

**[DBM NATIONAL BUDGET CIRCULAR NO. 448
SERIES OF 1996, January 02, 1996]**

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

1. PURPOSE

This Circular is being issued to prescribe rules and regulations to govern the third year implementation of the new salary Schedule in the Government as mandated under Executive Order No. 290, dated January 1, 1996.

2. 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 , state universities and colleges and government-owned and/or -controlled corporations and government financial institutions.

3. 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 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.

3.4 Laborers hired as part of a job contract (pakiao), those paid on piecework basis, including mail contractors, and others similarly situated.

4. DEFINITION OF TERMS

4.1 The present salary of an incumbent for purposes of this Circular shall mean the actual basic salary rate received as of December 31, 1995, exclusive of Personnel Economic Relief Allowance (PERA), Additional Compensation, representation and transportation allowances, bonus and cash gift, honoraria, the 20% premium over the basic pay of contractual personnel and any other form of 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 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 prior to July 1, 1989, and which was added over and above their basic salary.

5. 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, 1996, as indicated in the following *Third Interim Salary Schedule** (TISS):

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 (*Illustrative Example A*)*. However, incumbents of positions which are moved to a higher salary grade allocation under Joint Senate-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, 1995.

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 salaries over the prescribed salary rates shall be treated as advance implementation of the new Salary Schedule contained under Joint Senate-House of Representatives Resolution No. 1, s. 1994 as adopted by EO No. 164 (*Illustrative Examples B and C*)*. However, in cases where the present salary plus transition allowance of an employee as defined in Item 4 above already exceed the 8th or the maximum step of the salary grade allocation of the position under the new Salary Schedule prescribed in said Joint Resolution No. 1, or when as a consequence of the salary adjustment herein authorized, the adjusted salary rate plus the transition allowance will exceed said 8th or maximum step, the transition allowance shall be deducted from or reduced by the salary adjustment herein authorized. Any excess thereafter shall be deducted from whatever salary adjustments that such employee may be authorized in the future (*Illustrative examples D, D-1 and D-2*)*.

5.1.4 Appointments effective January 1, 1996 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 a duly approved permanent appointment a salary higher than the first step, he shall be allowed to receive such previous salary rate but not exceeding the maximum of the salary grade allocation of the position that is the same as or higher than that of the former position. Otherwise, only the first step shall be allowed.

5.1.5 Notwithstanding the salary increase authorized in this Circular, there shall be no increase in the present rates of allowances and benefits of officials and