



Republic of the Philippines  
**Department of Education**



DepED ORDER  
No. 43, s. 2007

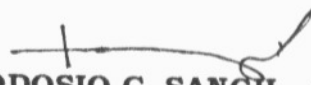
JUL 04 2007

DISSEMINATION OF DBM NATIONAL BUDGET CIRCULAR NO. 511  
(Rules and Regulations on the Grant of Compensation Adjustments  
to National Government Personnel Effective July 1, 2007)

To; Undersecretaries  
Assistant Secretaries  
Bureau Directors  
Directors of Services/Centers and Heads of Units  
Regional Directors  
Schools Division/City Superintendents  
Chiefs of Divisions  
All Others Concerned

1. For the information and guidance of all concerned, enclosed is a copy of Department of Budget and Management (DBM) National Budget Circular No. 511 dated June 18, 2007 prescribing the rules and regulations on the grant of compensation adjustments to national government personnel effective July 1, 2007 as mandated under Executive Order (EO) No. 611 dated March 14, 2007, providing for a 10% salary increase over the monthly basic salaries as of June 30, 2007.

2. Wide dissemination of this Order is directed.

  
**TEODOSIO C. SANGIL, JR.**  
Undersecretary

Encl.: As stated

Reference: DepED Order: No. 21, s. 2000

Allotment: 1—(D.O. 50-97)

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

EMPLOYEES  
OFFICIALS  
RULES & REGULATIONS  
SALARY



REPUBLIC OF THE PHILIPPINES

**Department of Budget and Management**

Building I, General Solano Street, San Miguel, Manila



## NATIONAL BUDGET CIRCULAR

No. 511

June 18, 2007

**TO :** Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including State Universities and Colleges (SUCs); Government-Owned and/or -Controlled Corporations (GOCCS); Government Financial Institutions (GFIs); and All Others Concerned

**SUBJECT :** Rules and Regulations on the Grant of Compensation Adjustments to National Government Personnel Effective July 1, 2007

### 1.0 Purpose

This Circular is issued to prescribe the rules and regulations governing the grant of compensation adjustments authorized under Executive Order (EO) No. 611 dated March 14, 2007.

### 2.0 Coverage

The following are covered by this Circular:

#### 2.1 10% Salary Adjustment for Civilian Government Personnel

The 10% salary adjustment covers all authorized permanent, contractual and casual positions, appointive or elective, on full-time or part-time basis, now existing or hereafter created in National Government Agencies (NGAs), SUCs, GOCCs and GFIs which are covered by RA No. 6758 (Compensation and Position Classification Act of 1989), as amended.

#### 2.2 Adjustments in Subsistence Allowance and Hazard Pay

The adjustments in the Subsistence Allowance and Hazard Pay cover the military and uniformed personnel of the following agencies:

##### 2.2.1 Armed Forces of the Philippines (AFP) under the Department of National Defense;

- 2.2.2 Philippine National Police (PNP), Bureau of Fire Protection (BFP) and Bureau of Jail Management and Penology (BJMP) under the Department of the Interior and Local Government;
- 2.2.3 Philippine Coast Guard (PCG) under the Department of Transportation and Communications; and
- 2.2.4 National Mapping and Resource Information Authority (NAMRIA) under the Department of Environment and Natural Resources .

### 3.0 Exemptions

The following are not covered by the 10% salary adjustment under this Circular:

- 3.1 Positions in entities which are exempt from the coverage of RA No. 6758, as amended;
- 3.2 Positions not entitled to salary increase under the Philippine Constitution until after the expiration of the terms of the incumbents during which such increase was approved;
- 3.3 Military and uniformed personnel of the AFP, PNP, BFP, BJMP, PCG and NAMRIA;
- 3.4 Consultants and experts hired by government entities for a limited period to perform specific activities or services with expected outputs who shall be continually compensated pursuant to existing applicable laws, rules and regulations;
- 3.5 Student laborers, apprentices and others similarly situated who shall be continually compensated pursuant to existing applicable laws, rules and regulations;
- 3.6 Laborers hired through job contracts (pakyaw), those paid on piecework bases, and others similarly situated; and
- 3.7 Those whose services are hired without employee-employer relationships and funded from appropriations/budgets for Maintenance and Other Operating Expenses.

### 4.0 Definition of Terms

- 4.1 For purposes of this Circular, the present monthly salary of an incumbent is the actual monthly basic salary received as of June 30, 2007, inclusive of Transition Allowance, but exclusive of Personnel Economic Relief Allowance, Additional Compensation, Representation and Transportation Allowances as the case may be, honorarium and other forms of additional compensation regularly paid in addition to the monthly basic salary.

- 4.2 The Transition Allowance is the amount of excess of the present basic salary of an incumbent over the salary corresponding to Step 8 of the salary grade allocation of his/her position.

## 5.0 Rules and Regulations

### 5.1 10% Salary Adjustment for Civilian Government Personnel

- 5.1.1 Pursuant to EO No. 611, the monetary values of the salaries corresponding to the salary steps of each salary grade authorized under EO No. 22 dated June 27, 2001, are hereby increased by 10% effective July 1, 2007, as indicated in the Salary Schedule attached as Annex "A."
- 5.1.2 The incumbents of positions shall receive the salaries in the Salary Schedule in Annex "A" which correspond to the designated salary steps of the salary grade allocation of their positions as of June 30, 2007.
- 5.1.3 If the present monthly salary of an incumbent as of June 30, 2007, already exceeds the salary corresponding to Step 8 of the salary grade allocation of his/her position in the Salary Schedule in Annex "A," he/she is no longer entitled to the 10% salary adjustment. The incumbent shall continue to receive such excess which shall be referred to as Transition Allowance. Said allowance shall be ultimately reduced depending on the magnitude of future salary adjustments. It shall be treated as part of the basic salary of an incumbent for purposes of determining retirement benefit, year-end bonus and other compensation/benefits based on salary.
- 5.1.4 The salary rate for a new appointee effective July 1, 2007, and thereafter shall be the salary corresponding to Step 1 of the salary grade allocation of a position in said Salary Schedule. If an appointee has previously received in an approved permanent appointment a salary higher than Step 1 of the salary grade allocation of his/her new position, the pertinent salary rule in Annex "B" of this Circular shall apply.
- 5.1.5 The wages/salaries as of June 30, 2007 of casual/contractual employees paid out of lump-sum appropriations or project funds shall be adjusted to the wages/salaries corresponding to Step 1 of the salary grade allocation of their positions effective July 1, 2007.
- 5.1.6 The daily wage rates of casual employees shall be computed by dividing the monthly salaries corresponding to Step 1 of the salary grade allocation of their positions in said Salary Schedule by 22 work days.

- 5.1.7 In line with Section 6, Article VII and Section 10, Article VI of the Philippine Constitution, the salary adjustment for the President of the Philippines, Vice-President of the Philippines, Senators and Members of the House of Representatives shall take effect only after the expiration of the terms of the incumbents during which such adjustment was approved.
- 5.1.8 GOCCs and GFIs which do not have adequate or sufficient funds shall only partially implement the established rates, provided that any partial implementation shall be at a uniform percentage rate for all positions in each corporate entity. Annex "C" shows how to compute proportionate salary adjustments.
- 5.1.9 Except for the year-end bonus and fixed personnel benefit contributions for Retirement and Life Insurance Premium, PAG-I.B.I.G, PHILHEALTH and Employees Compensation Insurance Premium, there shall be no increase in the present rates of allowances, additional compensation and fringe benefits which are based on percentages of basic salaries notwithstanding the 10% salary increase authorized herein.
- 5.2 Adjustments in the Subsistence Allowance and Hazard Pay for Military and Uniformed Personnel
- 5.2.1 The Subsistence Allowance for the military and uniformed personnel concerned is increased from P60.00 per day to P90.00 per day effective July 1, 2007.
- 5.2.2 The Hazard Pay for the military and uniformed personnel concerned is likewise increased from P120.00 per month to P240.00 per month beginning July 2007.
- 5.2.3 The implementation of the increased rates of Subsistence Allowance and Hazard Pay shall be made in accordance with the internal rules and regulations to be issued by the Department Secretaries concerned, copy furnished the Department of Budget and Management.

## 6.0 Fund Sources

- 6.1 For NGAs, the amounts required to implement the 10% salary adjustment and the increased rates of Subsistence Allowance and Hazard Pay shall be charged against the appropriate funds under RA No. 9401, the FY 2007 General Appropriations Act.

The requirements for non-permanent employees shall be sourced from their respective lump-sum appropriations for salaries/wages included in agency appropriations/budgets.

- 6.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds. The use of funds for the purpose shall be subject to the approval by their respective governing boards.

## **7.0 Release of Funds**

- 7.1 The Department of Budget and Management shall release the funds needed to implement the authorized compensation adjustments in NGAs concerned based on the number of filled positions as of December 31, 2006.
- 7.2 Initially, the release of funds shall cover the requirements for July to September 2007. The requirements for October to December 2007 shall be released by DBM upon submission by agencies concerned of reports on payments made which shall serve as bases for such release.

## **8.0 Notice of Salary Adjustment**

- 8.1 The Head of Agency shall notify each incumbent of a permanent, casual and contractual position concerned of any salary adjustment in accordance with this Circular through a Notice of Salary Adjustment (for an individual without Transition Allowance, Annex "D1;" for and individual with Transition Allowance, Annex "D2").
- 8.2 For officials/employees to be notified with similar information such as classification of positions, salary grades, present salaries and adjusted salaries, Notices of Salary Adjustment (for groups, Annex "E") shall be issued to them in lieu of the forms prescribed in item 8.1 hereof.
- 8.3 Copies of the Notices shall be furnished the Government Service Insurance system if the employees are members thereof.

## **9.0 Post-Audit**

### **9.1 For NGAs**

- 9.1.1 Copies of said Notices shall be furnished the Commission on Audit (COA) for post-audit purposes.
- 9.1.2 Any salary adjustment granted to employees shall be subject to corrective action if found not in order.

### **9.2 For GOCCs and GFIs**

- 9.2.1 GOCCs/GFIs implementing the herein salary adjustment shall accomplish the Plantilla of Personnel and Salary Adjustment Details (PPSAD) for regular positions as shown in Annex "F," aside from the Notices of Salary Adjustment. A separate PPSAD shall be prepared for casual and contractual positions.

9.2.2 The original and three (3) copies of said PPSAD, certified correct by the Human Resource Management Officer/Administrative Officer and approved by the Head of Agency, shall be submitted within thirty (30) days after the grant of the salary adjustment to the Budget and Management Bureau – D (BMB-D) or Regional Office (RO), DBM, which shall examine and verify the entries in the PPSAD and certify them accordingly. The certified copies shall then be distributed as follows: one copy to the Civil Service Commission Regional Office and Field Office concerned; one copy to the COA, for compliance with auditing requirements; one copy to the office of origin; and the original copy to remain with BMB-D or RO, DBM, for records, control and post-audit purposes.

#### 10.0 Responsibility of the Head of Agency

The Head of Agency shall be responsible for the implementation of the provisions of this Circular. He/She shall be held personally liable for any payment of compensation adjustment not in accordance with the provisions of this Circular without prejudice, however, to the refund by the employees concerned of any excess payment made to them.

#### 11.0 Saving Clause

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

#### 12.0 Effectivity

This Circular shall take effect July 1, 2007.

  
ROLANDO G. ANDAYA, JR  
Secretary

**Monthly Salary Schedule for Civilian Personnel  
Effective July 1, 2007**

Salary Grade	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
1	5,590	5,730	5,873	6,020	6,171	6,325	6,483	6,645
2	6,094	6,246	6,402	6,563	6,725	6,894	7,066	7,244
3	6,643	6,808	6,977	7,153	7,330	7,515	7,701	7,895
4	7,174	7,352	7,536	7,724	7,918	8,116	8,318	8,526
5	7,747	7,941	8,139	8,342	8,551	8,765	8,984	9,209
6	8,367	8,576	8,791	9,010	9,236	9,467	9,703	9,946
7	8,953	9,175	9,405	9,640	9,882	10,128	10,382	10,643
8	9,580	9,819	10,064	10,316	10,573	10,837	11,109	11,386
9	10,250	10,506	10,769	11,039	11,315	11,596	11,888	12,183
10	10,933	11,207	11,486	11,774	12,068	12,371	12,680	12,997
11	11,589	11,878	12,175	12,478	12,792	13,112	13,440	13,774
12	12,284	12,591	12,906	13,229	13,559	13,899	14,245	14,601
13	13,021	13,347	13,680	14,022	14,372	14,732	15,101	15,477
14	13,801	14,147	14,500	14,863	15,235	15,616	16,006	16,405
15	14,630	14,995	15,370	15,754	16,148	16,553	16,965	17,391
16	15,508	15,895	16,292	16,701	17,117	17,546	17,985	18,434
17	16,438	16,849	17,270	17,701	18,146	18,599	19,064	19,540
18	17,425	17,861	18,307	18,765	19,235	19,714	20,208	20,713
19	18,471	18,932	19,405	19,891	20,389	20,898	21,420	21,955
20	19,579	20,068	20,569	21,085	21,612	22,152	22,705	23,274
21	20,361	20,871	21,393	21,927	22,475	23,036	23,614	24,203
22	21,176	21,705	22,248	22,804	23,375	23,959	24,558	25,171
23	22,022	22,573	23,139	23,717	24,308	24,917	25,540	26,179
24	22,905	23,477	24,065	24,665	25,284	25,915	26,563	27,227
25	23,821	24,417	25,026	25,653	26,293	26,951	27,624	28,316
26	24,773	25,392	26,028	26,678	27,345	28,028	28,730	29,448
27	25,764	26,409	27,070	27,745	28,438	29,150	29,878	30,626
28	26,795	27,465	28,152	28,855	29,576	30,315	31,074	31,851
29	27,866	28,564	29,277	30,009	30,760	31,529	32,317	33,124
30	31,763	32,557	33,372	34,205	35,060	35,937	36,835	37,755
31	44,468	45,580	46,718	47,886	49,083	50,311	51,568	52,857
32	50,820	52,091	53,393	54,728	56,096	57,498	58,936	60,409
33	63,525							



PGMA Hologram # 39379



*my*



## Salary Rules

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1. **Promotion is a personnel movement from a lower level position to a higher level position.**
  - a. If the basic salary of the employee in his/her former position is below the hiring rate of the new position, he/she shall be allowed the 1<sup>st</sup> step or the hiring rate.
  - b. If the present salary falls in-between salary steps, he/she shall be allowed the higher step.
  - c. If the present salary is equal to any of the salary steps, he/she shall be allowed the next step.
  - d. If the present salary is in excess of the maximum or 8<sup>th</sup> Step, he/she shall be allowed to continue to receive his/her present salary with the excess over the 8<sup>th</sup> Step treated as "Transition Allowance."
  
2. **Demotion is a personnel movement from a higher level position to a lower level position.**
  - a. If the movement is voluntary or at the instance of the official/employee, or as a result of disciplinary action, he/she shall be allowed only the hiring rate for the lower position.
  - b. If the demotion is due to the exigency of the service, the official/employee shall be allowed to continue to receive his/her salary in the higher position.
  
3. **Transfer is a personnel movement from one department or agency to another or from one organizational unit to another within the same agency.**
  - a. If the transfer is to a higher level position, the rules on promotion shall apply.
  - b. If the transfer is to the same level position, the employee shall be allowed to continue to receive his/her present salary.
  - c. If the transfer is to a lower level position, the rules on demotion shall apply.
  
4. **Reclassification of Position is a form of staffing modification and/or position classification action which may be applied only when there has been a substantial change in the regular duties and responsibilities of the incumbent of the position and which may result in a change in any or all of the position attributes: position title, level and salary grade.**
  - a. If the position is reclassified to a position with same salary grade, the incumbent shall be paid his/her present salary.
  - b. If the position is reclassified to a position with higher salary grade, the rule on promotion shall apply.
  - c. If the position is reclassified to a position with lower salary grade, the employee shall continue to receive his/her present salary.
  
5. **Re-employment occurs when an employee who was separated from the government service as a result of reduction in force, re-organization and/or voluntary resignation is re-employed**

He/She shall be paid the hiring rate or 1<sup>st</sup> Step of the new position.

Illustrative Example of Salary Increase Which is Partial at a Uniform Percentage Rate

GOCCA has only P145,000 available for the period, July 1, 2007 to December 31, 2007, for the implementation of the 10% salary adjustment for its 17 officials and employees under NBC No. \_\_\_\_\_, dated \_\_\_\_\_, 2007. The partial at a uniform percentage rate application of said salary adjustment follows:

No. of Positions	Position Title	SG	Actual Salary as of June 30, 2007	Adjusted Salary as of July 1, 2007	Monthly Salary Difference as of July 1, 2007	Year-End Bonus (YEB) Differential	Retirement and Life Insurance Premium (RLIP) Differential	% Application*	Cost for Proportionate and Uniform Application for 6 Months				Total
									Salary Increase	YEB	RLIP		
1	Executive Director	28	P 24,359	P 26,795	P 2,436	P 2,436	P 292	83%	P 2,022	P 2,022	P 242	P 15	
1	Chief Agriculturist	22	19,251	21,176	1,925	1,925	231	83%	1,598	1,598	192	12	
2	Senior Agriculturist	18	15,841	17,425	3,168	3,168	380	83%	2,629	2,629	315	20	
1	Administrative Services Officer IV	18	15,841	17,425	1,584	1,584	190	83%	1,315	1,315	158	10	
6	Agriculturist II	15	13,300	14,630	7,980	7,980	958	83%	6,623	6,623	795	51	
4	Agriculturist I	11	10,535	11,589	4,216	4,216	506	83%	3,499	3,499	420	27	
1	Clerk II	4	6,522	7,174	652	652	78	83%	541	541	65	4	
1	Driver	4	6,522	7,174	652	652	78	83%	541	541	65	4	
17					P 22,613		P 2,713		P 18,768		P 2,252		
					x 6 mos.		x 6 mos.		x 6 mos.		x 6 mos.		
						P 135,678	P 22,613	P 16,278	P 112,608	P 18,768	P 13,512	P 144	

\* Computation of Percentage Application:

$$\begin{aligned} \text{\% of Amount Available} &= \frac{P 145,000}{\text{Salary} + \text{YEB} + \text{RLIP}} \times 100 \\ \text{Over Amount Needed} &= \frac{P 145,000}{P 135,678 + P 22,613 + P 16,278} \times 100 \\ &= \frac{P 145,000}{P 174,569} \times 100 \\ &= 83\% \end{aligned}$$

**Notice of Salary Adjustment**

Date: \_\_\_\_\_

Mr./Ms. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sir/Madam:

Pursuant to National Budget Circular No. \_\_\_\_\_, dated \_\_\_\_\_, 2007, implementing Executive Order No. 611 dated March 14, 2007, your salary is hereby adjusted effective July 1, 2007, as follows:

- 1. Adjusted monthly basic salary effective July 1, 2007 under the New Salary Schedule: SG \_\_\_\_\_ Step \_\_\_\_\_ P \_\_\_\_\_
- 2. Monthly basic salary as of June 30, 2007: SG \_\_\_\_\_, Step \_\_\_\_\_ \_\_\_\_\_
- 3. Salary increase per month effective July 1, 2007 (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.

Position Title: \_\_\_\_\_

Salary Grade: \_\_\_\_\_

Item No./Unique Item No., (FY 200\_ Plantilla of Personnel/PSIPOP): \_\_\_\_\_

Very truly yours,

\_\_\_\_\_  
**Head of Agency**

Notice of Salary Adjustment

Date: \_\_\_\_\_

Mr./Ms. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sir/Madam:

Pursuant to National Budget Circular No. \_\_\_\_\_, dated \_\_\_\_\_, 2007, implementing Executive Order No. 611 dated March 14, 2007, your salary is hereby adjusted effective July 1, 2007, as follows:

- |   |       |
|---|-------|
| 1. Adjusted monthly basic salary effective July 1, 2007 under the new Salary Schedule: SG _____ . Step <u>8</u> | P     |
| 2. Monthly basic salary as of June 30, 2007: SG _____ , Step <u>8</u>   | _____ |
| <u>Add:</u> Transition Allowance  | _____ |
| Total:  | _____ |
| 3. Salary increase per month effective July 1, 2007   | 0.00  |
|   | ----- |
| 4. Remaining balance of Transition Allowance (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.

Position Title: \_\_\_\_\_  
Salary Grade: \_\_\_\_\_  
Item No./Unique Item No., (FY 200\_ Plantilla of Personnel /PSIPOP): \_\_\_\_\_

Very truly yours,

\_\_\_\_\_  
Head of Agency

**Notice of Salary Adjustment**

Date: \_\_\_\_\_

Special Order  
No. \_\_\_\_\_, s. 2007

Pursuant to National Budget Circular No. \_\_\_\_\_, dated \_\_\_\_\_, 2007, implementing Executive Order No. 611 dated March 14, 2007, each of your salaries is hereby adjusted effective July 1, 2007, as follows:

Name of Official/ Employee	Item No. or Unique Item No., FY 200_ Plantilla of Personnel/ PSIPOP	Position Title, Salary Grade and Step
1. _____		
2. _____		
3. _____		
1. Adjusted monthly basic salary effective July 1, 2007 under the new Salary Schedule: SG_____. Step _____		P _____
2. Monthly basic salary as of June 30, 2007: SG _____, Step _____		_____ _____
3. Salary increase per month effective July 1, 2007 (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**

**Plantilla of Personnel and Salary Adjustment Details**  
Pursuant to Executive Order No. 611 dated March 14, 2007  
as Implemented by NBC No. \_\_\_\_\_, dated \_\_\_\_\_, 2007

Agency: \_\_\_\_\_

Item No., FY 200_ Plantilla Of Personnel (1)	DBM Approved Position Title (2)	Actual Monthly Salary as of June 30, 2007 NBC No. 474					Adjusted Monthly Basic Salary Effective July 1, 2007			Salary Increase Per Month Effective July 1, 2007 [10-7] (11)	Balance of Transition Allowance [7-10] (12)	Adjusted Salary Effective July 1, 2007 [10 + 12] (13)	Name of Incumbent (14)	Status of Appointment (15)	
		Salary Grade (3)	Step (4)	Basic Salary/Mo. (5)	Transition Allowance (6)	TOTAL [5 + 6] (7)	Salary Grade (8)	Step (9)	Basic Salary/Mo. (10)						

Prepared/Certified Correct:

Approved:

Human Resource Management  
Officer/Administrative Officer

Head of Agency