



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT



NATIONAL BUDGET CIRCULAR

No. 579
January 24, 2020

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

SUBJECT : Implementation of the First Tranche of the Modified Salary Schedule for Civilian Personnel in the National Government Pursuant to Republic Act (RA) No. 11466

1.0 Background

RA No. 11466¹, otherwise known as the “Salary Standardization Law of 2019,” modifies the Salary Schedule for Civilian Personnel and authorizes the grant of additional benefits.

The modified Salary Schedule for Civilian Personnel shall be implemented in four (4) tranches, from FY 2020 to FY 2023.

RA No. 11466 also provides for the grant of the Mid-Year Bonus as part of the Incentives under the Total Compensation Framework (TCF). Likewise, it states that the Program on Awards and Incentives for Service Excellence (PRAISE) instituted by the Civil Service Commission (CSC) pursuant to the provisions of Executive Order (EO) No. 292 (Administrative Code of 1987) shall be categorized under the Incentives component of the TCF.

2.0 Purpose

This Circular is issued to prescribe the guidelines, rules, and regulations for the implementation of the first tranche of the modified Salary Schedule for Civilian Personnel and the grant of additional benefits stipulated in RA No. 11466.

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

¹ An Act Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits, and for Other Purposes

covered by RA No. 10149² which are under the jurisdiction of the Department of Budget and Management (DBM).

4.0 Exclusions

The following are excluded from the coverage of this Circular:

- 4.1 Military and uniformed personnel;
- 4.2 GOCCs under RA No. 10149 which shall be covered by a Compensation and Position Classification System (CPCS) established by the Governance Commission for GOCCs (GCG) and approved by the President of the Philippines; and
- 4.3 Individuals engaged without employer-employee relationship and funded from non-Personnel Services (PS) appropriations/budgets, as follows:
 - 4.3.1 Consultants and experts engaged for a limited period to perform specific activities or services with expected outputs;
 - 4.3.2 Laborers engaged through job contracts (*pakyaw*) and those paid on piecework basis;
 - 4.3.3 Student workers and apprentices; and
 - 4.3.4 Those whose services are engaged through job orders, contracts of service, or others similarly situated.

5.0 Compensation System

The TCF established under Item (4) of Joint Resolution No. 4³, s. 2009, consisting of the following components, shall continue to be adopted:

- 5.1 Basic Salaries including Step Increments;
- 5.2 Standard Allowances and Benefits;
- 5.3 Specific-Purpose Allowances and Benefits; and
- 5.4 Incentives.

6.0 Implementation of the First Tranche of the Modified Salary Schedule for Civilian Personnel Effective January 1, 2020

The new salary rates shall be in accordance with the First Tranche Monthly Salary Schedule for Civilian Personnel, attached as Annex "A" in this Circular.

- 6.1 Rules for Adjusting Salaries

² An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes

³ 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

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- 6.1.1 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, 2019, 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. 2018-4⁴ dated October 16, 2018, and additions/modifications thereto.
- 6.1.2 If the actual monthly basic salary of an incumbent as of December 31, 2019 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".
- 6.1.3 If the actual monthly basic salary of an incumbent as of December 31, 2019 exceeds that for Step 8 of the salary grade allocation of the position:
- 6.1.3.1 The salary shall be adjusted to the rate for Step 8 of the same salary grade in the Salary Schedule in Annex "A".
- 6.1.3.2 The employee shall not be entitled to salary increase if the actual salary as of December 31, 2019 exceeds the rate for Step 8 of the same salary grade in the Salary Schedule in Annex "A".
- 6.1.4 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".
- 6.1.5 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.
- 6.1.6 Compulsory retirees whose services have been extended beyond December 31, 2019 shall be entitled to salary increase following items 6.1.1 to 6.1.3 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.

7.0 Mid-Year Bonus

As part of the Incentives under the TCF, the **Mid-Year Bonus** equivalent to one (1) month basic salary as of May 15 of a given year 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. 2017-2⁵ dated May 8, 2017.

⁴ Index of Occupational Services, Occupational Groups, Classes and Salary Grades, CY 2018 Edition

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

8.0 Year-End Bonus

The existing Year-End Bonus equivalent to one (1) month basic salary and Cash Gift of P5,000.00, which are categorized under the Standard Allowances and Benefits component of the TCF, shall be given in November of every year.

9.0 PRAISE

The **PRAISE** instituted by the CSC pursuant to the provisions of EO No. 292 stipulating the establishment of an employee suggestions and incentive awards system, shall be categorized under the Incentives component of the TCF. The guidelines on the monetary and/or non-monetary rewards for recognition of personnel under the PRAISE shall be issued by the CSC in consultation with the DBM.

10.0 Implementation of the First Tranche of the Modified Salary Schedule in GOCCs Covered by the DBM

10.1 The implementation of the First Tranche Monthly Salary Schedule in GOCCs covered by the DBM shall be as determined by their respective governing boards. However, the implementation period shall not be less than four (4) years depending on their financial capabilities; Provided that the initial implementation shall not be earlier than January 1, 2020.

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

10.3 In the adjustment of the salaries of incumbent personnel effective not earlier than January 1, 2020, the pertinent rules under this Circular shall apply.

11.0 Procedural Guidelines

11.1 The Human Resource Management Officer (HRMO)/Administrative Officer (AO) of a national government agency (NGA) or GOCC shall prepare Notices of Salary Adjustment (NOSAs) for incumbent civilian 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, 2019 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.

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

11.3 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.



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12.0 Fund Sources

- 12.1 The amounts required to implement the salary adjustment and related fixed expenditures of personnel in NGAs shall be charged against the Miscellaneous Personnel Benefits Fund (MPBF) authorized under RA No. 11465 or the FY 2020 General Appropriations Act (GAA).
- 12.2 The amounts required to implement the salary adjustment and related fixed expenditures of casual and contractual personnel in NGAs whose salaries are drawn from the lumpsum appropriations for non-itemized positions shall be sourced from the agency's lumpsum appropriations included in the FY 2020 budget.
- 12.3 For covered GOCCs, the amounts shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for salary adjustment or any related expenditures; provided, further, that the GOCCs shall not resort to borrowings for the purpose; and provided, furthermore, that the performance targets in their DBM-approved COBs are met and their programs/projects for the year are not adversely affected.

13.0 Release of Funds

- 13.1 The DBM shall release to the agencies concerned the Special Allotment Release Orders (SAROs) to implement the first tranche of the salary adjustment prescribed under RA No. 11466, to wit:
 - 13.1.1 For the full year requirements of the salary adjustment, based on data from the Government Manpower Information System, chargeable against the MBPF under the FY 2020 GAA; and
 - 13.1.2 For the related fixed expenditures of regular personnel, i.e., RLIP requirements, chargeable against automatic appropriations.
 - 13.1.3 The SARO shall be released directly to the operating units of the agencies concerned based on the **number of filled positions as of December 31, 2019**.
- 13.2 The DBM shall issue the corresponding Notice of Cash Allocation, with monthly breakdown, to cover the total annual requirement, i.e., January 2020 to December 2020, for this salary adjustment and related fixed expenditures, consistent with applicable guidelines.
- 13.3 Additional release of funds for newly filled positions after the **December 31, 2019 cut-off date** cited above shall be subject to the submission by the agency of the following:
 - 13.3.1 Information on the item numbers, positions and salary grades, names of incumbents, salaries, and dates of assumption to duty;
 - 13.3.2 Latest Statement of Appropriations, Allotments, Obligations, Disbursements and Balances, highlighting the amount of allotments received and corresponding obligations and disbursements incurred for salary adjustments.



14.0 Exempt Entities

Consistent with Section 12 of RA No. 11466, exempt entities shall be governed by their respective CPCS which shall be made effective upon the recommendation of the DBM or the GCG, as the case may be, and approval by the President of the Philippines.

Exempt entities refer to: (a) government agencies that are not covered by the CPCS authorized under RA No. 6758, as amended; (b) GOCCs governed by the CPCS established by the GCG under RA No. 10149; and (c) those authorized by law and have actually adopted their own CPCS.

15.0 Applicability to Certain Officials

Pursuant to Section 6 of Article VII and Section 10 of Article VI of the Constitution, the salaries authorized herein for the President of the Philippines, Vice-President of the Philippines, and Members of Congress shall take effect only after the expiration of the respective terms of the present incumbents.

16.0 Responsibilities of Agencies

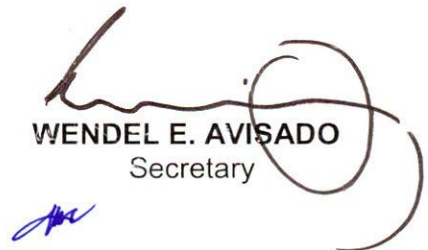
Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions hereof without prejudice to the refund by the employees concerned of any excess or unauthorized payments.


17.0 Resolution of Cases


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

18.0 Effectivity

This Circular shall take effect on January 1, 2020.


WENDEL E. AVISADO
Secretary



Department of Budget
and Management

DSEC-2020-02137

**First Tranche Monthly Salary Schedule for Civilian Personnel
of the National Government
Effective January 1, 2020
(In Pesos)**

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	11,551	11,647	11,745	11,843	11,942	12,042	12,143	12,244
2	12,276	12,369	12,464	12,560	12,657	12,754	12,852	12,950
3	13,019	13,119	13,220	13,322	13,424	13,527	13,631	13,736
4	13,807	13,914	14,020	14,128	14,236	14,345	14,456	14,567
5	14,641	14,754	14,867	14,981	15,096	15,212	15,329	15,446
6	15,524	15,643	15,763	15,884	16,007	16,129	16,253	16,378
7	16,458	16,585	16,713	16,841	16,970	17,101	17,231	17,364
8	17,505	17,663	17,823	17,984	18,146	18,310	18,476	18,643
9	18,784	18,941	19,100	19,259	19,420	19,582	19,746	19,911
10	20,219	20,388	20,558	20,731	20,903	21,079	21,254	21,432
11	22,316	22,600	22,889	23,181	23,477	23,778	24,082	24,391
12	24,495	24,779	25,067	25,358	25,653	25,952	26,254	26,560
13	26,754	27,067	27,383	27,703	28,028	28,356	28,688	29,025
14	29,277	29,621	29,969	30,322	30,678	31,039	31,405	31,775
15	32,053	32,431	32,814	33,202	33,594	33,991	34,393	34,801
16	35,106	35,522	35,943	36,369	36,801	37,238	37,681	38,128
17	38,464	38,922	39,385	39,854	40,329	40,810	41,296	41,789
18	42,159	42,662	43,172	43,687	44,210	44,739	45,274	45,816
19	46,791	47,530	48,281	49,044	49,820	50,608	51,410	52,224
20	52,703	53,537	54,386	55,248	56,125	57,016	57,921	58,841
21	59,353	60,296	61,255	62,229	63,220	64,226	65,249	66,289
22	66,867	67,933	69,017	70,118	71,237	72,375	73,531	74,705
23	75,359	76,563	77,788	79,034	80,324	81,635	82,967	84,321
24	85,074	86,462	87,874	89,308	90,766	92,248	93,753	95,283
25	96,985	98,568	100,176	101,811	103,473	105,162	106,879	108,623
26	109,593	111,381	113,200	115,047	116,925	118,833	120,772	122,744
27	123,839	125,861	127,915	130,003	132,125	134,281	136,473	138,701
28	139,939	142,223	144,544	146,903	149,300	151,738	154,215	156,731
29	158,131	160,712	163,335	166,001	168,710	171,464	174,262	177,107
30	178,688	181,604	184,568	187,581	190,642	193,754	196,916	200,130
31	262,965	268,101	273,338	278,676	284,120	289,669	295,327	301,095
32	313,512	319,835	326,285	332,865	339,577	346,426	353,413	360,539
33	395,858	407,734						

For Regular Positions

Notice of Salary Adjustment

Date: _____

_____:

Pursuant to National Budget Circular No. ____ dated _____, implementing Republic Act No. ____ dated _____, your salary is hereby adjusted effective January 1, 2020, as follows:

- 1. Adjusted monthly basic salary effective January 1, 2020, under the new Salary Schedule; SG ____, Step ____ ₱ _____
- 2. Actual monthly basic salary as of December 31, 2019; SG ____, Step ____ _____
- 3. Monthly salary adjustment effective January 1, 2020 (1-2) ₱ _____

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 Republic Act No. ____ dated _____, your salary/daily wage is hereby adjusted effective _____, as follows:

- 1. Monthly basic salary/daily wage rate under the new Salary Schedule; SG _____, ₱ _____
- 2. Actual monthly basic salary/daily wage rate as of December 31, 2019; SG _____ _____
- 3. Monthly salary adjustment/Daily wage adjustment effective _____ (1-2) ₱ _____

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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