



Republic of the Philippines  
**Department of Education**

31 JUL 2017

DepEd ORDER  
No. **38**, s. 2017

**FURTHER CLARIFICATIONS TO DEPED ORDER NOS. 12 AND 27, S. 2017**  
(Implementation of P4,000.00 Net Take Home Pay for Department of Education Personnel)

To: Undersecretaries  
Assistant Secretaries  
Bureau and Service Directors  
Regional Directors  
Schools Division Superintendents  
Public Elementary and Secondary Schools Heads  
All Others Concerned

1. The Department of Education (DepEd) issues further clarifications on the provisions of DepEd Order Nos. 12 and 27, s. 2017 with regard to the Implementation of the P4,000.00 Net Take-Home Pay (NTHP) for DepEd Personnel pursuant to Section 47-Authorized Deductions of the General Provisions of the Fiscal Year 2017 General Appropriations Act (GAA), based on the result of the legal review made by this Department on the queuing system and implementing guidelines of payroll deductions.
2. For proper guidance of all concerned, dues or obligations to the Government Service Insurance System (GSIS) and Home Development Mutual Fund (HDMF) include both premiums and loans. Thus, payments for these shall enjoy priority or first preference in deductions from salaries and other benefits accruing to an employee.
3. In accordance with the aforesaid Section 47 of the General Provisions of the FY 2017 GAA, new deductions may not be allowed if those deductions would reduce the NTHP of borrowing employees to an amount lower than the Four Thousand Pesos (P4,000.00) threshold.
4. Notwithstanding the new threshold limit on NTHP, deductions already incorporated in the payroll, shall be continued, even if this effectively reduces the NTHP to lower than the P4,000.00 threshold. This is in accordance with the constitutional guarantee that no law impairing the obligation of contracts shall be passed (Article III, Section 10, 1987 Philippine Constitution). Otherwise, discontinuing or reducing existing deductions could result in the imposition of penalties upon borrowers that would be very disruptive, as it would require significant changes in the payroll system, and would also lead to unreasonable exercise of discretion as to which deductions should be retained or postponed.
5. Moreover, queued deductions, that is, amortizations for previously granted loans, which have not yet been incorporated in the payroll for deduction from the borrowing employee's salary, are considered new deductions for purposes of this Order. Such queued deductions may not be effected unless the P4,000.00 threshold is observed.

6. However, consistent with the guarantee of non-impairment of contracts and the "First In-First Served" queuing system stipulated in the contracts of DepEd with lending institutions, the current sequence of deductions in queue would remain, notwithstanding any new order of preference to be adopted in subsequent GAAs. When the salary threshold allows, the loan amortization that is ahead of the queue would be the first to be deducted from the borrowing employee's salary, **except that deductions due to GSIS and HDMF shall enjoy priority or first order of preference in the deductions**, in view of GSIS being the official government corporation mandated to provide and administer social security benefits for government employees, such as compulsory life insurance, retirement benefits including pension, and death benefits, and HDMF being the government fund that offers a national savings program and an affordable shelter financing for Filipino workers, DepEd employees in particular.

7. The DepEd Authorized Approving Officers (AAOs) must be stringent in certifying or providing confirmation with the GSIS on the NTHP of their DepEd personnel. The AAOs shall educate the DepEd personnel on the consequences of applying for loans with various private lending institutions (PLIs) without considering their capacity to pay. Every day of delay on payment of loans shall mean imposition of penalties and accrued interests by the PLIs and the GSIS.

8. The role of the AAO for GSIS loans is to provide confirmation that DepEd borrowers have sufficient NTHP before their respective loans are granted by the GSIS. Thus, the resulting GSIS loan amortizations must be deducted from their monthly salary on time. The non-payment of GSIS loans granted to DepEd personnel, similar to the non-payment of loans granted by other lending institutions, has legal implications. It may be construed by the GSIS as misrepresentation of fact by the AAO and the concerned borrowers in providing erroneous information with regard to their actual NTHP, and will lead to the possible delay of payment, turnover, and remittance of collections due to GSIS, all of which have sanctions stipulated in Section 52 of Republic Act No. 8291 or the GSIS Act of 1997.

9. All DepEd personnel shall ensure that they have the capacity to pay loans being applied for from private lending institutions accredited under the Automatic Payroll Deduction System (APDS) Program based on their current NTHP. Otherwise, the corresponding loan deductions shall not be accommodated under the said program.

10. Heads of offices/schools are ordered to post this Order in conspicuous places within their respective premises.

11. Immediate dissemination of and strict compliance with this Order is directed.

  
**LEONOR MAGTOLIS BRIONES**  
Secretary

References:

DepEd Order: (Nos. 12 and 27, s. 2017)

To be indicated in the Perpetual Index  
under the following subjects:

CHANGE  
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