



REPUBLIKA NG PILIPINAS
REPUBLIC OF THE PHILIPPINES
KAGAWARAN NG EDUKASYON
DEPARTMENT OF EDUCATION
DepEd Complex, Meralco Avenue, Pasig City, Philippines

Tanggapan ng Pangalawang Kalihim
Office of the Undersecretary

Telefax: 633-93-42
Direct Line: 631-96-40
Trunk Line: 632-13-61 locals 2007 / 2221
E-Mail Address: espangan@pacific.net.ph

MAR 14 2002

DepEd MEMORANDUM
No. 51, s. 2002

DISSEMINATION OF BUDGET CIRCULAR NO. 2001-03
DATED NOVEMBER 13, 2001

To : Undersecretaries
Assistant Secretaries
Bureau/Service/Center Directors
Regional Directors

1. For the information and guidance of all concerned, attached is a copy of Department of Budget and Management Circular No. 2001 – 03 dated November 12, 2001 entitled "*Clarification on the Consolidation of Allowances, Including Cost of Living Allowance (COLA)*".
2. Wide dissemination of this Memorandum is desired.


ERNESTO S. PANGAN
Undersecretary

Encl.:
As stated

Reference: None

Allotment: 1—(D.O. 50-97)

To be indicated in the Perpetual Index
under the following subjects

ALLOWANCE
EMPLOYEES
FUNDS
OFFICIALS

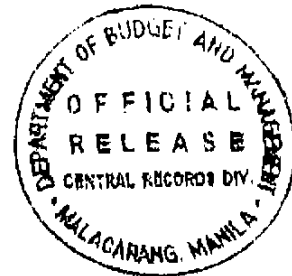
2/13/02

By: KTE Date: 6-25

Doc. #: 018719

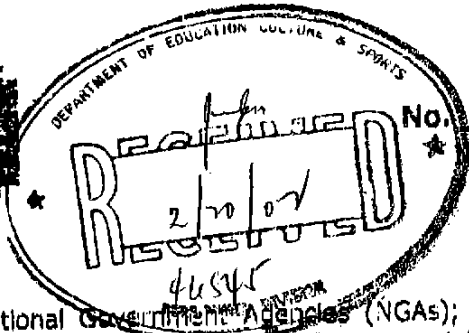
JTC
2/17/02
6:24P

Res
2/14



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacbang, Manila

BUDGET CIRCULAR



No. 2001 - 03
November 12, 2001

31087

FOR : Heads of National Government Agencies (NGAs); Government-Owned or -Controlled Corporations (GOCCs); Government Financial Institutions (GFIs); Chief Executives of Local Government Units (LGUs); and All Others Concerned

SUBJECT : Clarification on the Consolidation of Allowances, Including Cost of Living Allowance (COLA)


- 1.0 This Circular is being issued as a clarification on the consolidation of allowances, including Cost of Living Allowance (COLA), of government employees under Republic Act (RA) No. 6758 in relation to the Supreme Court (SC) ruling in the case of Rodolfo de Jesus, et. al. vs. COA, et.al., G.R. No. 109023 dated 12 August 1998.
- 2.0 The SC in the said case declared as ineffective due to non-publication, Corporate Compensation Circular (CCC) No. 10 which contained the rules and regulations for the implementation of RA No. 6758 insofar as Government-owned or -Controlled Corporations and Government Financial Institutions are concerned.
- 3.0 In view of such declaration, therefore, the explicit provisions of Section 12 of RA No. 6758 shall prevail, to wit:

"Section 12. Consolidation of Allowances and Compensation. - All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized....."

na

Consequently, only those allowances specifically mentioned in the exceptions under Section 12 may continue to be granted; all others are deemed integrated in the standardized salary rates.

- 4.0 This provision shall apply to all government employees in the employ of NGAs, LGUs, GOCCs and GFIs.
- 5.0 Further, the standardized salaries reflected in the current budgets of NGAs, LGUs, GOCCs and GFIs are already inclusive of the consolidated allowances. Thus, providing for a separate grant of said allowances on top of the standardized salary rates is tantamount to double compensation which is prohibited by the Constitution.
- 6.0 In view of the foregoing, payment of allowances and compensation, such as COLA, amelioration allowance and Inflation-connected allowances, among others, which are already integrated in the basic salary, are deemed unauthorized, unless otherwise provided by law.
- 7.0 For the guidance of all concerned.


EMILIA T. BONCODIN
Secretary