



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GEN. SOLANO ST., SAN MIGUEL, MANILA

NATIONAL BUDGET CIRCULAR

No. 568
January 5, 2017

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 Second Tranche Compensation Adjustment for Civilian Personnel, and Military and Uniformed 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, PD No. 1597², Republic Act (RA) No. 6758³, 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, 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 second 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

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

3.0 Coverage

The following are covered by this Circular:

- 3.1 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 covered by the Compensation and Position Classification System (CPCS) under Republic Act (RA) No. 6758, as amended by Congress Joint Resolution Nos. 1 and 4, series of 1994 and 2009, respectively;
- 3.2 Military personnel under the Armed Forces of the Philippines, Department of National Defense (DND) and uniformed personnel under the Philippine National Police (PNP), Philippine Public Safety College (PPSC), Bureau of Fire Protection (BFP), and Bureau of Jail Management and Penology (BJMP) of the Department of the Interior and Local Government (DILG); Philippine Coast Guard (PCG) of the Department of Transportation (DOTr); and National Mapping and Resource Information Authority (NAMRIA) of the Department of Environment and Natural Resources (DENR).

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; and
- 4.3 Those hired without employee-employer relationships and funded from non-Personnel Services 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 Second Tranche Monthly Salary Schedule for Civilian Personnel, Effective January 1, 2017

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

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, 2016, 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, 2016 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, 2016:
 - 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, 2016 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, 2016 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, 2017. 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, 2016 shall be entitled to salary increases effective January 1, 2017, following items 4.1.1 to 4.1.3 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 Second Tranche Provisional Allowance Schedule for Military and Uniformed Personnel (MUP), Effective January 1, 2017

The **Provisional Allowance** for MUP shall be in accordance with the Second Tranche Provisional Allowance Schedule for Military and Uniformed Personnel under Section 7 of EO No. 201, attached as Annex "B".

6.1 The grant of Provisional Allowance shall be an interim measure pending the modification and rationalization of the Base Pay Schedule of MUP.

6.2 The Provisional Allowance shall not form part of the base pay. Accordingly, the grant of Provisional Allowance shall not increase the longevity pay, pension and other collateral allowances which are indexed to the base pay.

7.0 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.

The specific guidelines on the grant of the Mid-Year Bonus for FY 2017 shall be issued separately by the Department of Budget and Management (DBM).

8.0 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.

The specific guidelines on the grant of the PEI for FY 2017 shall be issued separately by the DBM.

9.0 Increase in Hazard Pay for MUP, Effective January 1, 2017

The **Hazard Pay** for all MUP for FY 2017 shall be increased from the current rate of P390 per month to P540 per month.

10.0 Second Tranche Officers' Allowance for Certain MUP Ranks, Effective January 1, 2017

The **Officers' Allowance** for certain ranks of MUP shall be in accordance with the Second Tranche Officers' Allowance Schedule under Section 9 of EO No. 201, attached as Annex "C".

10.1 Similar to the Provisional Allowance, the Officers' Allowance shall be an interim measure pending the modification and rationalization of the Base Pay Schedule of military and uniformed personnel.

10.2 The Officers' Allowance shall not form part of the base pay. Accordingly, the grant of Officers' Allowance shall not increase the longevity pay, pension and other collateral allowances which are indexed to the base pay.

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

The **PBB** to be granted in FY 2017 based on FY 2016 performance shall be subject to Memorandum Circular Nos. 2016-1 and 2016-2 dated May 12, 2016 and October 12, 2016, respectively, issued by the Inter-Agency Task Force created under Administrative Order No. 25, series of 2011 (AO 25 IATF).

12.0 Implementation of the Second Tranche Salary Increase in GOCCs covered by the CPCS under RA No. 6758, as amended

- 12.1 The implementation of the second 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".
- 12.2 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.
- 12.3 In the adjustment of the compensation of incumbent personnel effective not earlier than January 1, 2017, the pertinent rules under this Circular shall apply.

13.0 Procedural Guidelines

- 13.1 Preparation of Notices of Salary Adjustment (NOSAs)
 - 13.1.1 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 "D-1" or "D-2", whichever is applicable, for approval by the Head of Agency. For personnel whose actual monthly salaries as of December 31, 2016 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.
 - 13.1.2 The NOSAs shall be issued to the personnel concerned, copy furnished the Government Service Insurance System (GSIS) if they are members thereof.
- 13.2 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.

14.0 Fund Sources

- 14.1 The amounts required to implement the compensation adjustment and related fixed expenditures for personnel in NGAs shall be charged against the respective agency budgets authorized under RA No. 10924 or the FY 2017 General Appropriations Act (GAA).

- 14.2 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 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.

15.0 Release of Funds

- 15.1 The requirements for compensation adjustment for personnel of NGAs shall be released pursuant to the GAA as Allotment Order chargeable against the respective agency Personnel Services (PS) allotment under the FY 2017 GAA.
- 15.2 In case of deficiency, the agency may submit a request to the DBM for release of funds charged to the MPBF.

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, 2017.

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BENJAMIN E. DIOKNO
Secretary

**Second Tranche Monthly Salary Schedule for Civilian Personnel
of the National Government
Effective January 1, 2017
(In Pesos)**

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	9,981	10,072	10,165	10,258	10,352	10,453	10,543	10,640
2	10,667	10,761	10,856	10,952	11,049	11,147	11,245	11,345
3	11,387	11,488	11,589	11,691	11,795	11,899	12,004	12,110
4	12,155	12,262	12,371	12,480	12,591	12,702	12,814	12,927
5	12,975	13,117	13,206	13,322	13,440	13,559	13,679	13,799
6	13,851	13,973	14,096	14,221	14,347	14,474	14,602	14,731
7	14,785	14,916	15,048	15,181	15,315	15,450	15,587	15,725
8	15,818	15,969	16,121	16,275	16,430	16,586	16,744	16,903
9	16,986	17,142	17,299	17,458	17,618	17,780	17,943	18,108
10	18,217	18,385	18,553	18,724	18,896	19,095	19,244	19,421
11	19,620	19,853	20,088	20,326	20,567	20,811	21,058	21,307
12	21,387	21,626	21,868	22,113	22,361	22,611	22,864	23,120
13	23,257	23,517	23,780	24,047	24,315	24,587	24,863	25,141
14	25,290	25,573	25,859	26,149	26,441	26,737	27,036	27,339
15	27,565	27,887	28,214	28,544	28,877	29,214	29,557	29,902
16	30,044	30,396	30,751	31,111	31,474	31,843	32,215	32,592
17	32,747	33,131	33,518	33,909	34,306	34,707	35,113	35,524
18	35,693	36,111	36,532	36,960	37,392	37,829	38,272	38,719
19	39,151	39,685	40,227	40,776	41,333	41,898	42,470	43,051
20	43,250	43,841	44,440	45,047	45,662	46,285	46,917	47,559
21	47,779	48,432	49,094	49,764	50,443	51,132	51,831	52,539
22	52,783	53,503	54,234	54,975	55,726	56,487	57,258	58,040
23	58,310	59,106	59,913	60,732	61,561	62,402	63,255	64,118
24	64,416	65,296	66,187	67,092	68,008	68,937	69,878	70,832
25	71,476	72,452	73,441	74,444	75,461	76,491	77,536	78,595
26	78,960	80,039	81,132	82,240	83,363	84,502	85,657	86,825
27	87,229	88,420	89,628	90,852	92,093	93,351	94,625	95,925
28	96,363	97,679	99,013	100,366	101,736	103,126	104,534	105,962
29	106,454	107,908	109,382	110,875	112,390	113,925	115,481	117,058
30	117,601	119,208	120,836	122,486	124,159	125,855	127,573	129,316
31	152,325	154,649	157,008	159,404	161,836	164,305	166,812	169,357
32	177,929	180,700	183,513	186,372	189,274	192,221	195,215	198,255
33	215,804	222,278						



Annex "B"

**Second Tranche Provisional Allowance Schedule
for Military and Uniformed Personnel
Effective January 1, 2017
(In Pesos)**

DND	DILG		PCG	NAMRIA	Monthly Provisional Allowance
	BJMP and BFP	PNP and PPSC			
Candidate Soldier					547
Private	Fire/Jail Officer I	Police Officer I	Apprentice Seaman/Seaman Third Class	Apprentice Seaman/Seaman Third Class	700
Private First Class			Seaman Second Class	Seaman Second Class	1,050
Corporal	Fire/Jail Officer II	Police Officer II	Seaman First Class	Seaman First Class	1,378
Sergeant			Petty Officer III	Petty Officer III	1,718
Staff Sergeant	Fire/Jail Officer III	Police Officer III	Petty Officer II	Petty Officer II	2,043
Technical Sergeant			Petty Officer I	Petty Officer I	2,471
Master Sergeant	Senior Fire/Jail Officer I	Senior Police Officer I	Chief Petty Officer	Chief Petty Officer	2,954
Senior Master Sergeant	Senior Fire/Jail Officer II	Senior Police Officer II	Senior Chief Petty Officer	Senior Chief Petty Officer	3,500
Chief Master Sergeant	Senior Fire/Jail Officer III	Senior Police Officer III	Master Chief Petty Officer	Master Chief Petty Officer	4,331
First Chief Master Sergeant	Senior Fire/Jail Officer IV	Senior Police Officer IV	First Master Chief Petty Officer	First Master Chief Petty Officer	5,547
Cadet		Cadet	Cadet		5,547
Probationary Second Lieutenant					5,547
Second Lieutenant			Ensign	Ensign	7,030
First Lieutenant	Inspector	Inspector	Lieutenant Junior Grade	Lieutenant Junior Grade	8,661
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	Lieutenant Senior Grade	10,652
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	Lieutenant Commander	12,533
Lieutenant Colonel	Superintendent	Superintendent	Commander	Commander	15,228
Colonel	Senior Superintendent	Senior Superintendent	Captain	Captain	18,016
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	Commodore	21,189
Major General	Director	Director	Rear Admiral	Rear Admiral	24,795
			Vice Admiral	Vice Admiral	28,198
Lieutenant General		Deputy Director General	Admiral	Admiral	31,221
General		Director General			35,260



Annex "C"

**Second Tranche Officers' Allowance Schedule
for Military and Uniformed Personnel
Effective January 1, 2017
(In Pesos)**

DND	DILG		PCG	NAMRIA	Monthly Officers' Allowance
	BJMP and BFP	PNP and PPSC			
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	Lieutenant Senior Grade	3,000
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	Lieutenant Commander	4,500
Lieutenant Colonel	Superintendent	Superintendent	Commander	Commander	6,000
Colonel	Senior Superintendent	Senior Superintendent	Captain	Captain	7,500
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	Commodore	9,000
Major General	Director	Director	Rear Admiral	Rear Admiral	10,500
			Vice Admiral	Vice Admiral	12,000
Lieutenant General		Deputy Director General	Admiral	Admiral	13,000
General		Director General			18,000

 

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, 2017, as follows:

1. Adjusted monthly basic salary effective January 1, 2016, under the new Salary Schedule; SG ____, Step ____ P _____
2. Actual monthly basic salary as of December 31, 2016; SG ____, Step ____ _____
3. Monthly salary adjustment effective January 1, 2016 (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. 2017, 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, 2016;
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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