



26 March 2019

MEMORANDUM CIRCULAR NO. 32
Series of 2019

T O: All VSU Employees

R E: National Budget Circular No. 575 dated March 25, 2019

For the information of everybody, attached is National Budget Circular No. 575 dated March 25, 2019 entitled Implementation of the Fourth Tranche Compensation Adjustment for Civilian Personnel in the National Government.

Please be guided accordingly.


EDGARDO E. TULIN
President



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

NATIONAL BUDGET CIRCULAR

No. 575
March 25, 2019

To : Heads of Departments, Agencies, and Other Offices of the National Government, including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG) and State Universities and Colleges (SUCs); and All Others Concerned

Subject : IMPLEMENTATION OF THE FOURTH TRANCHE COMPENSATION ADJUSTMENT FOR CIVILIAN PERSONNEL IN THE NATIONAL GOVERNMENT

1.0 Background

Executive Order (EO) No. 201, s. 2016 entitled, "*Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel*" was signed by the President in accordance with the authority vested in him under Presidential Decree (PD) No. 985¹ and Congress Joint Resolution (JR) No. 4, s. 2009.²

The issuance of EO No. 201 is consistent with the governing principle of the Compensation and Position Classification System (CPCS), as espoused under Congress JR No. 4, that compensation of government personnel shall be generally comparable with those in the private sector doing comparable work in order to attract, retain, and motivate a core of competent civil servants.

EO No. 201 provided for a four-year (2016-2019) implementation of the compensation adjustment.

Further, EO No. 76, s. 2019³ amended Section 15(a) of EO No. 201 which provides the funding sources for the amounts necessary to implement the said EO.

¹ Dated August 22, 1976 entitled, "A Decree Revising the Position Classification and Compensation Systems in the National Government, and Integrating the Same."

² Dated June 17, 2009 entitled, "Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes."

³ Dated March 15, 2019 entitled, "Amending Executive Order No. 201 (s. 2016), Entitled 'Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel.'"

2.0 Purpose

This Circular is issued to prescribe the guidelines, rules and regulations for the implementation of the fourth tranche compensation adjustment stipulated in EO No. 201, s. 2016 and EO No. 76, s. 2019.

3.0 Coverage

The Circular covers all positions for civilian personnel, whether regular, casual, or contractual in nature, appointive or elective, full-time or part-time, now existing or hereafter created in the Executive, Legislative and Judicial Branches, the Constitutional Commissions and other Constitutional Offices, and SUCs.

4.0 Exclusions

Those engaged without employer-employee relationship and funded from non-Personnel Services (PS) appropriations/budgets are excluded from the coverage of this Circular, as follows:

- 4.1 Consultants and experts engaged for a limited period to perform specific activities or services with expected outputs;
- 4.2 Laborers engaged through job contracts (*pakyaw*) and those paid on piecework basis;
- 4.3 Student workers and apprentices; and
- 4.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

5.0 Implementation of the Fourth Tranche Monthly Salary Schedule for Civilian Personnel Effective January 1, 2019

The new salary rates shall be in accordance with the Fourth Tranche Monthly Salary Schedule for Civilian Personnel under Section 3 of EO No. 201, s. 2016, attached as Annex "A" in this Circular.

5.1 Rules for Adjusting Salaries

- 5.1.1 The salaries of incumbent civilian personnel shall be adjusted to the rates in the Salary Schedule in Annex "A" corresponding to the designated steps of the salary grade allocations of their positions as of December 31, 2018, provided, that their positions and salary grades are in accordance with the Index of Occupational Services, Occupational Groups, Classes, and Salary Grades issued under Budget Circular (BC) No. 2018-4 dated October 16, 2018, and additions/modifications thereto.
- 5.1.2 If the actual monthly basic salary of an incumbent as of December 31, 2018 falls between steps of the salary grade allocation of the position due to the grant of service award or as a result of demotion or transfer due to the exigency of the service, the salary shall be adjusted to the rate for the higher step in the Salary Schedule in Annex "A".



5.1.3 If the actual monthly basic salary of an incumbent as of December 31, 2018 exceeds that for Step 8 of the salary grade allocation of the position:

5.1.3.1 The salary shall be adjusted to the rate for Step 8 of the same salary grade in the Salary Schedule in Annex "A".

5.1.3.2 The employee shall not be entitled to salary increase if the actual salary as of December 31, 2018 exceeds the rate for Step 8 of the same salary grade in the Salary Schedule in Annex "A".

5.1.4 The salary of a new hire shall be the rate corresponding to Step 1 of the salary grade allocation of the position in the Salary Schedule in Annex "A".

5.1.5 The salaries/wages of contractual/casual personnel shall be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions in the Salary Schedule in Annex "A". The adjusted daily wage rates of casual personnel shall be computed by dividing the monthly rates by 22 work days per month.

5.1.6 Compulsory retirees whose services have been extended beyond December 31, 2018 shall be entitled to salary increase following items 5.1.1 to 5.1.3 of this Circular, whichever is applicable. However, their retirement benefits, including Terminal Leave Benefits, shall be computed based on their monthly basic salaries as of the day prior to the effectivity of their retirement, consistent with existing laws, rules and regulations.

6.0 Mid-Year Bonus

The **Mid-Year Bonus** equivalent to one (1) month basic salary as of May 15 shall be granted to those who have rendered at least four (4) months of satisfactory service and are still in the service as of same date, to be given not earlier than May 15 of every year, subject to the rules and regulations provided under BC No. 2017-2 dated May 8, 2017.⁴

7.0 Productivity Enhancement Incentive (PEI)

The **PEI** in the amount of P5,000.00 shall be granted to qualified government personnel not earlier than December 15 of every year, subject to the rules and regulations provided under BC No. 2017-4 dated December 4, 2017.⁵

8.0 Performance-Based Bonus (PBB)

The **PBB** to be granted in FY 2019 based on FY 2018 performance to personnel in national government agencies (NGAs) shall be subject to Memorandum Circular No. 2018-1 dated May 28, 2018⁶ issued by the Inter-Agency Task Force created under Administrative Order No. 25, s. 2011.

⁴ Rules and Regulations on the Grant of the Mid-Year Bonus for FY 2017 and Years Thereafter

⁵ Guidelines on the Grant of Productivity Enhancement Incentive to Government Employees for Fiscal Year 2017 and Years Thereafter

⁶ Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2018 under Executive Order No. 80, s. 2012 and Executive Order No. 201, s. 2016

9.0 Procedural Guidelines

- 9.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of an NGA shall prepare Notices of Salary Adjustment (NOSAs) for incumbent personnel by following the format marked as Annex "B-1" or Annex "B-2", whichever is applicable, for approval by the Head of Agency. For personnel whose actual monthly salaries as of December 31, 2018 exceed the rates corresponding to Step 8 of the salary grade allocations of their positions in Annex "A", the HRMO/AO shall no longer prepare NOSAs.
- 9.2 The NOSAs shall be issued to the personnel concerned, copy furnished the Government Service Insurance System (GSIS), if they are members thereof.
- 9.3 The salary adjustment under this Circular shall be subject to the usual accounting, and auditing rules and regulations, and to appropriate re-adjustment if found not in order. The personnel concerned shall refund any overpayments received.

10.0 Fund Source

The amounts required to implement the compensation adjustment and related fixed expenditures for personnel in the NGAs shall be charged against any available appropriations under the FY 2018 General Appropriations Act, as reenacted.

11.0 Release of Funds

The requirements for compensation adjustment for personnel in the NGAs shall be released through the Special Allotment Release Order and Notice of Cash Allocation for the purpose.

12.0 Responsibilities of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions hereof without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

13.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the Department of Budget and Management for resolution.

14.0 Effectivity

This Circular shall take effect on January 1, 2019.


JANET B. ABUEL
Officer-in-Charge, DBM





ANNEX "A"

Fourth Tranche Monthly Salary Schedule for Civilian Personnel
of the National Government
Effective January 1, 2019
(In Pesos)

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	11,068	11,160	11,254	11,348	11,443	11,538	11,635	11,732
2	11,761	11,851	11,942	12,034	12,126	12,219	12,313	12,407
3	12,466	12,562	12,658	12,756	12,854	12,952	13,052	13,152
4	13,214	13,316	13,418	13,521	13,625	13,729	13,835	13,941
5	14,007	14,115	14,223	14,332	14,442	14,553	14,665	14,777
6	14,847	14,961	15,076	15,192	15,309	15,426	15,545	15,664
7	15,738	15,859	15,981	16,104	16,227	16,352	16,477	16,604
8	16,758	16,910	17,063	17,217	17,372	17,529	17,688	17,848
9	17,975	18,125	18,277	18,430	18,584	18,739	18,896	19,054
10	19,233	19,394	19,556	19,720	19,884	20,051	20,218	20,387
11	20,754	21,038	21,327	21,619	21,915	22,216	22,520	22,829
12	22,938	23,222	23,510	23,801	24,096	24,395	24,697	25,003
13	25,232	25,545	25,861	26,181	26,506	26,834	27,166	27,503
14	27,755	28,099	28,447	28,800	29,156	29,517	29,883	30,253
15	30,531	30,909	31,292	31,680	32,072	32,469	32,871	33,279
16	33,584	34,000	34,421	34,847	35,279	35,716	36,159	36,606
17	36,942	37,400	37,863	38,332	38,807	39,288	39,774	40,267
18	40,637	41,140	41,650	42,165	42,688	43,217	43,752	44,294
19	45,269	46,008	46,759	47,522	48,298	49,086	49,888	50,702
20	51,155	51,989	52,838	53,700	54,577	55,468	56,373	57,293
21	57,805	58,748	59,707	60,681	61,672	62,678	63,701	64,741
22	65,319	66,385	67,469	68,570	69,689	70,827	71,983	73,157
23	73,811	75,015	76,240	77,484	78,749	80,034	81,340	82,668
24	83,406	84,767	86,151	87,557	88,986	90,439	91,915	93,415
25	95,083	96,635	98,212	99,815	101,444	103,100	104,783	106,493
26	107,444	109,197	110,980	112,791	114,632	116,503	118,404	120,337
27	121,411	123,393	125,407	127,454	129,534	131,648	133,797	135,981
28	137,195	139,434	141,710	144,023	146,373	148,763	151,191	153,658
29	155,030	157,561	160,132	162,746	165,402	168,102	170,845	173,634
30	175,184	178,043	180,949	183,903	186,904	189,955	193,055	196,206
31	257,809	262,844	267,978	273,212	278,549	283,989	289,536	295,191
32	307,365	313,564	319,887	326,338	332,919	339,633	346,483	353,470
33	388,096	399,739						



For Regular Positions

Notice of Salary Adjustment

Date: _____

_____.

Pursuant to National Budget Circular No. ____ dated _____, implementing Executive Order (EO) No. 201, s. 2016, as amended by EO No. 76, s. 2019, your salary is hereby adjusted effective January 1, 2019, as follows:

1. Adjusted monthly basic salary effective January 1, 2019, under the new Salary Schedule; SG ____, Step ____

P _____
2. Actual monthly basic salary as of December 31, 2018; SG ____, Step ____

3. Monthly salary adjustment effective January 1, 2019 (1-2)

P _____

It is understood that this salary adjustment is subject to review and post-audit, and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

Head of Agency

Position Title: _____
Salary Grade: _____
Item No./Unique Item No., FY ____ Personnel Services Itemization
and/or Plantilla of Personnel: _____

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For Contractual/Casual Personnel

Notice of Salary/Wage Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. _____ dated _____, implementing Executive Order No. 201, s. 2016, as amended by EO No. 76, s. 2019, your salary/daily wage is hereby adjusted effective _____, as follows:

- 1. Monthly basic salary/daily wage rate under the new Salary Schedule; SG _____, P _____
- 2. Actual monthly basic salary/daily wage rate as of December 31, 2018; SG _____, _____
- 3. Monthly salary adjustment/Daily wage adjustment effective _____ (1-2) P _____

It is understood that this salary/wage adjustment is subject to review and post-audit, and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

Head of Agency

Position Title: _____
Salary Grade: _____

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