

FIRST DIVISION

[G.R. No. 174237, February 18, 2010]

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DECISION

CARPIO MORALES, J.:

On December 16, 1975, **Presidential Decree No. 847**, "ADOPTING A COMPENSATION SCHEME FOR THE CAREER EXECUTIVE SERVICE AND RELATED MATTERS," was issued, its provision pertinent to the case at bar reads:

SECTION 3. As a general rule, the salaries of **Career Executive Service Officers** shall start at Grade 2 of the corresponding rank in this Compensation Scheme and those of incumbents of and new appointees to Career Executive Service positions who are **not Career Executive Service Officers** shall start at Grade 1 of the corresponding rank: Provided, That in the case of said incumbents who are not members of the Career Executive Service, subsequent salary increases and/or rank promotions may be granted only after satisfactory completion of the Career Executive Service Development Program and compliance with such requirements as the Board shall set: Provided, further, That nothing herein stated shall reduce any salary received by any incumbent of any Career Executive Service position as a consequence of the implementation of the herein Compensation Scheme, except that the salary of his successor shall be in conformity with this Scheme. (emphasis and underscoring supplied)

On July 3, 1991, the Office of the President issued Memorandum Order No. 372, "MODIFYING THE RANKING STRUCTURE AND SALARY SCHEDULE IN THE CAREER EXECUTIVE SERVICE (CES)," the relevant sections of which provide:

SECTION 1. The ranking structure and salary schedule in the Career Executive Service (CES) are hereby modified to read as follows:

CES Rank Salary Grade

CESO I	SG 30
CESO II	SG 29
CESO III	SG 28
CESO IV	SG 27
CESO V	SG 26
CESO VI	SG 25

SECTION 2. The Career Executive Service Board shall establish the mechanics for the classification of members of the CES in accordance with the above ranking structure and shall issue the corresponding rules and regulations.

SECTION 3. All issuances, rules and regulations or parts thereof inconsistent with the provisions of this Memorandum Order are hereby repealed. (underscoring supplied)

On October 21, 1994, the Civil Service Commission (CSC) issued **Resolution No. 94-5840** providing that a Career Executive Service Officer (CESO) is entitled to the second step of the salary grade of his rank.^[1]

The Career Executive Service Board (CESB) later issued, on April 12, 1996, Resolution No. 129 stating that:

x x x Career Executive Service Officers (CESOs), who were **already receiving at least the second step of the salary grades of their ranks** due to merit or longevity prior to the issuance of CSC Resolution No. 5840, otherwise known as "Rules on Compensation in the CES including those of Graduates of NDCP and CESDP", are **entitled to a one-step adjustment** as provided for in the Paragraph 3.1.4 of subject Resolution, the spirit of which is to set apart the CESOs and non-CESOs;

x x x [E]ntitlement is made retroactive to November 1994, the effectivity date of Resolution No. 5840.^[2] (emphasis and underscoring supplied)

Still later, the CESB issued, on May 29, 1996, Circular No. 12 laying down guidelines on the grant of a one-step adjustment in the salary of CESOs. The applicable provisions of the Circular state:

x x x [A] CESO whose salary at the time of the issuance of CSC Resolution No. 94-5840 is **already on the second or higher step of the salary grade of his rank** by virtue of step increments earlier granted based either on merit or length of service, shall be entitled to a one-step adjustment in the salary grade of his rank effective 26

November 1994; provided that where the rank of a CESO has a salary grade lower than that of the CES position to which he is assigned/appointed to, the one-step salary adjustment shall be based on the salary grade of the higher position; provided, finally, that where the salary of the CESO is already at the eighth step of the salary grade of his rank or position, this one-step entitlement shall no longer apply;

This benefit shall likewise apply to those appointed to the CES ranks *after* the issuance of the said CSC resolution who are already receiving the second or higher step of the salary grades of their ranks subject to the conditions set forth herein;

Career Executive Service Officers (CESOs) are officials who have CES eligibility and have been duly appointed by the president to ranks in the CES;

This Circular shall take effect immediately.^[3] (*italics and underscoring supplied*)

Republic Act (RA) No. 8282, otherwise known as the Social Security Act of 1997, was then enacted, Section 3(c)^[4] of which exempted respondent Social Security System (SSS) from the application of RA No. 6758, "The Compensation and Position Classification Act of 1989" or the Salary Standardization Law. The Social Security Commission (SSC) thus issued, on July 24, 1997, Resolution No. 523 prescribing the new SSS Salary Structure and Benefits Package.

In 1999, petitioners-SSS employees were appointed and/or promoted to CESO ranks.

On June 20, 2001, the SSC approved Resolution No. 483 appropriating funds for the grant of a one-step salary increment to nine SSS CESOs. Shortly thereafter, however, or on June 25, 2001, the Office of the President issued Memorandum Order No. 20, which reads in relevant part:

x x x I, Gloria Macapagal-Arroyo, President of the Republic of the Philippines xxx do hereby order and direct all heads of GOCCs, GFIs and subsidiaries exempt from or not following the SSL to

SECTION 1. Immediately **suspend the grant of any salary increases and new or increased benefits** such as, but not limited to, allowances; incentives; reimbursement of expenses; intelligence, confidential or discretionary funds; extraordinary expenses, and such other benefits not in accordance with those granted under SSL. **This suspension shall cover senior officer level positions**, including Members of the Board of Directors or Trustees.

x x x x

SECTION 3. Any increase in salary or compensation of GOCCs/GFIs that