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January 12, 2018

DIVISION MEMORANDUM
NO. 022, s. 2018

**PREPARATION OF NOSA FOR THE IMPLEMENTATION OF THE THIRD
TRANCHE COMPENSATION ADJUSTMENT FOR CIVILIAN PERSONNEL IN
THE NATIONAL GOVERNMENT**

TO :Human Resource Officer / Administrative Officer
Public Elementary and Secondary School Heads
All Other Concerned

1. Attached for information and reference is a copy of NBC No. 572 dated January 3, 2018 entitled, "**Implementation of the Third Tranche Compensation Adjustment for Civilian Personnel in the National Government.**"
2. As provided in section 10 of the said circular, HRMOs/ AOs are advised to prepare the Notices of Salary Adjustments (NOSA's) of the incumbent personnel, using Annex B-1 for the regular personnel and should be approved by the Head of Agency. For personnel whose actual monthly salaries as of December 31, 2017 exceeds the rates corresponding to Step 8 of the salary grade allocation of their positions in Annex "A", the HRMO/ AO shall no longer prepare NOSA's.
3. Copy of the approved NOSA should be issued to the personnel concerned, copy furnished the Government Service Insurance System (GSIS) if they are members thereof.
4. NOSA's should be complied in three copies. The copies thereof will be attached to the 201 file of the employees, copy furnished to GSIS and COA for audit purposes.
5. The SDO and all School Heads are likewise reminded to prepare and submit your corresponding NOSA's of your designated schools for immediate compliance thereof.
6. Immediate dissemination of this Memorandum is desired.


VIRGINIA C. ZAPANTA, Ed.D., CESO V
Schools Division Superintendent



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

NATIONAL BUDGET CIRCULAR

No. 572
January 3, 2018

TO : Heads of Departments, Agencies, State Universities and Colleges (SUCs) and Other Offices of the National Government, Including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG), Government-Owned or –Controlled Corporations (GOCCs); and All Others Concerned

SUBJECT : Implementation of the Third 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, s. 1976, PD No. 1597², s. 1978, Republic Act (RA) No. 6758³, s. 1989, and Congress Joint Resolution (JR) No. 4⁴, s. 2009.

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.

2.0 Purpose

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

¹ A Decree Revising the Position Classification and Compensation Systems in the National Government, and Integrating the Same dated August 22, 1976

² Further Rationalizing the System of Compensation and Position Classification in the National Government dated June 11, 1978

³ An Act Prescribing a Revised Compensation and Position Classification System in the Government and for Other Purposes approved on August 21, 1989

⁴ 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 approved on June 17, 2009

3.0 Coverage

This 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, SUCs, and GOCCs not covered by RA No. 10149, s. 2011 which are under the jurisdiction of the Department of Budget and Management (DBM).

The compensation adjustment for the military personnel of the Armed Forces of the Philippines under the Department of National Defense and uniformed personnel of the Philippine National Police, Philippine Public Safety College, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; the Philippine Coast Guard under the Department of Transportation; and the National Mapping and Resource Information Authority under the Department of Environment and Natural Resources shall be covered by a separate issuance of the DBM.

4.0 Exclusions

The following are excluded from the coverage of this Circular:

- 4.1 Government agencies, including GOCCs, that are exempted from RA No. 6758, as amended, expressly provided in their respective enabling law or charter, and are actually implementing their respective CPCS approved by the President of the Philippines;
- 4.2 GOCCs covered by the CPCS established by the Governance Commission for GOCCs and approved by the President of the Philippines under RA No. 10149, s. 2011; and
- 4.3 Those hired without employer-employee relationships and funded from non-Personnel Services (PS) appropriations/budgets, as follows:
 - 4.3.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
 - 4.3.2 Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
 - 4.3.3 Student workers and apprentices; and
 - 4.3.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

5.0 Third Tranche Monthly Salary Schedule for Civilian Personnel, Effective January 1, 2018

The new salary rates shall be in accordance with the Third Tranche Monthly Salary Schedule for Civilian Personnel under Section 3 of EO No. 201, s. 2016, attached as Annex "A" in this National Budget 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, 2017, 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 No. 2006-3 dated May 17, 2006, and the Index of Occupational Services attached to Corporate Compensation Circular No. 10 dated February 15, 1999, and additions/modifications thereto.
- 5.1.2 If the actual monthly basic salary of an incumbent as of December 31, 2017 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 exceeds that for Step 8 of the salary grade allocation of the position as of December 31, 2017:
- 5.1.3.1 The salary shall be adjusted to the rate for Step 8 of the salary grade allocation of the position in the Salary Schedule in Annex "A"; or
- 5.1.3.2 The employee shall not be entitled to salary increase if the actual salary as of December 31, 2017 exceeds the rate for Step 8 of the salary grade allocation of the position in the Salary Schedule in Annex "A."
- 5.1.4 The salaries/wages of incumbent contractual/casual personnel as of December 31, 2017 may be adjusted to the rates corresponding to Step 1 of the salary grade allocations of their positions in the Salary Schedule in Annex "A" effective January 1, 2018. The adjusted daily wage rates of casual personnel shall be computed by dividing the monthly rates by 22 work days per month.
- 5.1.5 Compulsory retirees whose services have been extended beyond December 31, 2017 shall be entitled to salary increases effective January 1, 2018, 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 for All Government Personnel

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 Budget Circular No. 2017-2⁵ dated May 8, 2017.

⁵ Rules and Regulations on the Grant of the Mid-Year Bonus for Fiscal Year 2017 and Years Thereafter

7.0 Productivity Enhancement Incentive (PEI) for All Government Personnel

The **PEI** in the amount of P5,000 shall be granted to qualified government personnel not earlier than December 15 of every year, subject to the rules and regulations provided under Budget Circular No. 2017-4⁶ dated December 4, 2017.

8.0 Performance-Based Bonus (PBB) for Personnel of National Government Agencies

The **PBB** to be granted in FY 2018 based on FY 2017 performance shall be subject to Memorandum Circular Nos. 2017-1⁷ and 2017-2⁸ dated March 9, 2017 and December 21, 2017, respectively, of the Inter-Agency Task Force created under Administrative Order No. 25, s. 2011.

9.0 Implementation of the Third Tranche Salary Increase in GOCCs covered by the DBM

9.1 The implementation of the third tranche salary increase in GOCCs shall be as determined by their respective governing boards. GOCCs which do not have sufficient funds to implement fully the Salary Schedule in Annex "A" may adopt their respective salary schedules at lower rates but at a uniform percentage of the salaries in Annex "A".

9.2 In the formulation of such salary schedules, GOCCs shall ensure that they can fund on a sustainable basis the increased salaries, including the government counterpart to the Retirement and Life Insurance Premiums (RLIP), Pag-IBIG Contributions, PhilHealth Contributions, and Employees Compensation Insurance Premiums.

9.3 In the adjustment of the compensation of incumbent personnel effective not earlier than January 1, 2018, the pertinent rules under this Circular shall apply.

10.0 Procedural Guidelines

10.1 Preparation of Notices of Salary Adjustment (NOSAs)

10.1.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of a national government agency (NGA) or GOCC shall prepare NOSAs for incumbent civilian personnel by following the format marked as Annexes "B-1" or "B-2", whichever is applicable, for approval by the Head of Agency. For personnel whose actual monthly salaries as of December 31, 2017 exceed the rates corresponding to Step 8 of the salary grade allocation of their positions in Annex "A," the HRMO/AO shall no longer prepare NOSAs.

10.1.2 The NOSAs shall be issued to the personnel concerned, copy furnished the Government Service Insurance System if they are members thereof.

⁶ Guidelines on the Grant of the Productivity Enhancement Incentive to Government Employees for Fiscal Year 2017 and Years Thereafter

⁷ Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2017 under Executive Order No. 80, s. 2012 and Executive Order No. 201, s. 2016

⁸ Procedures Ensuring Quality of Validation/Assessment of Requirements for the Grant of Performance-Based Bonus for Fiscal Year 2017

- 10.2 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.

11.0 Fund Sources

- 11.1 The amounts required to implement the compensation adjustment and related fixed expenditures for personnel in the NGAs shall be charged against the respective agency budgets authorized under RA No. 10964 or the FY 2018 General Appropriations Act (GAA).
- 11.2 For covered GOCCs, the amounts required shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for compensation adjustment or for any compensation-related expenditures; provided, further, that the GOCCs shall not resort to increase in fees and charges or borrowings for the purpose; and provided, furthermore, that the implementation of their programs/projects and attainment of performance targets for the year are not adversely affected.

12.0 Release of Funds

- 12.1 The requirements for compensation adjustment for personnel of NGAs shall be released pursuant to the GAA as Allotment Order chargeable against the respective agency PS allotment under the FY 2018 GAA.
- 12.2 In case of deficiency, the agency may submit a request to the DBM for release of funds charged to the Miscellaneous Personnel Benefits Fund.

13.0 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.

14.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

15.0 Effectivity

This Circular shall take effect on January 1, 2018.


BENJAMIN E. DIOKNO
Secretary





**Third Tranche Monthly Salary Schedule for Civilian Personnel
of the National Government
Effective January 1, 2018
(In Pesos)**

| Salary Grade | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1 | 10,510 | 10,602 | 10,695 | 10,789 | 10,884 | 10,982 | 11,076 | 11,173 |
| 2 | 11,200 | 11,293 | 11,386 | 11,480 | 11,575 | 11,671 | 11,767 | 11,864 |
| 3 | 11,914 | 12,013 | 12,112 | 12,212 | 12,313 | 12,414 | 12,517 | 12,620 |
| 4 | 12,674 | 12,778 | 12,884 | 12,990 | 13,097 | 13,206 | 13,315 | 13,424 |
| 5 | 13,481 | 13,606 | 13,705 | 13,818 | 13,932 | 14,047 | 14,163 | 14,280 |
| 6 | 14,340 | 14,459 | 14,578 | 14,699 | 14,820 | 14,942 | 15,066 | 15,190 |
| 7 | 15,254 | 15,380 | 15,507 | 15,635 | 15,765 | 15,895 | 16,026 | 16,158 |
| 8 | 16,282 | 16,433 | 16,585 | 16,739 | 16,895 | 17,051 | 17,209 | 17,369 |
| 9 | 17,473 | 17,627 | 17,781 | 17,937 | 18,095 | 18,253 | 18,413 | 18,575 |
| 10 | 18,718 | 18,883 | 19,048 | 19,215 | 19,384 | 19,567 | 19,725 | 19,898 |
| 11 | 20,179 | 20,437 | 20,698 | 20,963 | 21,231 | 21,502 | 21,777 | 22,055 |
| 12 | 22,149 | 22,410 | 22,674 | 22,942 | 23,212 | 23,486 | 23,763 | 24,043 |
| 13 | 24,224 | 24,510 | 24,799 | 25,091 | 25,387 | 25,686 | 25,989 | 26,296 |
| 14 | 26,494 | 26,806 | 27,122 | 27,442 | 27,766 | 28,093 | 28,424 | 28,759 |
| 15 | 29,010 | 29,359 | 29,713 | 30,071 | 30,432 | 30,799 | 31,170 | 31,545 |
| 16 | 31,765 | 32,147 | 32,535 | 32,926 | 33,323 | 33,724 | 34,130 | 34,541 |
| 17 | 34,781 | 35,201 | 35,624 | 36,053 | 36,487 | 36,927 | 37,371 | 37,821 |
| 18 | 38,085 | 38,543 | 39,007 | 39,477 | 39,952 | 40,433 | 40,920 | 41,413 |
| 19 | 42,099 | 42,730 | 43,371 | 44,020 | 44,680 | 45,350 | 46,030 | 46,720 |
| 20 | 47,037 | 47,742 | 48,457 | 49,184 | 49,921 | 50,669 | 51,428 | 52,199 |
| 21 | 52,554 | 53,341 | 54,141 | 54,952 | 55,776 | 56,612 | 57,460 | 58,322 |
| 22 | 58,717 | 59,597 | 60,491 | 61,397 | 62,318 | 63,252 | 64,200 | 65,162 |
| 23 | 65,604 | 66,587 | 67,585 | 68,598 | 69,627 | 70,670 | 71,730 | 72,805 |
| 24 | 73,299 | 74,397 | 75,512 | 76,644 | 77,793 | 78,959 | 80,143 | 81,344 |
| 25 | 82,439 | 83,674 | 84,928 | 86,201 | 87,493 | 88,805 | 90,136 | 91,487 |
| 26 | 92,108 | 93,488 | 94,889 | 96,312 | 97,755 | 99,221 | 100,708 | 102,217 |
| 27 | 102,910 | 104,453 | 106,019 | 107,608 | 109,221 | 110,858 | 112,519 | 114,210 |
| 28 | 114,981 | 116,704 | 118,453 | 120,229 | 122,031 | 123,860 | 125,716 | 127,601 |
| 29 | 128,467 | 130,392 | 132,346 | 134,330 | 136,343 | 138,387 | 140,461 | 142,566 |
| 30 | 143,534 | 145,685 | 147,869 | 150,085 | 152,335 | 154,618 | 156,935 | 159,288 |
| 31 | 198,168 | 201,615 | 205,121 | 208,689 | 212,318 | 216,011 | 219,768 | 223,590 |
| 32 | 233,857 | 238,035 | 242,288 | 246,618 | 251,024 | 255,509 | 260,074 | 264,721 |
| 33 | 289,401 | 298,083 | | | | | | |

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For Regular Positions

Notice of Salary Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Executive Order No. 201, s. 2016, your salary is hereby adjusted effective January 1, 2018, as follows:

- 1. Adjusted monthly basic salary effective January 1, 2018, under the new Salary Schedule; SG _____, Step _____ P _____
- 2. Actual monthly basic salary as of December 31, 2017; SG _____, Step _____ _____
- 3. Monthly salary adjustment effective January 1, 2018 (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: _____

Copy Furnished: GSIS

For Contractual/Casual Personnel

Notice of Salary/Wage Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Executive Order No. 201, s. 2016, 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, 2017; 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: _____

Copy Furnished: GSIS