



REPUBLIKA NG PILIPINAS  
MINISTRI NG REFORMANG PANSAKAHAN  
(MINISTRY OF AGRARIAN REFORM)  
TANGGAPAN NG MINISTER  
DILIMAN, LUNGSOD NG QUEZON

TRINITY  
YAHAN

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IN CHARGE, PERSONNEL DIVISION  
MINISTRY OF AGRARIAN REFORM  
P. O. BOX NO. 2484  
QUEZON

(Personnel)

MINISTRY MEMORANDUM CIRCULAR NO. 7-81  
Series of 1981

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Subject: Guidelines in the Implementation of LOI 1019  
Directing a More Aggressive Implementation of  
the Merit Increase in the National Government

Pursuant to LOI No. 1019 which directs a more systematic and aggressive implementation of the merit increase program as originally provided under LOI No. 592 and as implemented by Civil Service Commission Memorandum Circular No. 1, series of 1981 and National Budget Circular No. 340 both dated February 27, 1981, the following guidelines are hereby prescribed:

A. Who are Entitled to Merit Increase

All deserving officers and employees in the national government who are covered by approved position classification and compensation plans, exclusive of the CESOs and other incumbents of CES positions, consultants, casual/emergency/contractual employees, shall be entitled to merit increase if they meet any of the following criteria:

1. Rendered outstanding performance under the new Performance Appraisal System (PAS) within one particular evaluation period or rendered a very satisfactory performance and/or creditable accomplishment of special assignments that bring benefits to the government and/or community.
2. Introduced a significant cost-saving or efficiency-enhancing innovation, or idea, suggestion or invention embodied in a written proposal designed to effect economy in government operations, improved working conditions and/or services and other tangible benefits to the government.
3. 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 be at least very satisfactory under the new Performance Appraisal System (PAS).

"Hindi na matatalikuran pa ang pagbabagong-ayos ng pananakahan. Higit kong pangarap na makita ang ating mga magsasaka na pag-aari ang lupang kamilang binubungkal." Pangulong MARCOS

B. MAR Suggestions & Incentive Awards Committee

The determination and selection of deserving employees for merit increase shall be the responsibility of the MAR Suggestions & Incentive Awards Committee created under MSO No. 85-81, series of 1981, which shall be the Merit Increase Committee for purposes of this Circular. The Committee shall perform the following functions:

1. Receive recommendations for deserved awards, supported by corroborative evidences and other justifications for evaluation and consideration;
2. Evaluate and recommend to the Minister the deserving employees who shall be given merit increases and the amounts of increases to be granted;
3. Receive, investigate and hear complaints/protests and submit findings and recommendations to the Minister for proper resolution/disposition; and
4. 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.

C. For purposes of review and evaluation of recommendations/proposals for merit increase awards prior to submission to the MAR Suggestions and Incentive Award Committee the following Committees are hereby constituted:

Central Office Committee:

Asst. Sec. for Personnel Management & Development	-	Chairman
Chief, Administrative Service	-	Member
Chief, Personnel Division	-	Member
Chief, Legal Division	-	Member
Bureau Director/Service Chief/Head Executive Assistant where the proposed awardees are located	-	Member

Regional Office Committee:

Regional Director	-	Chairman
Chief, Administrative Division	-	Member
Regional Trial Attorney III	-	Member



Personnel Officer I - Member

Chief of Division/District  
Officer where proposed  
awardees are located - Member

D. Procedure in the Evaluation of Merit Increases Awards:

1. a) Central Office - The Division Chief shall recommend in writing to the Bureau Director/Service Chief/Head Executive Assistant, employees in their respective divisions/offices who have met any of the criteria in Paragraph A. The Bureau Director/Service Chief/Head Executive Assistant shall, after reviewing the recommendations, submit to the Central Office Committee the nominees for merit increase.

b) Regional Offices - The Division Chief/District Officer shall recommend in writing to the Regional Office Committee, employees in their respective divisions/districts who have met any of the criteria in Paragraph A.

c) Corroborative evidences and other justifications shall be attached to the recommendations. In cases of outstanding or very satisfactory performance, the new performance appraisal rating sheets duly accomplished shall be attached to the recommendation.

2. In cases of degree earned, the employee concerned shall notify the Chief of the Personnel Division (for Central Office personnel), the Personnel Officer I (for Regional Office personnel) through the Division Chief/District Officer concerned, in writing that he has earned the degree. The notification shall include a duly certified copy of the diploma or transcript of record 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.

3. Recommendations/proposals for merit increase awards, if found meritorious by the Central Office Committee shall be posted conspicuously in the bulletin boards and recommendations/proposals for merit increase awards if found meritorious by the Regional Office Committee shall be posted conspicuously at the Regional Office and the district offices bulletin boards for one week or seven (7) days or otherwise made known to rank and file by office memorandum to allow employees' opinion/reaction/protest.

4. All recommendations/proposals for merit increase awards found meritorious by both the Central Office and Regional Office Committees together with the certification that said recommendations/proposals were posted in the bulletin boards for one week or seven (7) days shall be forwarded to the Chief of the Personnel Division for submission to the MAR Suggestions and Incentive Awards Committee for evaluation based on documents and other evidences submitted. The Committee shall then recommend to the Minister, the employees who shall be granted merit increase and the schedule of increase to be granted.

5. All cases of protested/contested merit increase award proposals shall be acted upon by the MAR Suggestions and Incentive Awards Committee within ten (10) days from receipt of protest/complaint before submitting to the Minister the findings and recommendations for his final consideration and resolution.

6. Upon approval of the Minister, the Chief of the Personnel Division shall take the necessary steps to implement the approved merit increase and cause the issuances of notices of adjustments to the employees concerned, furnishing copies to the Chief of the Budget Division for incorporation in the ensuing CY budget proposal and the Commission on Audit and the GSIS.

E. Merit Increase Schedule and its Effective Date

	<u>Merit Increase</u>	<u>Effectivity</u>
1. Exemplary Performance		
-very satisfactory performance as rated under the new PAS - - - - -	1 Salary Step	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
-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	
2. Cost-saving innovation (idea, suggestion, invention, authorship's publication) which resulted in office savings - - - - -	1 to 3 Salary Steps depending on the savings generated	The first day of implementation or application of duly tested and proven worthwhile innovation
3. Efficiency-enhancing innovations resulting in substantially improved operations/services: - - - - -	1 Salary Step	- do -
-one office or comparable organizational unit		



4. Scholastic/Educational Accomplishment

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

-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

- do -

F. 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 merit increases approved by this Ministry.

G. 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.

H. Maximum Number of Recipients

The total number of recipients of selective merit increases in any one calendar year shall not be more than twenty (20%) percent of the total personal force of the agency eligible for merit awards as of the end of said calendar year.

I. Restrictions

1. 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.

2. 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.


3. 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.

4. 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.

All circulars, memoranda or orders which are inconsistent herewith are hereby superseded, amended or revoked accordingly.

This Memorandum Circular shall be effective as of the rating period ending June 30, 1981.

Diliman, Quezon City. May 15, 1981.

  
GREGORIO B. ESTRELLA  
Minister

Encl:  
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