

Republika ng Pilipinas
(Republic of the Philippines)
MINISTRI NG EDUKASYON AT KULTURA
(MINISTRY OF EDUCATION AND CULTURE)
Maynila

June 3, 1981

MEC O R D E R
No. 28, s. 1981

RULES AND REGULATIONS FOR A MORE AGGRESSIVE IMPLEMENTATION
OF THE MERIT INCREASE PROGRAM IN THE NATIONAL GOVERNMENT

To: Bureau Directors
Regional Directors
Chiefs of Services and Heads of Units
Schools Superintendents
Presidents, State Colleges and Universities

1. Inclosed is a copy of Civil Service Memorandum Circular No. 1, s. 1981 and National Budget Circular No. 340 dated February 27, 1981, on the subject: Rules and Regulations Providing for a More Aggressive Implementation of the Merit Increase Program in the National Government, which is self-explanatory.

2. Conformably thereto, the Chief, Administrative Service, Chief Legal Officer and Chief of the Bureau/Office where the proposed awardee is located are hereby designated members of the Merit Increase Committee in the Ministry Central Office in addition to the composition of the Suggestions and Incentives Award Committee created in 1976 as announced in Department Order No. 60, s. 1976. Likewise, the Legal Officer and the Chief of the Division/Office where the proposed awardee is located shall be members of the composition of the Suggestions and Incentives Awards Committee created in MEC Order No. 40, s. 1978.

3. Regional directors are hereby authorized to implement the said joint circular for employees of their respective regions except schools superintendents and assistant schools superintendents which shall be approved by this Office. However, complaints/appeals against any implemented merit increase award including appeals from the decisions of the Merit Awards Committee should be filed directly with the Office of Performance and Promotion Systems of the Civil Service Commission within fifteen (15) days from the date the list of awardees is posted, furnishing this Ministry a copy thereof.

4. Claims for merit award for a certain year should be submitted to reach the regional office concerned or the Central Office in case of superintendents and assistant superintendents, not later than the end of the calendar year for which it shall take effect otherwise, the merit increase of the employee shall be made effective on the year it was approved, if still warranted.

5. The reporting procedure in MEC Order No. 15, s. 1980 shall be observed.

6. All MEC Orders inconsistent with this Order are modified/superseded accordingly. This Order shall take effect immediately.

7. All concerned should be guided accordingly.

(SGD.) ONOFRE D. CORPUZ
Minister of Education and Culture

Incl.: As stated

References:
MEC Orders: Nos. (60, s. 1976; 40, s. 1978);
65, s. 1979 and (15, s. 1980)

Allotment: 1-2-3--(D.O. 1-76)

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

BUREAUS & OFFICES
 COMMITTEE
 EMPLOYEES
 OFFICIALS
 PRIZES or AWARDS
 RULES & REGULATIONS
 TEACHERS

(Inclosure to MEC Order No. 28, s. 1981)

Republika ng Pilipinas
MINISTRI NG GUGULING PAMPANAHALAN
MINISTRY OF THE BUDGET
Malacanan, Manila

CIVIL SERVICE MEMORANDUM CIRCULAR NO. 1, S. 1981

AND

NATIONAL BUDGET CIRCULAR NO. 340

February 27, 1981

Subject: RULES AND REGULATIONS PROVIDING FOR A MORE AGGRESSIVE
IMPLEMENTATION OF THE MERIT INCREASE PROGRAM IN THE
NATIONAL GOVERNMENT

The following rules and regulations are hereby issued in implementation of the President's Letter of Instructions No. 1019, directing a more systematic and aggressive implementation of the merit increase program as originally provided under Letter of Instructions No. 562.

Section 1. Purpose. These rules and regulations are issued with the aim of expanding the rules and regulations originally provided under Letter of Instructions No. 562, as implemented by Budget Circular No. 286 and Civil Service Memorandum Circular No. 3, as amended, by liberalizing their applicability to enable exemplary job performance to be more amply and expeditiously rewarded.

Section 2. Scope. These rules and regulations shall apply to all deserving officers and employees in the national government who are covered by approved position classification and compensation plans exclusive of the Career Executive Service Officers and other incumbents of CES positions, employees in government-owned or controlled corporations, consultants, and casual/emergency/contractual employees.

Section 3. Definition of Terms. Terms used in these rules and regulations shall mean, as follows:

a. Merit Increase - salary increases granted to an employee for exemplary performance in assigned functions and activities; for a significant cost saving or efficiency-enhancing innovation accepted and applied, adopted and implemented; or, for obtaining a baccalaureate or masteral or doctoral degree in a program of study relevant to his official functions and activities even while giving very satisfactory performance on his job.

- b. Exemplary Performance - performance of an employee as outstanding under the new Performance Appraisal System (PAS) prescribed for adoption in the career service pursuant to Civil Service Memorandum Circular No. 2, series of 1978. A very satisfactory performance and/or creditable accomplishment of special assignments that bring benefits to the government and/or community may be considered as included within the context of this definition, subject to the limitations of Sections 12 and 13 hereof.
- c. Cost-saving or efficiency-enhancing innovation - an idea, suggestion or invention embodied in a written proposal designed to effect economy in government operations, increased production, improved working conditions and/pr services and other tangible benefits to the government.

Section 4. Officers and Employees Entitled to Merit Increase. Officers and employees in the national government referred to in preceding Section 2 of this Circular shall be entitled to merit increase if they meet any of the following criteria:

- a. Rendered exemplary performance as defined herein;
- b. Introduced a significant cost-saving or efficiency-enhancing innovation;
- c. Completed a baccalaureate, masteral or doctoral degree in fields directly useful to the concerned: provided, such educational qualification is not a minimum requirement for appointment in his position; and, that his latest performance shall at least be very satisfactory under the new PAS.

Section 5. Responsibility for Merit Increase Awards. Determination and selection of deserving employees for merit increase shall be the responsibility of the Employee Suggestions and Incentive Award Committee, created pursuant to Section 33 of P.D. No. 807, which shall be the Merit Increase Committee for purposes of this Circular and shall perform the following functions:

- a. Receive recommendations for deserved awards supported by corroborative evidences and other justifications for evaluation and consideration following set guidelines adopted and consistent with these rules.

- b. Evaluate and recommend to the Head of Agency the deserving employees who shall be given merit increases and the amounts of increases to be granted.
- c. Receive, investigate and hear complaints/ protests on particular merit increase awards proposals and submit findings and recommendations to the Head of Agency for proper resolution/disposition.
- d. Keep and maintain complete records of Minutes of Meetings and other proceedings and deliberations which shall be made available for inspection and scrutiny by the Ministry of the Budget and the Civil Service Commission for further determination of compliance with these rules and regulations.

Membership of the Committee shall be composed of the following positions or equivalents in each agency:

- a. The Chief Administrative Officer
- b. The Chief Legal Officer
- c. The Chief Personnel Officer
- d. The Chief of Division/Office where the proposed awardee(s) are located.

Section 6. Procedures in the Evaluation of Merit Increase Awards Cases. The following procedures shall be followed in the grant of merit increases awards:

- a. Supervisors shall recommend/nominate in writing to the Head of Agency, through the Personnel Officer, the employee who rendered exemplary performance, as defined herein, within one particular evaluation period under the new P.S, or those who have suggested/recommended/invented eligible cost-saving or efficiency-enhancing innovations, the necessary corroborative evidences and justifications attached in each case.
- b. In cases of merit increase awards for obtaining a baccalaureate/masteral/doctoral degree, the employee concerned shall notify the Head of Office through the Personnel Officer in writing that he has earned the degree. The notification shall include a copy of the diploma or transcript of records or certificate of such degree by the school/college/university concerned, and such other papers and documents to support the requirement of direct usefulness to concerned employee's work.

- c. On the basis of documents and other papers submitted, the recommendation/nomination for merit increase award shall be forwarded by the Personnel Officer, or equivalent position, to the Employee Suggestions and Incentive Award Committee for evaluation and deliberation in accordance with these rules.
- d. The Committee shall evaluate the recommendations/nominations forwarded based on the evidence and justification submitted and on recorded interviews of the employees concerned, their peers and supervisors; and, in cases of awards based on cost-saving or efficiency-enhancing innovations, by actual verification and evaluation of the implemented or actual innovations.
- e. The Committee shall recommend/propose to the Head of Agency the employees to be granted merit increases. The Head of Agency shall assess the merits of the proposals/recommendations by the Committee. If found meritorious, he shall cause the posting of the recommendations/proposals conspicuously on the agency bulletin board for one full week or seven (7) days or otherwise made known to office rank and file and staff by office memorandum to allow employee opinion/reaction/protests to be submitted to the Committee within 7 working days from the date of posting. All cases of protested/contested merit increase award proposals shall be acted upon by the Committee within ten (10) days from receipt of protest/complaint before submitting to the Head of Agency findings and recommendations for his final consideration and resolution.
- f. Upon approval by the Head of Agency, the Personnel Officer shall take the necessary steps to implement the approved merit increase and cause issuance of notices of adjustments to the employees concerned and the furnishing of copies thereof to the agency Budget Officer for incorporation in ensuing CY budget proposal and the Commission on Audit and the Government Service Insurance System.
- g. Further complaints/protests against any implemented merit increase award including appeals from the decisions of the Employee Suggestions and Incentive Awards Committee/Head of Agency may be filed with the Office of Performance and Promotion Systems of the Civil Service Commission within fifteen (15) days from the date the list of awardees is posted.

Section 7. The Merit Increase Award Schedule. The following schedule shall be used in determining merit increases. These increases correspond to the salary steps of the class to which the position is classified under the national position classification and pay plans. For positions not covered by the national position classification plans, a 1 step merit increase shall be computed at 5% of the actual salary of the incumbent to the position.

A. Exemplary Performance

- very satisfactory performance as rated under the new PAS 1 salary step
- creditable accomplishment of special assignment that brought benefits to the government 1 salary step
- outstanding performance as rated under the new PAS 2 salary steps

B. Cost-saving innovation 1 to 3 salary steps, depending on the savings generated (idea, suggestion, invention, authorship/ publication) which resulted in office savings

- C. Efficiency-enhancing innovations resulting in substantially improved operations/services in:
- one office or comparable organizational unit 1 salary step
 - one Ministry or comparable agency including the bureaus/offices under/attached to it. . . . 2 salary steps
 - the entire civil service system/government set-up 3 salary steps

- D. Scholastic/Educational Accomplishment
- + earned a bachelor's degree on a program of study related to the employee's work with performance rating of at least very satisfactory 1 salary step
 - earned a master's degree on a program of study related to the employee's work with performance rating of at least very satisfactory . . . 1 salary step
 - earned a doctoral degree on a program of study related to the employee's work with performance rating of at least very satisfactory... 2 salary steps

Section 8. Effective Dates of Merit Increases. Merit increases shall take effect as follows:

- a. for exemplary performance in assigned functions - the day following the end of the rating period within which the employee was rated outstanding or very satisfactory or accomplished a creditable special assignment.
- b. for significant cost-saving or efficiency-enhancing innovation - the first day of implementation or application of duly-tested and proven worthwhile innovation.
- c. for a baccalaureate, masteral or doctoral degree - the first day following the end of the rating period within which the employee concerned was rated at least very satisfactory and the degree was obtained.

Section 9. Merit Increase for SUC Presidents. The governing boards of a state university or college may grant merit increase to the president of said university or college, in accordance with the provisions of this Circular.

Section 10. Notification. The Ministry of the Budget and the Civil Service Commission shall be notified in writing not later than ten (10) days after the end of each quarter of the Calendar Year on merit increases granted and approved under this Circular, including vacancies in positions the incumbents to which had been given merit increases.

Section 11. Incorporation in Basic Salary. Merit increases granted to employees shall be incorporated in the regular itemization of personal services for the subsequent Calendar Year and thereafter.

Section 12. Maximum Agency Cost. The total annual cost of the selective merit increases approved for an agency in any one calendar year, shall not exceed the amount provided for the agency during that calendar year, notwithstanding dates of increases granted after the beginning of said year. Agencies whose personal services are not itemized may be authorized an amount equivalent to two (2) percent of their total appropriations for personal services for merit increases.

Section 13. Maximum Number of Recipients. The total number of recipients of selective merit increases in any one calendar year shall not be more than twentypercent (20%) of the total personnel force of the agency eligible for merit awards as of the end of said calendar year, subject to the provisions of Section 12 hereof.

Section 14. Restrictions. The following restrictions shall be observed in the grant of merit increase:

- a. Use of Lump-Sum. The lump-sum for merit increases shall not be used for bonuses, across-the-board increases for groups of persons, or other purpose not in accordance with this Circular, except as may be authorized by law.
- b. No "Pre-Retirement" Increases. No merit increases shall be given to an employee on the ground that he is retiring in the near future and for purposes of enabling him to collect a bigger retirement gratuity, except as he may qualify in accordance with the criteria established under this Circular.
- c. No Automatic Carry Over. No merit increase shall be automatically carried over to a higher position to which an employee who had earlier been granted merit increase is promoted or appointed as a result of reclassification.
- d. No Double Merit Increase. If an employee has already been granted merit increase under one criterion, he shall no longer be entitled to an additional merit increase under the same criterion within two (2) consecutive rating periods from the effective date of said grant, the provisions of Sections 7 and 8 hereof notwithstanding.

Section 14-e. Any merit increase granted in violation of these rules and regulations shall be deemed null and void ab initio and the head of the agency shall refund to the government whatever amount the awardee(s) has received.

Section 15. Modifying/Superseding Clause. All rules and regulations under Budget Circular No. 286 and Civil Service Memorandum Circular No. 3, as amended, inconsistent with these rules are hereby modified/superseded accordingly.

Section 16. These rules and regulations shall take effect not earlier than its indicated date of issuance.

(SGD.) MANUEL B. ALBA
Acting Minister of the Budget

(SGD.) ALBINA MANALO DANSI
Commissioner
Civil Service Commission

A true copy