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

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DEPED MEMORANDUM
No 160, s. 2002

AUG 23 2002

DISSEMINATION OF GSIS MEMORANDUM CIRCULAR NO. 1-2002

To : Undersecretaries
Assistant Secretaries
Bureau/Service/Center Directors
Regional Directors
Schools Division Superintendent

1. For your information and guidance, enclosed are copies of GSIS Memorandum Circular No. 1-2002 and its attached ECC Board resolutions adopting an updated Schedule of Employees Compensation contributions for the public sector effective January, 2003 and policy guideline for its non remittance.
2. Wide dissemination of this Memorandum is desired.

Ramon C. Bacani
RAMON C. BACANI
Undersecretary
Officer-In-Charge

Encl.:

As stated

Reference:

None

Allotment: 1—(D.O. 50-97)

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

CONTRIBUTIONS
EMPLOYEES
POLICY



PASEGURUHAN NG MGA NAGLILINGKOD SA PAMAHALAAN
(GOVERNMENT SERVICE INSURANCE SYSTEM)
Financial Center, Pasay City, Metro Manila 1308

July 15, 2002

MEMORANDUM CIRCULAR NO. 1-2002

TO : ALL HEADS OF DEPARTMENTS AND COMMISSIONS, JUDICIAL, EXECUTIVE AND LEGISLATIVE BRANCHES OF GOVERNMENT, PRESIDENTS OF STATE COLLEGES AND UNIVERSITIES, MANAGING HEADS OF GOVERNMENT OWNED AND CONTROLLED CORPORATIONS AND/OR GOVERNMENT FINANCIAL INSTITUTIONS, PROVINCIAL GOVERNORS, MEMBERS OF SANGGUNIAN, METRO MANILA/CITY AND MUNICIPAL MAYORS AND TREASURERS, ACCOUNTING, FINANCE, COLLECTING AND/OR DISBURSING OFFICERS THEREOF, AUDITORS, CHIEF, FINANCE SERVICE, AFP, PNP, AND OTHERS CONCERNED.

SUBJECT : ADOPTING AN ADJUSTED SCHEDULE OF EMPLOYEES COMPENSATION CONTRIBUTIONS FOR THE PUBLIC SECTOR EFFECTIVE CY 2003 AND POLICY GUIDELINE FOR ITS NON REMITTANCE

ECC Board Resolution No. 02-04-235 dated April 11, 2002, as amended by Referendum Resolution No. 02-07-235-A dated July 24, 2002 (copies attached), **has adopted an updated Schedule of Employees Compensation contributions for the public sector by increasing the maximum amount of contribution to the GSIS-SIF from Php 30 to 1% of the basic salary or Php 100 per month per employee whichever is lower effective Calendar Year 2003, subject to review at anytime thereafter.**

It shall be **mandatory** for the employer to pay the monthly contribution above stated effective January 2003.

Corollary to the above resolution, the GSIS Board of Trustees under Resolution No. 102 dated April 17, 2002 has approved a policy in cases of non-remittance of EC Contributions, this rule shall apply:

“Stop the payment of all types of EC claims of Employees of government agencies who fail to implement the increase in EC contributions and remit the same to the GSIS effective January 2003.”

For compliance.

WINSTON F. GARCIA
President & General Manager



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
EMPLOYEES' COMPENSATION COMMISSION

3rd Floor, ECC Building, 355 Sen. Gil J. Puyat Avenue, City of Makati

Tel. No. 890-4765 • Fax. No. 897-7597 • E-mail: ecc@iconn.com.ph • Website: <http://www.ecc.org.ph>

REFERENDUM RESOLUTION NO. 02-07-235-A

**Amending Board Resolution No. 02-04-235,
Adopting an Updated Schedule of EC Contributions for the Public Sector**

WHEREAS, Board Resolution No. 02-04-235 was passed by the Board last 11 April 2002 setting the rate of government contributions to the State Insurance Fund (SIF) at PhP100/employee/month;

WHEREAS, the Commission has been apprised by the GSIS in a letter dated 27 June 2002 that many national and local government employees are still being paid a basic salary of less than PhP10, 000.00 a month and therefore, setting the monthly government contribution to the SIF at PhP100/employee/month will not be in keeping with Article 183 of P.D. 626, as amended, which has set the baseline for employers' contributions at one percent (1%) of the employees' monthly salary credit;

WHEREAS, the GSIS, upon proper representation of its official representative in the Employees' Compensation Commission has requested during its 13th Regular Meeting dated 24 July 2002 for an appropriate amendment of the above numbered Resolution:

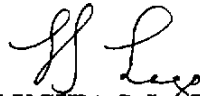
WHEREFORE, FOREGOING PREMISES DULY CONSIDRED,

RESOLVED AS IT IS HEREBY RESOLVED to amend the dispositive portion of Board Resolution No. 02-04-235 to read as follows:

“NOW, THEREFORE, BE IT RESOLVED, to amend Rule V, Section 1, paragraph 1 of the Amended Rules on Employees' Compensation by increasing the maximum amount of contribution to the GSIS-SIF from PhP30 to 1% of the basic salary or PhP100 per month per employee whichever is lower effective Calendar Year 2003, subject to review at anytime thereafter;

RESOLVED FURTHER to furnish the Government Service Insurance System, the Department of Budget and Management and other government agencies a copy of amended Resolution No. 02-04-235 for them to undertake the necessary actions to implement the same;

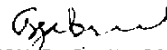
APPROVED, in Makati City, Metro Manila, 24 July 2002.



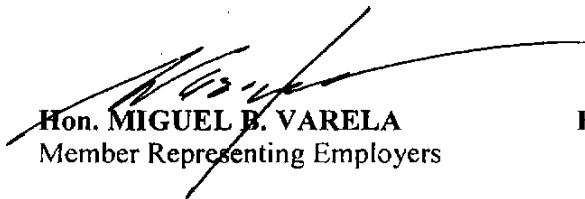
HON. LUCITA S. LAZO
Chairman-Designate



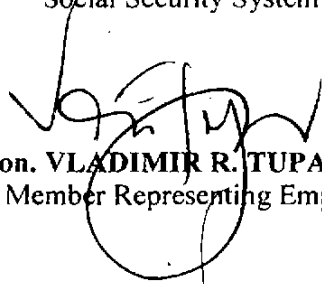
Hon. FELICIDAD A. GUTIERREZ
Member-Designate
Government Service Insurance System



Hon. ARTURO G. SAN GABRIEL
Member-Designate
Social Security System



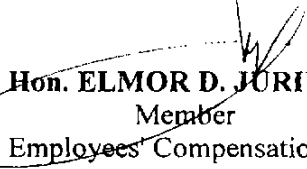
Hon. MIGUEL B. VARELA
Member Representing Employers



Hon. VLADIMIR R. TUPAZ
Member Representing Employees



Hon. MA. MARGARITA M. GALON
Member-Designate
Philippine Health Insurance Commission



Hon. ELMOR D. JURIDICO
Member
Employees' Compensation Commission

BOARD RESOLUTION NO. 02-04-235

**ADOPTING AN UPDATED SCHEDULE OF EMPLOYEES' COMPENSATION
CONTRIBUTIONS FOR THE PUBLIC SECTOR**

WHEREAS, Articles 177 and 183 (b) of the Labor Code of the Philippines, as amended by Presidential Decree No. 626, empower this Commission to determine the rate of increases in Employees Compensation (EC) contributions whenever necessary to preserve the solvency of the State Insurance Fund (SIF);

WHEREAS, Rule V, Section 1 par. (1) of the Amended Rules on Employees' Compensation provides that the rate of contribution to the GSIS-SIF, which is being administered by the GSIS, is equivalent to one percent of the basic salary but not to exceed Php30 per month per employee;

WHEREAS, this rate of contribution, pegged by the Commission in 1979 through Resolution No. 1451, has remained the same up to the present;

WHEREAS, the incidence and levels of benefits for work-connected illnesses and injuries have increased such that since 1983, the total amount of benefits paid for workers' claims have exceeded the total amount of contributions collected by the GSIS-SIF. Consequently, the GSIS-SIF was unable to accumulate enough funds that could have generated investment earnings to pay part of benefit claims;

WHEREAS, since 1984, the GSIS-SIF has experienced losses that depleted its surplus and, starting 1992, it was forced to resort to inter-fund borrowings from the GSIS Optional Life Insurance Fund (OLIF) and General Insurance Fund (GIF) to pay all claims;

board resolution no. 02-04-235, page two

WHEREAS, the insufficiency of contributions to pay all EC claims is aggravated by the failure of the Department of Budget and Management (DBM) and other agencies to pay all their arrearages in EC contributions to the GSIS for the period 1992 to the present;

WHEREAS, as of December 31, 2001, the GSIS-SIF has total inter-fund borrowings of Php3.2 billion and negative surplus of Php2.6 billion;

WHEREAS, to restore the actuarial solvency of the GSIS-SIF, to increase EC benefits to the level enjoyed by private sector workers, and to pay all inter-fund borrowings, the GSIS, upon the instruction of the Commission, conducted an actuarial study proposing an increase in the maximum amount of contribution from Php 30 per month per employee to Php 100 per month per employee effective Calendar Year 2003;

WHEREAS, the Commission had advised the DBM, as early as 2000, of the financial status of the GSIS-SIF, and of the need to collect all arrearages in contributions immediately and to increase the rate of contribution;

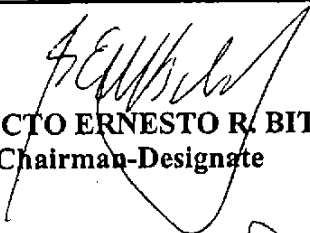
WHEREAS, the GSIS has stopped inter-fund borrowings in order to preserve the financial viability of its QLIF and GIF. Consequently, not all EC claims can be paid because of the insufficiency of contributions collected;


NOW, THEREFORE, BE IT RESOLVED, to amend Rule V, Section 1 par. 1 of the Amended Rules on Employees' Compensation by increasing the maximum limit of contributions to the GSIS-SIF from Php30 to Php100 per month per employee effective Calendar Year 2003, subject to review anytime thereafter;

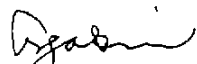
RESOLVED FURTHER, to urge the DBM and other government agencies to immediately remit to the GSIS-SIF all arrearages in EC contributions;

RESOLVED FINALLY, to exhaust all means within its power to ensure that the increase in the EC contributions to a maximum of PhP100 per month per employees is duly included in the General Appropriation Bill and the respective budgets of other government agencies, and for this purpose, provide the DBM and other government agencies a copy of this Resolution for them to undertake the necessary actions to implement this Resolution;

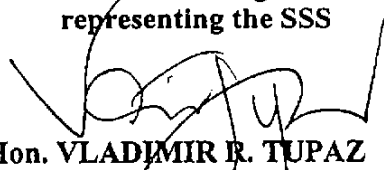
APPROVED, in Quezon City, 11 April-2002.


HON. BENEDICTO ERNESTO R. BITONIO, JR.
Chairman-Designate

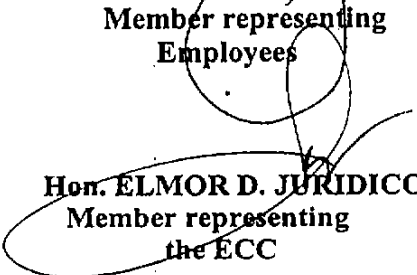

Hon. ARNALDO C. QUASAY
Member-Designate
representing the GSIS


Hon. ARTURO G. SAN GABRIEL
Member-Designate
representing the SSS

Hon. MIGUEL B. VARELA
Member representing
Employers


Hon. VLADIMIR R. TUPAZ
Member representing
Employees

Hon. MARGARITA M. GALON
Member-Designate
representing the PHIC


Hon. ELMOR D. JURIDICO
Member representing
the ECC