



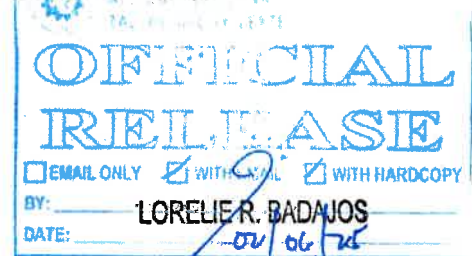
REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
 REGION VIII

Item No.: 15

Date: 18 2025 FEB

February 5, 2025

VICE-GOVERNOR LEONARDO M. JAVIER, JR.
 Province of Leyte



Dear **Vice-Governor Javier**:

This pertains to the Province of Leyte's Sangguniang Panlalawigan (SP) Resolution No. 2024-515 entitled "A Resolution Requesting the Department of Budget and Management Through Secretary Amenah F. Pangandaman To Reconsider A certain Provision Enshrined in DBM Local Circular No. 160 By Changing the Retroactive Effect of the Salary Increase of Local Government Unit Officials and Employees from August 2, 2024 to January 1, 2024, For Reasons as Herein Stated", which was forwarded by SP to our Central Office¹ through the Local Government and Regional Coordination Bureau (LGRCB).

The LGRCB then forwarded to this Office a copy of said Resolution, together with a Legal Service Memorandum² to their Office dated September 25, 2024 which we can use as reference in responding to similar concern, such as that of the Province of Leyte's SP.

In said LS memorandum, it elucidated the following, to wit:

"3.1 At the outset, may we highlight the following relevant provisions under RA No. 7160, EO No. 64, and LBC No. 160:

RA No. 7160

Section 325. General Limitations. - The use of the provincial, city, and municipal funds shall be subject to the following limitations:

xxx

(g) The creation of new positions and **salary increases** or **adjustments** shall **in no case be made retroactive**; (Emphases ours)

xxx

¹ Received on January 14, 2025

² With the Subject: "Clarification on the Retroactive Application of Local Budget Circular No. 160, Entitled Implementation of the First Tranche of the Modified Salary Schedule for Local Government Personnel Pursuant to Executive Order (EO) No. 64, s. 2024

EO No. 64

Section 5. Implementation Schedule. The updated Salary Schedule in Section 3 hereof shall be implemented in National Government Agencies (NGAs) in four (4) tranches, with the first tranche beginning on 1 January 2024, the second tranche beginning on 1 January 2025, the third tranche beginning on 1 January 2026, and the fourth and final tranche beginning on 1 January 2027.

xxx

For covered GOCCs and LGUs, the implementation period shall not be less than four (4) years, depending on their financial capabilities: Provided that each tranche shall start not earlier than the dates abovementioned.

Section 6. Retroactive Application. xxx

For LGUs, the implementation of the first tranche shall be subject to the pertinent provisions of this Order and RA No. 7160.

LBC No. 160

13.0 Effectivity

The implementation by the LGU of the First Tranche of the Updated Salary Schedule shall be effective not earlier than August 2, 2024, pursuant to Section 325(g) of RA No. 7160, which states that salary increases or adjustments shall in no case be made retroactive. (Emphases ours)

Further, the same shall be consistent on the authorization from their respective Sanggunian, subject to pertinent provisions of EO No. 64, s. 2024, RA No. 7160, and the applicable provisions of this Circular.

Hence, the effectivity of the implementation by the LGUs shall be on the date of the approval of the appropriation ordinance authorizing the supplemental budget or augmentation or on the date fixed therein pursuant to Section 320 of the LGC.

This Circular shall take effect immediately after its publication.

3.2 Notably, the LGRCB posited the conclusion that "the effectivity of the implementation by the LGUs shall be on the date of the approval of the appropriation ordinance, or on the date fixed therein pursuant to Section 320³ of the LGC.

3.3 Expounding on the same, the LGRCB further stated that "it cannot be said that the salary increase may already be implemented on August 2, 2024 prior to the enactment of the AO in light of Section 325 (g) of RA No. 7160. If we allow the LGUs to implement the salary increase effective August 2, 2024 even if they enact the AO later it would be tantamount to

³ **Section 320. Effectivity of Budgets.** - The ordinance enacting the annual budget shall take effect at the beginning of the ensuing calendar year. An ordinance enacting a supplemental budget, however, shall take effect upon its approval or on the date fixed therein.

The responsibility for the execution of the annual and supplemental budgets and the accountability therefor shall be vested primarily in the local chief executive concerned.

allowing retroactive implementation because the contingency happened after the said date.”

- 3.4 Relative to the foregoing, we would like to note that Section 320 of RA No. 7160 pertains to the **effectivity of an appropriation ordinance (AO) or supplemental budget**, which may be on the **date of the approval** of the appropriation ordinance, or on the **date fixed therein**.
- 3.5 Hence, in full compliance with Section 320 of RA No. 7160 and Item 13.0 of LBC No. 160, the LGU may fix the effectivity date of the relevant AO on August 2, 2024. However, your Office deems such scenario as tantamount to allowing retroactive implementation of the salary increase or adjustment.
- 3.6 On this note, we opine that there is a need to differentiate the effectivity of the AO from the effectivity of the grant of the salary increase or adjustment, in relation to Section 325 (g) of RA No. 7160 which simply states that “salary increases or adjustments shall in no case be made retroactive”, with no specificity that the prohibited retroactivity refers to the effectivity of the AO which will cover the salary increase or adjustment.
- 3.7 Further, we posit that the effectivity of the salary increases or adjustment is defined, not by RA No. 7160, but by the issuance authorizing the same, which in this case is EO No. 64, as implemented by LBC No. 160.
- 3.8 Hence, while Section 325 (g) provides for the **non-retroactivity of salary increases or adjustments**, it is EO No. 64, which was approved on August 2, 2024, that effectively grants the salary increases for LGU personnel, as implemented in LBC No. 160, prescribing that the effectivity date of the updated salary schedule is **“not earlier than August 2, 2024.”**
- 3.8.1 In the case of *Enjay Inc. vs. National Labor Relations Commission*⁴, the Supreme Court had the occasion to discuss that “[t]his plain-meaning rule or verba legis derived from the maxim index animi sermo est (speech is the index of intention) rests on the valid presumption that the **words employed by the legislature in a statute correctly express its intent or will** and preclude the court from construing it differently. The legislature is **presumed to know the meaning of the words, to have used words advisedly, and to have expressed its intent by the use of such words as are found in the statute.** *Verba legis non est*

⁴ G.R. No. 110240 (Resolution), July 4, 1995 (315 Phil 648-657)

recedendum, or from the words of a statute there should be no departure." (Emphases ours)

3.9 It bears stressing that if the date "**August 2, 2024**" is not intended to be the date of implementation of the updated salary schedule for LGUs, the same should not have been specified in the LBC.

3.10 In sum, an LGU may fix the effectivity date of the AO covering the salary increase authorized by EO No. 64 on August 2, 2024 (or any date between August 2, 2024 and the actual approval date of the appropriation ordinance) in compliance with Section 320 of RA No. 7160 and Item 13.0 of LBC No. 160 and without violating the stipulated non-retroactivity in Section 325 (g) of RA No. 7160."

Hope we have clarified the matter accordingly.

Thank you.

Very truly yours,

IMELDA C. LACERAS, CESO III
Regional Director

For the Regional Director
Maria Bernadette Alifan
ALELI N. HERNANDEZ
Director III

ANH/JAL/sstd
Ref No. 2025-LGRCB-0004961-E

REPLY SLIP

DMS Reference Nos.: 2025-LGRCB-0004961-E

Please accomplish and send back this portion to Department of Budget and Management RO VIII via e-mail to dbmro8@dbm.gov.ph or any other means (e.g. postal or private courier, etc.) as proof of receipt of action document.

Acknowledged by:

Name of Agency: _____

Signature over printed name: _____

Date received: _____

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<https://tinyurl.com/dbmR8LSS>

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SCAN ME



Republic of the Philippines
PROVINCE OF LEYTE
Palo, Leyte
-oOo-



OFFICE OF THE SANGGUNIANG PANLALAWIGAN

EXCERPTS FROM THE MINUTES OF THE 114th REGULAR SESSION OF THE SANGGUNIANG PANLALAWIGAN OF LEYTE CONDUCTED AT THE SESSION HALL, LEYTE PROVINCIAL GOVERNMENT COMPLEX, PALO, LEYTE ON NOVEMBER 26, 2024.

RESOLUTION NO. 2024-515

A RESOLUTION REQUESTING THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) THROUGH SECRETARY AMENAH F. PANGANDAMAN TO RECONSIDER A CERTAIN PROVISION ENSHRINED IN DBM LOCAL CIRCULAR NO. 160 BY CHANGING THE RETROACTIVE EFFECT OF THE SALARY INCREASE OF LOCAL GOVERNMENT UNIT OFFICIALS AND EMPLOYEES FROM AUGUST 02, 2024 TO JANUARY 01, 2024 , FOR REASONS AS HEREIN STATED.

WHEREAS, the Department of Budget and Management (DBM) Circular No. 160 was issued to provide the guidelines, rules, and regulations for the implementation of the First Tranche of the updated Salary Schedule for Civilian Personnel stipulated under Executive Order (EO) No. 64, s. 2024;

WHEREAS, the circular provides for the retroactive implementation of the salary increase to August 2, 2024, instead of January 1, 2024, thereby affecting the financial benefits and morale of LGU officials and employees who have faithfully rendered their services since the start of the fiscal year;

WHEREAS, the adjustment would not only recognize the efforts and dedication of LGU personnel but also uphold fairness and consistency in the implementation of government policies on salary standardization;

WHEREAS, the August Body, respectfully requests the Department of Budget and Management to reconsider and amend the retroactive effectivity provision in DBM Local Budget Circular No. 160, changing it from August 2, 2024 to January 1, 2024;

WHEREFORE, the August Body deemed it fair and just that Local Government Unit (LGU) officials and employees shall receive the benefits of the salary increase retroactively, effective January 01, 2024;

NOW, THEREFORE, on motion presented by Atty. Carlo P. Loreto, duly seconded *en masse*, be it

RESOLVED, as it is hereby resolved, to **REQUEST THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) THROUGH SECRETARY AMENAH F. PANGANDAMAN TO RECONSIDER A CERTAIN PROVISION ENSHRINED IN DBM LOCAL CIRCULAR NO. 160 BY CHANGING THE RETROACTIVE EFFECT OF THE SALARY INCREASE OF LOCAL GOVERNMENT UNIT OFFICIALS AND EMPLOYEES FROM AUGUST 02, 2024 TO JANUARY 01, 2024, FOR REASONS AS HEREIN STATED.**

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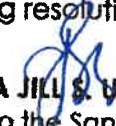
Page 2/2 – Res. No. 2024-515 dated November 26, 2024
requesting DBM through Secretary Pangandaman to
reconsider a certain provision enshrined in DBM Local
Circular No. 160

Approved unanimously.

I HEREBY CERTIFY to the correctness of the foregoing resolution.

ATTESTED:


HON. LEONARDO M. JAVIER, JR.
Vice Governor/Presiding Officer


FLORINDA JILL S. UYVICO
Secretary to the Sanggunian
x

Copy furnished:

Secretary Amenah F. Pangandaman
Department of Budget and Management
Boncodin Hall, General Solano St.
San Miguel, Manila

FJSU: ASS
naomi28November2024