

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila  
  
**SIXTEENTH CONGRESS**  
**FIRST REGULAR SESSION**  
  
**HOUSE BILL NO 3416**



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Introduced by **Honorable Oscar "Richard" S. Garin, Jr.**  
**1<sup>st</sup> District, Iloilo**

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**"AN ACT AUTHORIZING LOCAL GOVERNMENT UNITS TO  
IMPLEMENT A SALARY INCREASE OF NOT MORE THAN FIVE  
PERCENT (5%) EVERY FIVE (5) YEARS, AND FOR OTHER  
PURPOSES"**

**EXPLANATORY NOTE**

Section 325, par. a of the Local Government Code limits the authority of local government units to implement salary increase to their employees, thus:

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

- (a.) The total appropriations, whether annual or supplemental, for personal services of a local government unit for one (1) fiscal year shall not exceed forty-five percent (45%) in the case of first to third class provinces, cities, and municipalities, and fifty-five percent (55%) in the case of fourth class or lower, of the total annual income from regular sources realized in the next preceding fiscal year. The appropriations for salaries, wages, representation and transportation allowances of officials and employees of the public utilities and economic enterprises owned, operated, and maintained by the local government unit concerned shall not be included in the annual budget or in the computation of the maximum amount for personal services. The appropriations for the personal services of such

economic enterprises shall be charged to their respective budgets;"

(b.) xxx

The legislative intent of the above-cited provision of law is apparently to put in place a mechanism to insure that LGUs' mandate to deliver basic services and implement locally-funded projects are not hampered by undue increases in personnel services. That sits well with the proponent.

However, a closer look at the present salary scales of all government employees, national or local, shows that after the implementation of Joint Resolution No. 4, adopted by both houses of Congress which was a consolidation of House Joint Resolution No. 36 and Senate Joint Resolution No. 26 dated June 1, 2009 and June 2, 2009, respectively, for standardized salaries of Philippine government employees shows that a Private of the Armed Forces of the Philippines receives a basic salary of ₱14,834.00 while a Local Government employee with salary grade 1, step increment 1 receives only ₱6,215.00. Thus, this variance in compensation should make a viable argument for this proposal.

Also, it should be emphasized that the proposed legislation, being permissive in nature, does not preclude or prohibit other increases in compensation or emoluments as may be authorized by future acts of Congress.

It is earnestly prayed that this measure be given due consideration.



OSCAR "RICHARD" S. GARIN, JR.

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*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

**Section 1.** All local government units including autonomous administrative regions are hereby authorized to implement a salary increase of not more than five percent (5%) every five (5) years for their officials and employees. The following shall be covered by this Act:

All positions for salaried LGU personnel whether regular, co-terminus, contractual or casual in nature, elective or appointive, full-time or part-time, now existing or may be hereinafter created; and,

All positions for barangay personnel which are paid monthly honoraria.

**Section 2.** Section 325 (a) of Republic Act No. 7160 otherwise known as the Local Government Code of 1991 is hereby amended or modified accordingly.

**Section 3. *Implementing Rules and Regulations.*** - The DBM shall issue the necessary rules and regulations to implement this Act.

**Section 4. *Repealing Clause.*** - All laws, issuances or any party thereof inconsistent with this Act are hereby repealed or modified accordingly.

**Section 5. Effectivity.** – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,