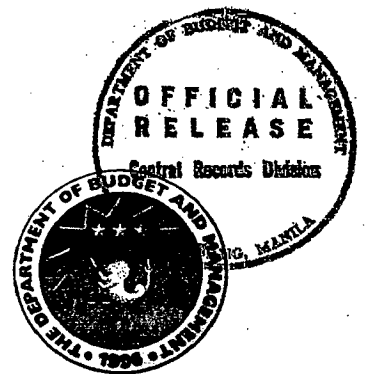




**CIVIL SERVICE COMMISSION
DEPARTMENT OF BUDGET AND MANAGEMENT
JOINT CIRCULAR NO. 1, S. 2012**

September 3, 2012



TO : ALL HEADS OF CONSTITUTIONAL BODIES, DEPARTMENTS, BUREAUS, AND AGENCIES OF THE NATIONAL GOVERNMENT, INCLUDING STATE UNIVERSITIES AND COLLEGES (SUCS), GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS (GOCCS), AND GOVERNMENT FINANCIAL INSTITUTIONS (GFIS); CHIEF EXECUTIVES OF LOCAL GOVERNMENT UNITS (LGUS); AND ALL OTHERS CONCERNED

SUBJECT : Rules and Regulations on the Grant of Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service

1.0 Background

Item (4)(d) of the Senate and House of Representatives Joint Resolution No. 4, s. 2009, "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," approved by the President of the Philippines on June 17, 2009, provides as follows:

"(d) Step Increments – An employee may progress from Step 1 to Step 8 of the salary grade allocation of his/her position in recognition of meritorious performance based on a Performance Management System approved by the CSC and/or through length of service, in accordance with the rules and regulations to be promulgated jointly by the DBM and the CSC.

Employees authorized to receive Longevity Pay under existing laws shall no longer be entitled to Step Increments Due to Length of Service. The grant of Step Increment based on Merit and Performance shall be in lieu of the Productivity Incentive Benefit."

2.0 Purpose

This Joint Circular is issued to prescribe the rules and regulations on the grant of Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service.

3.0 Coverage

This Joint Circular applies to the following personnel covered by Republic Act (R.A.) No. 6758, "Compensation and Position Classification Act of 1989," as amended by the Senate and House of Representatives Joint Resolutions No. 01 approved on March 7, 1994, and No. 4, s. 2009, in national government agencies (NGAs) including SUCs, GOCCs, and GFIs, and in LGUs adopting

CSC-approved Performance Management Systems/Performance Evaluation Systems:

- 3.1 Incumbents of positions for civilian personnel under the career service;
- 3.2 Incumbents of the following positions for civilian personnel under the non-career service whose positions are authorized in the plantilla for regular positions:
 - 3.2.1 Co-terminus with the appointing authority;
 - 3.2.2 Co-terminus with the head of organizational unit where assigned; and
 - 3.2.3 Co-terminus with the lifespan of the agency.

4.0 Exclusions

Excluded from the coverage of this Joint Circular are the following:

- 4.1 Casual personnel;
- 4.2 Contractual personnel;
- 4.3 Personnel in agencies authorized by law to adopt and are actually implementing their own compensation and position classification systems;
- 4.4 Military personnel of the Armed Forces of the Philippines, Department of National Defense; and uniformed personnel of the Philippine National Police, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard; and National Mapping and Resource Information Authority;
- 4.5 Those hired under contracts of service without employee-employer relationships and funded from non-Personal Services appropriations/budgets, as follows:
 - 4.5.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
 - 4.5.2 Laborers hired through job contracts (pakyaw) and workers paid on piecework or job order bases;
 - 4.5.3 Student workers and apprentices;
 - 4.5.4 Others similarly situated; and

4.6 Elective officials.

5.0 Grant of Step Increment/s Due to Meritorious Performance

5.1 The maximum number of employees that may be granted Step Increment/s Due to Meritorious Performance in any given year shall be limited to **five percent (5%)** of all incumbent officials and employees in an agency.

5.1.1 **Two (2) Step Increments due to Meritorious Performance** may be granted to a qualified official or employee who has attained two (2) ratings of "Outstanding" during the two (2) rating periods within a calendar year.

5.1.2 **One (1) Step Increment Due to Meritorious Performance** may be granted to a qualified official or employee who has attained one (1) rating of "Outstanding" and one (1) rating of "Very Satisfactory," or two (2) ratings of "Very Satisfactory" during the two (2) rating periods within a calendar year.

Such performance ratings shall be based on the agency Performance Management System (PMS) approved by the CSC.

5.2 Step Increment/s Due to Meritorious Performance shall be granted initially effective **January 1, 2015**, and subsequently every January 1 of every year thereafter only for those with CSC-approved agency PMS.

5.3 Inasmuch as personnel on secondment, study privilege, scholarship, or training grant for more than three (3) months do not perform the actual duties and responsibilities of their positions in their mother agencies, such engagements shall not be considered in determining entitlement to the grant of Step Increment/s Due to Meritorious Performance.

5.4 The performance of personnel on detail to another agency for three (3) months or more shall be rated by the authorities concerned in the receiving agency. The average performance rating of the detailed personnel shall be considered in the ranking of qualified personnel in either the receiving or the mother agency where the detailee served for a longer period within a given year.

6.0 Grant of Step Increment Due to Length of Service

6.1 **One (1) Step Increment Due to Length of Service** shall be granted to qualified personnel for every three (3) years of continuous satisfactory service in the present position. Said length of service in the present position in the same agency may include the period/s rendered by an incumbent as follows:

- 6.1.1 While on temporary or provisional status of appointment in the same position;
 - 6.1.2 Before his/her present position was reclassified/upgraded/re-allocated; and
 - 6.1.3 Period rendered by him/her prior to re-appointment to the same or comparable position with the same salary grade in a reorganized agency staffing pattern.
- 6.2 Length of service in the present position shall also include the period rendered by an incumbent prior to his/her transfer within the same agency or to another agency in a position with the same or comparable position and salary grade.
- 6.3 The grant of step increment to an official or employee on leave of absence with or without pay for more than three (3) months shall be deferred corresponding to the period of such absence/non-performance of actual duties and responsibilities of his/her position to complete the service and performance rating requirements.
- 6.4 The existing CSC-approved Performance Evaluation System (PES) may still be used as basis for the performance rating up to **December 31, 2014**, for purposes of the grant of Step Increment Due to Length of Service, in the absence of a CSC-approved agency PMS.
- 6.5 An official or employee authorized to be granted Longevity Pay under an existing law is not eligible for the grant of Step Increment Due to Length of Service.

7.0 Adjustment of Salaries

- 7.1 The actual salary (in a given step of a salary grade of a position) of an incumbent who is qualified to be granted one (1) or two (2) Step Increment/s Due to Meritorious Performance or to one (1) Step Increment Due to Length of Service shall be adjusted to the salary corresponding to the next step or the second next step, as the case may be, but only up to Step 8, in the Salary Schedule under implementation. Examples:

Grant of Two (2) Step Increments Due to Meritorious Performance:

- If the actual salary of an incumbent is at SG-10, Step 2, this shall be adjusted to SG-10, Step 4.
- If the actual salary of an incumbent is at SG-22, Step 7, this shall only be adjusted to SG-22, Step 8.

Grant of One (1) Step Increment Due to Meritorious Performance or Due to Length of Service:

- If the actual salary of an incumbent is at SG-10, Step 2, this shall be adjusted to SG-10, Step 3.
- If the actual salary of an incumbent is at SG-22, Step 8, this shall not be adjusted.

7.2 If the actual salary of an incumbent, qualified to the grant of one (1) Step Increment Due to Meritorious Performance or Due to Length of Service, falls between two (2) salary steps, his/her salary shall be adjusted to the higher step. If qualified to two (2) Step Increments Due to Meritorious Performance, his/her salary shall be adjusted to the higher step and one (1) step further, but only up to Step 8. Examples:

Grant of Two (2) Step Increments Due to Meritorious Performance:

- If the actual salary of an incumbent is between Steps 2 and 3 of SG-10, this shall be adjusted to SG-10, Step 4.
- If the actual salary of an incumbent is between Steps 6 and 7 of SG-22, this shall only be adjusted to SG-22, Step 8.

Grant of One (1) Step Increment Due to Meritorious Performance or Due to Length of Service:

- If the actual salary of an incumbent is between Steps 2 and 3 of SG-10, this shall be adjusted to SG-10, Step 3.
- If the actual salary of an incumbent is between Steps 7 and 8 of SG-22, this shall only be adjusted to SG-22, Step 8.

7.3 If the actual salary of an incumbent is already at Step 8, he/she is no longer entitled to further step increment.

8.0 Simultaneous Grant of Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service

An incumbent, if qualified, may be simultaneously granted Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service.

9.0 Discontinued Grant of the Productivity Incentive Benefit (PIB)

In view of the provisions of item (4)(d) of Joint Resolution No. 4 that the Step Increment/s Due to Meritorious Performance shall be in lieu of the PIB, the grant of the latter shall be discontinued beginning Fiscal Year 2015.

10.0 Preparation and Issuance of Notices of Step Increment/s

The Human Resource Management Officer or Administrative Officer concerned shall prepare the Notice of Step Increment/s Due to Meritorious

Performance or Notice of Step Increment Due to Length of Service, as the case may be, following the formats attached as Annexes "A" and "B." The Agency Head shall issue such Notices to the personnel concerned, copy furnished the Government Service Insurance System (GSIS).

11.0 Fund Sources

- 11.1 For NGAs, including SUCs, the step increments shall be charged against agency budgets.
- 11.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds in their approved corporate operating budgets.
- 11.3 For LGUs, the amounts shall be charged against their respective local government funds.
- 11.4 For detailed personnel, the amounts shall be charged against the budgets of their mother agencies.

12.0 Responsibilities of Agency Heads

- 12.1 Agency heads shall be held responsible for facilitating the installation and implementation in their agencies of the CSC-approved PMS, in accordance with the CSC circulars issued for the purpose.
- 12.2 They shall direct the creation of Agency/Office Performance Management Teams (PMTs) and task them accordingly.
 - 12.2.1 The PMTs shall set up the appropriate mechanism to ensure that the total number of personnel to be granted Step Increment/s Due to Meritorious Performance in a given year belongs to the top 5% of all ranked qualified officials and employees.
 - 12.2.2 The PMTs shall also determine the agency officials and employees who shall be granted Step Increment Due to Length of Service.
- 12.3 Agency heads shall also be responsible for the development and review of the agency system and procedure in the recommendation, evaluation, and approval of the grant of step increments to ensure the proper implementation of this Joint Circular.
- 12.4 They shall be held liable for any payment of step increments not in accordance with the provisions of this Joint Circular without prejudice, however, to the refund of any excess/undue payment received by the personnel concerned.

13.0 Complaints and Protests

Complaints and protests arising from the implementation of this Joint Circular shall be governed by CSC Memorandum Circular No. 2, s. 2001, "Revised Policies on the Settlement of Grievances in the Public Sector."

14.0 Saving Clause

Issues and concerns that may arise in the implementation of this Joint Circular shall be resolved jointly by the CSC and the DBM.

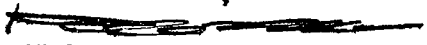
15.0 Repealing Clause

All existing circulars or issuances on the grant of Step Increments Due to Length of Service which are inconsistent with the rules and regulations prescribed herein are hereby repealed.

16.0 Effectivity

This Joint Circular shall take effect fifteen (15) days after its publication in a newspaper of nationwide circulation.


FRANCISCO T. DUQUE III
Chairman
Civil Service Commission


FLORENCIO B. ABAD
Secretary
Department of Budget and Management

Annex "A"

Notice of Step Increment/s Due to Meritorious Performance

Date: _____

Mr./Ms. _____

Dear Mr./Ms. _____:

Pursuant to the Civil Service Commission and Department of Budget and Management Joint Circular No. _____ dated _____, 2012, implementing item (4)(d) of the Senate and House of Representatives Joint Resolution No. 4, s. 2009, approved on June 17, 2009, your salary as _____ (position) is hereby adjusted effective January 1, _____, as follows:

- 1. Actual monthly basic salary as of _____ ₱ _____
(SG-____, Step ____)
- 2. Add: _____ (____) Step Increment/s _____
Due to Meritorious Performance
- 3. Adjusted monthly basic salary effective _____ ₱ _____

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

Item No. ____/Unique Item No. _____
FY _____ Personal Services Itemization and/or
Plantilla of Personnel

CF: GSIS

Annex "B"**Notice of Step Increment Due to Length of Service**

Date: _____

Mr./Ms. _____

Dear Mr./Ms. _____:

Pursuant to the Civil Service Commission and Department of Budget and Management Joint Circular No. _____ dated _____, 2012, implementing item (4)(d) of the Senate and House of Representatives Joint Resolution No. 4, s. 2009, approved on June 17, 2009, your salary as _____ (position) is hereby adjusted effective _____, as follows:

1. Actual monthly basic salary as of _____ P _____
(SG-____, Step ____)
2. Add: one (1) Step Increment Due to Length of Service P _____
3. Adjusted monthly basic salary effective _____ P _____

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

Item No. _____ /Unique Item No. _____
FY _____ Personal Services Itemization and/or
Plantilla of Personnel

CF: GSIS