

ADMINISTRATIVE ORDER

No. 17
Series of 2017

SUBJECT: Rules and Regulations on the Grant of Step Increment Due to Meritorious Performance and Step Increment Due to Length of Service

I. Background

Item (4)(d) of the Senate and House of Representatives Joint Resolution. No. 4, s. 2009, "Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes," approved by the President of the Philippines on June 17, 2009, provides as follows:

"(d) Step Increments — An employee may progress from Step 1 to Step 8 of the salary grade allocation of his/her position in recognition of meritorious performance based on a Performance Management System approved by the Civil Service Commission (CSC) and/or through length of service, in accordance with the rules and regulations to be promulgated jointly by the Department of Budget and Management (DBM) and the CSC.

Based on the said Joint Resolution, The CSC and the DBM released Joint Circular No. 1 s. 2012, or the "Rules and Regulations on the Grant of Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service." The said Joint Circular provides the mechanisms for which National Government Agencies, and other Government Offices can implement the granting of step increments for Meritorious Performance and for Length of Service. It is by virtue of this said Joint Memorandum that this Administrative Order is issued.

II. Purpose

1. This Administrative Order is issued to prescribe the rules and regulations on the grant of Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service.

III. Coverage and Exclusions

1. This Administrative Order applies to the following personnel of the Department of Social Welfare and Development covered by Republic Act (R.A.) No. 6758, "Compensation and Position Classification Act of 1989," as amended by the Senate and House of Representatives Joint Resolutions No. 01 approved on March 7, 1994, and No. 4, s. 2009, in national government agencies (NGAs) adopting CSC-approved Performance Management Systems/Performance Evaluation Systems:
 - 1.1. Incumbents of positions for civilian personnel under the career service;
 - 1.2. Incumbents of the following positions for civilian personnel under the non-career service whose positions are authorized in the plantilla for regular positions:
 - 1.2.1. Co-terminus with the appointing authority;
 - 1.2.2. Co-terminus with the head of organizational unit where assigned;
2. Excluded from the coverage of this Administrative Order are the following:
 - 2.1. Casual personnel;
 - 2.2. Contractual personnel;
 - 2.3. Those hired under contracts of service;
 - 2.4. Those funded from non-Personnel Services appropriations/budgets, as follows:
 - 2.4.1. Consultants and experts/ specialists hired for a limited period to perform specific activities or services with expected outputs;
 - 2.4.2. Laborers hired through job contracts (pakyaw) and workers paid on piecework or job order bases;
 - 2.4.3. Student workers and apprentices; and
 - 2.4.4. Others similarly situated.
 - 2.5. Those covered under section 1.1 and 1.2 of this Administrative Order, but have not rendered at least three (3) months of actual service.

IV. Grant of Step Increment/s Due to Meritorious Performance

1. There can either be one (1) or two (2) step increments applied depending on the eligibility of personnel:
 - 1.1. Two (2) Step Increments due to Meritorious Performance may be granted to a qualified official or employee who has attained two (2) ratings of "Outstanding" during the two (2) rating periods within a calendar year.
 - 1.2. One (1) Step Increment Due to Meritorious Performance may be granted to a qualified official or employee who has attained one (1) rating of "Outstanding" and

one (1) rating of "Very Satisfactory," or two (2) ratings of "Very Satisfactory" during the two (2) rating periods within a calendar year.

2. The maximum number of personnel that may be granted Step Increments Due to Meritorious Performance in any given year shall be limited to the top five percent (5%) of all incumbent officials and employees in the DSWD:

2.1. All Personnel covered by this Administrative Order, can be further classified into the following:

2.1.1. *Rank and File employees*, who are of Salary Grade 24 and below, and are subject to the semesteral performance cycle of the DSWD Strategic Performance Management System (DSPMS).

2.1.2. *CESPES covered officials*, who occupy Director positions and above, and are subject to the annual performance cycle of the Career Executive Service Performance Evaluation System (CESPES). These are career positions appointed by the president that are above Division Chief level, which exercise executive and managerial functions. These also include non career positions above Division Chief level, which exercise executive and managerial functions, if they have chosen to undergo the CESPES process.

2.1.3. *DSPMS covered officials*, who occupy Director positions and above, and are not subject to the annual performance cycle of the Career Executive Service Performance Evaluation System (CESPES). They are instead subject to the semesteral performance cycle of the DSWD Strategic Performance Management System (DSPMS). These are non-career positions that are above Division Chief level, which exercise executive and managerial functions, and have chosen not to take the CESPES.

2.2. Personnel covered by this Administrative Order shall be ranked according to their previous year's IPCR or CESPES ratings. Based on the rankings, the top five percent (5%) shall be determined.

2.3. In cases wherein those determined to be entitled to step increment due to meritorious performance are already at the 8th step of their Salary Grade, the next ranking employees or officials shall replace those at the 8th step.

2.4. For Rank and File employees and DSPMS covered officials; the Annual IPCR, which is the average of the First Semester IPCR Rating and the Second Semester IPCR Rating will serve as the ranking factor for step increment. If members of the top five percent (5%) are Rank and File Staff, and DSPMS covered officials; the application of either one (1) or two (2) step increments will be based on their

semestral IPCR Rating for a given year, which is their First Semester and Second Semester IPCR Rating.

2.5. For CESPES covered officials, their CESPES Ratings for a given year will serve as the ranking factor for step increment. If members of the top five percent (5%) are Officials covered by the CESPES, the application of either one (1) or two (2) step increments will be based on their CESPES Ratings for a given year, as the CESPES Rating is considered to cover both the First Semester and Second Semester.

2.6. The performance ratings derived must be based on the DSPMS. If there are any changes in application of the DSPMS, to the effect of changing how ratings are derived, these changes must first be approved by the Performance Management Technical Working Group (PMTWG).

2.7. DSWD's officials and employees who failed to submit their IPCR/CEPSES Rating on the prescribed Performance Management timelines shall be disqualified to this merit increase.

3. Step Increment Due to Meritorious Performance shall be granted initially effective January 1, 2017, and on January 1 of every year thereafter.
4. Inasmuch as personnel on secondment, study privilege, scholarship, or training grant for more than three (3) months do not perform the actual duties and responsibilities of their positions in their mother agencies, such engagements shall not be considered in determining entitlement to the grant of Step Increment Due to Meritorious Performance.
5. The performance of personnel on detail to another agency for three (3) months or more shall be rated by the authorities concerned in the receiving agency. The average performance rating of the detailed personnel shall be considered in the ranking of qualified personnel in either the receiving or the mother agency where the detailee served for a longer period within a given year.

V. Grant of Step Increment Due to Length of Service

1. One (1) Step Increment Due to Length of Service shall be granted to qualified personnel for every three (3) years of continuous satisfactory service in the present position. Said length of service in the present position in the same agency may include the period rendered by an incumbent as follows:
 - 1.1. While on temporary or provisional status of appointment in the same position;
 - 1.2. Before his/her present position was reclassified/upgraded/re-allocated; and

- 1.3. Period rendered by him/her prior to re-appointment to the same or comparable position with the same salary grade in a reorganized agency staffing pattern.
 - 1.4. Length of service in the present position shall also include the period rendered by an incumbent prior to his/her transfer within the same agency or to another agency in a position with the same or comparable position and salary grade.
2. The grant of step increment to an official or employee on leave of absence with or without pay for more than three (3) months shall be deferred corresponding to the period of such absence/non-performance of actual duties and responsibilities of his/her position to complete the service and performance rating requirements.
 3. An official or employee authorized to be granted Longevity Pay under CSC and DBM Joint Circular No. 1 s. 1990, which stipulates a step increment for every three (3) years of service in a position, once a step increment is availed for in a three year period, as stipulated in the said Joint Circular, is not eligible for the grant of Step Increment Due to Length of Service in the same period.

VI. Adjustment of Salaries

1. The actual salary (in a given step of a salary grade of a position) of an incumbent who is qualified to be granted one (1) or two (2) Step Increment/s Due to Meritorious Performance or to one (1) Step Increment Due to Length of Service shall be adjusted to the salary corresponding to the next step or the second next step, as the case may be, but only up to Step 8, in the Salary Schedule under implementation.

Examples:

Grant of Two (2) Step Increments Due to Meritorious Performance:

1. If the actual salary of an incumbent is at SG-10, Step 2, this shall be adjusted to SG-10, Step 4.
2. If the actual salary of an incumbent is at SG-22, Step 7, this shall only be adjusted to SG-22, Step 8.

Grant of One (1) Step increment Due to Meritorious Performance or Due to Length of Service:

1. If the actual salary of an incumbent is at SG-10, Step 2, this shall be adjusted to SG-10, Step 3.
2. If the actual salary of an incumbent is at SG-22, Step 8, this shall not be adjusted.

2. If the actual salary of an incumbent, qualified to the grant of one (1) Step Increment Due to Meritorious Performance or Due to Length of Service, falls between two (2) salary steps, his/her salary shall be adjusted to the higher step. If qualified to two (2) Step Increments Due to Meritorious Performance, his/her salary shall be adjusted to the higher step and one (1) step further, but only up to Step 8.

Examples:

Grant of Two (2) Step Increments Due to Meritorious Performance:

1. If the actual salary of an incumbent is between Steps 2 and 3 of SG-10, this shall be adjusted to SG-10, Step 4.
2. If the actual salary of an incumbent is between Steps 6 and 7 of SG-22, this shall only be adjusted to SG-22, Step 8.

Grant of One (1) Step Increment Due to Meritorious Performance or Due to Length of Service:

1. If the actual salary of an incumbent is between Steps 2 and 3 of SG-10, this shall be adjusted to SG-10, Step 3.
 2. If the actual salary of an incumbent is between Steps 7 and 8 of SG-22, this shall only be adjusted to SG-22, Step 8.
3. If the actual salary of an incumbent is already at Step 8, he/she is no longer entitled to further step increment.
 4. An incumbent, if qualified, may be simultaneously granted Step Increment/s Due to Meritorious Performance and Step Increment Due to Length of Service.

Examples:

Grant of Two (2) Step Increments Due to Meritorious Performance and One (1) Step Increment Due to Length of Service:

1. If the actual salary of an incumbent is at SG-10, Step 2, this shall be adjusted to SG-10, Step 5.
2. If the actual salary of an incumbent is at SG-22, Step 7, this shall only be adjusted to SG-22, Step 8.

VII. Fund Sources

1. The step increments shall be charged against agency budgets. This step increment of detailed personnel, for which the amounts shall be charged against the budgets of their mother agencies.

VIII. Institutional Arrangements

1. The Human Resource Development Bureau (HRDB) shall provide the performance ratings of all agency personnel covered by this Administrative Order to the PMTWG. For Step Increment due to Meritorious Performance, HRDB shall also prepare the ranking and list of the top five percent (5%) of personnel, which shall be endorsed to the PMTWG, copy furnished the AS-PAD.
2. The AS-PAD shall prepare the list of individuals who meet the conditions for the Step Increment due to Length of Service. AS-PAD shall then endorse the list of qualified individuals to the PMTWG.
3. The PMTWG shall review, assess, and recommend to the Agency Head or the authorized representative the list of qualified individuals due to Meritorious Performance, and Length of Service.
4. The Agency Head or the authorized representative based on the DSWD Delegation and Delineation of Authority shall review and approve the list of qualified individuals due to Meritorious Performance, and Length of Service.
5. Upon approval of the list, the AS-PAD and/or its regional counterparts shall prepare the Notice of Step Increment (NOSI) due to Meritorious Performance and NOSI due to Length of Service for signature of the authorized official as per Delegation and Delineation of Authority. Attached are the forms to be used for the purpose marked as Annexes A and B.
6. AS-PAD, in coordination with the FMS and/or their respective counterpart in the Field Offices, shall also prepare the necessary changes in the salaries and benefits of those entitled individuals in step increments.
7. The HRDB and AS-PAD shall be responsible in reviewing and endorsing the appeal cases to the PMTWG for further deliberation of the merits of the appeal which shall include recommendation to the Agency Head or the authorized representative. The Agency Head or the authorized representative shall then resolve/decide on issues, appeals or grievances raised, if any.

8. Cases not covered by these guidelines shall be referred to the Office of the Undersecretary for General Administration and Support Services for resolution.

These guidelines shall take effect immediately.

Signed this 29th day of December 2017.



EMMANUEL A. LEYCO
DSWD Officer-in-Charge



Certified True Copy:



1-10-18

MYRNA H. REYES

Records & Archives Mgt. Section