

**DE LUNA, Emilie**  
**PIMENTEL, Marcial**  
**DE LEON, Modesto**  
**QUILATAN, Romeo**  
**LIM, Ramon**  
**EVANGELISTA, Dominador**  
**FERRER, Zenaida**  
**BASA, Mateo**  
**CABE, Alfredo**  
**SIAPNO, Vizminda**  
**IMPERIAL, Monico**  
**FERRARIZ, JR., Felicisimo**  
**FORONDA, Romeo**  
**JARDIEL, Ricardo**  
**ALIPIO, Clarito**  
**RUDINAS, Ciriaco**  
**VILLACORTA, Armando**  
**SANIEL, Alfonso**  
**PASCUAL, Dante**  
**VERANO, Lionel**  
**MUHALLIN, Ponciano**  
**HERNANDO, Angel**  
**BANIEL, Ramon**  
**DE GUZMAN, Rodolfo**  
**FANGON, Jose**  
**CASTILLO, Isabelo**  
**BAUTISTA, Carmelo**  
**PEREZ, Renato**  
**CELEBRADO, Ismael**  
**VALLEJO, Douglas**  
**GONZALES, Claudio**  
**OLANO, Consolacion**  
**CALLO, Don**  
**GAMBOA, Reynaldo**  
**SANCHEZ, Raul**  
**GUIRITAN, Severino**

## RESOLUTION No. 01-1694

Emilie De Luna, *et al.*, Branch Managers and Assistant Branch Managers of the Government Service Insurance System (GSIS), file a petition to the Commission for retroaction to July 1, 1989 of the effectivity of the implementation of the reclassification of their positions instead of March 15, 1996. They likewise claim for back salaries and benefits from July 1, 1989 to March 14, 1996.

In their petition, De Luna, *et al.*, allege, as follows:

x x x

“7. *Effective July 1, 1989, when the Salary Standardization Law was implemented, the petitioners and intervenors were classified as Branch Managers, Salary Grade 25, which is one salary grade lower than GSIS Home Office Department Managers;*

“8. *This classification of GSIS Branch Managers at a salary grade lower than that of GSIS Home Office Department Managers is violative of the objective and rationale of job evaluation which is to maintain internal equity in compensation within an organization. The function of job evaluation is to determine the value of one job or position to the organization in relation to the value of another job or position in another organization.*

“9. *Before 1989 and even today, it is widely and commonly accepted in the GSIS that GSIS Branch Managers should be ranked at least equal to Department Managers of the GSIS Home Office;*

“10. *In fact, GSIS Branch Managers should have been classified higher than GSIS Home Office Department Managers on the basis of the fact that GSIS Branch Offices are a microcosm of the GSIS and GSIS Branch Managers supervise virtually the entire range of functions performed by GSIS as a whole, while GSIS Home Office Department Managers merely attend to specific, specialized functions;*

“11. *For instance, while each GSIS Home Office Department Managers attend to specific, specialized activities like salary loans granting or retirement claims processing or acquired assets administration, etc., GSIS Branch Managers perform definitely greater variety, volume and complexity of work. Because GSIS*

*Branch Managers are a microcosm of the GSIS, GSIS Branch Managers act as little Presidents and General Managers of the GSIS in the field and as such they preside over the whole range of functions of the GSIS as a whole; i.e. including all of the specialized functions that each GSIS Home Office Department Manager individually do (sic);*

*“12. These duties of the GSIS Branch Managers have been their duties since July 1, 1989 or earlier and so were the qualification requirement for appointment to the position which have also been the same since July 1, 1998;*

*“13. In fact, on March 14, 1996, the GSIS Board of Trustees in its Resolution No. 98 authorized the implementation of the salary grades of incumbent branch managers from salary grade 25 to salary grade 26 thus finally recognizing and admitting that the correct position classification of the petitioners and intervenors as GSIS Branch Managers should be salary grade 26;*

*“14. Since the principal duties of GSIS Branch Managers and the qualification requirements for appointment to the position have always been the same since July 1, 1989 or earlier, GSIS Branch Managers (like GSIS Home Office Department Managers) should have been classified at least at salary grade 26 effective July 1, 1989 or effective upon their appointment as such if they were appointed after July 1, 1989. x x x*

*“15. However, to avoid the claim of petitioners and intervenors for retroactive classification of their position to salary grade 26, the respondents, acting thru Human Resources Group and the then Manager of the GSIS Manpower Planning and Staffing Department, made it appear, with gross and evident bad faith, that to implement the upgraded salary grades of the petitioners and intervenors, they should be issued new appointments as they were in fact issued new appointments and they should start, as in fact some of them started at the minimum pay of salary grade 26 (even if these were lower than their actual pay), when in fact their case only involved salary upgrading as expressly admitted by the GSIS Board of Trustees in its aforementioned Resolution No. 98 dated March 14, 1996;*

x x x

*“17. Despite all of the foregoing considerations, the respondents failed and refused, without justifiable reason to implement the correct position classification of the petitioners and intervenors effective July 1, 1989 or effective upon their appointment as Branch Managers or Assistant Branch Managers;*

*“18. By reason of the erroneous classification of GSIS Branch Managers at salary grade 25, the other petitioners and intervenors who are GSIS Assistant Branch Managers were likewise accordingly classified*

*one grade lower at salary grade 24 (instead of salary grade 25), but if the GSIS Branch Managers had been classified at salary Grade 26, as they should have been, the other petitioners and intervenors who are Assistant Branch Managers should also have been classified at salary grade 25 effective July 1, 1989 but the respondents failed and refused to implement their upgraded positions retroactively;”*

In its Comment, the GSIS averred, as follows:

x x x

*“2. Conformably with Section 2 of the SSL, on October 2, 1989, the Department of Budget and Management (DBM) issued Corporate Compensation Circular No. 10 x x x*

x x x

*“4. On December 18, 1989, DBM, through the letter of Benjamin E. Diokno (then Undersecretary), transmitted a copy of the IOS to GSIS and directed the latter to submit its Position Allocation List 'using the prescribed positions in said IOS x x x.*

*“5. The Manager/Executive Group - G64 of the IOS explicitly provided a classification for Regional Manager/Administrator II with a salary grade of 26, but did not provide a classification for Branch Manager;*

*“6. Consultative meetings with representatives from PNB, DBP, Land Bank, SSS and GSIS were held for the purpose, among others, of providing a uniform position classification and salary grades among GFIs;*

*“7. During these meetings, it was established, among others, that these other GFIs had regional and branch managers, while GSIS had branch managers only;*

*“8. The foregoing and the verbal advice of the DBM notwithstanding, GSIS allocated to its branch managers and assistant branch managers the position classification, 'Department Manager III' with a salary grade of 26 and 'Department Manager II' with a salary grade of 25, respectively;*

x x x

*“10. However. DBM. in its letter dated April 25. 1990. returned the PAL submitted by GSIS with*

*the pronouncement that 'those not in accord with the IOS prescribed by this Office for that Corporation and DBM records have been corrected accordingly';*

*“11. Among those found by DBM not to be in accord with its IOS, were the positions of Branch Manager and Assistant Branch Manager which DBM accordingly corrected to Department Manager II with Salary Grade 25; and Assistant Department Manager I with Salary Grade 24, respectively. x x x.*

*“12. Requests for reconsideration and approval of position reclassification by the GSIS were left unheeded by DBM. x x x*

*“13. Sometime in 1996, GSIS undertook a reorganization program. In line with this, GSIS wrote to the Civil Service Commission and requested for an exemption from the need to obtain DBM clearance for reclassification of positions and approval of a new plantilla. CSC approved this request;*

*“14. Acting on the recommendation of the Reorganization Technical Committee, the GSIS Board of Trustees, during its meeting held on March 14, 1996 adopted Resolution No. 98 approving the implementation of the reclassification of the positions of branch managers and assistant branch managers from Department Manager II and Department Manager I to Department Manager III and Department Manager II, respectively, and upgrading their salary to SG 26 and 25, respectively;*

*“15. Pursuant to CSC rules, new appointments were issued to implement these position reclassification and salary upgrading.*

*x x x*

*“20. The position and salary grades allocated to the Petitioners were in adherence to the IOS prepared by DBM for uniform implementation among all government agencies, government-owned and controlled corporations and government financing institutions. x x x*

*“21. With the same respect, respondents submit that CSC can neither transgress the authority and mandate given by the law to DBM, nor supplant the latter's decision in relation to the implementation of the SSL;*

*x x x*

*“23. x x x to maintain otherwise would be violative of CSC's own rules and regulation prescribing the issuance of another appointment whenever there is a change in position title or rank x x x*

*“25. x x x to maintain otherwise would be violative of CSC's own rules and regulations providing the effectivity of an appointment to be the date of actual assumption by the appointee, but not earlier than the issuance of the appointment, which is the date of signing by the appointment authority x x x.”*

Records show that on December 18, 1989, the Department of Budget and Management (DBM), pursuant to **RA 6758** otherwise known as "**An Act Prescribing a Revised Compensation and Position Classification in the Government and For Other Purposes**", transmitted a copy of the Index of Occupational Services (IOS) to GSIS and directed the latter to submit its Position Allocation List (PAL) in accordance with said IOS.

On April 25, 1990, DBM returned the PAL submitted by GSIS with the corresponding correction of the positions which were found to be not in accord with the IOS. Specifically, among these are the positions of Branch Manager and Assistant Branch Manager which DBM corrected to Department Manager II (SG 25) and Assistant Department Manager I (SG 24), respectively.

In 1996, GSIS undertook a reorganization by virtue of which its Board of Trustees issued Resolution No. 98 dated March 14, 1996 approving the implementation of the reclassification of the positions of Branch Manager and Assistant Branch Manager from Department Manager II (SG 25) and Assistant Department Manager I (SG 24) to Department Manager III (SG 26) and Department Manager II (SG 25), respectively. Consequently, appointments were issued to the herein petitioners.

However, the petitioners claimed that the reclassification should have been made retroactive to July 1, 1989, the date when the Salary Standardization Law took effect. According to them, the GSIS Branch Managers supervise virtually the entire range of functions performed by the GSIS as a whole *vis-a-vis* GSIS Home Office Department Managers (SG 26) who merely attend to specialized functions.

Hence, the instant petition.

The pivotal issues that need to be resolved in the instant case are as follows:

1. Whether or not the Commission has jurisdiction over cases involving the implementation of compensation and

position classification; and

2. Whether or not the effectivity date of the implementation of the reclassification of the petitioners' position can be made retroactive to July 1, 1989.

It is the contention of the GSIS that the Commission has no jurisdiction over cases involving the implementation of the compensation and position classification prescribed under the Salary Standardization Law. We disagree.

Pertinent to this is **Section 12(4), Chapter 3, Subtitle A, Title I, Book V of the Administrative Code of 1987 (EO 292)** which provides, as follows:

*“Section 12. Powers and Functions. – The Commission shall have the following powers and functions:*

*x x x*

*“(4) formulate policies and regulations for the administration, maintenance and implementation of position classification and compensation and set standards for the establishment, allocation and reallocation of pay scales, classes and positions.”*

As clearly spelled out in the aforequoted provision, the Commission has jurisdiction over matters involving implementation of position classification and compensation.

Be it stressed further that the Commission, as the central personnel agency of the government, is vested with authority to establish a career service, strengthen the merit and rewards system, and integrate therein all human resources development programs for all levels and ranks, and institutionalize a management climate conducive to public accountability (**Section 3 [B], Article IX, The 1987 Philippine Constitution**).

Anent the second issue, the DBM, in consonance with **Section 2 of RA 6758** otherwise known as "**An Act Prescribing a Revised Compensation and Position Classification in the Government and For Other Purposes**", issued Corporate Compensation Circular No. 10 on October 10, 1989, Article 5.1 of which provides, as follows:

*“All existing positions and those that thereafter will be created in GOCCs and GFIs shall be allocated to the appropriate position titles on the basis of the nature of actual duties and responsibilities and qualification requirements of the position as the primary factor considered, and in accordance with the Index of Occupation Services (IOS) which forms part of this Circular.”*

Based on the aforequoted provision, it can be inferred that when RA 6758 took effect in 1989, all government agencies were required to submit their Position Allocation List (PAL) in accordance with the prescribed position titles contained in the Index of Occupational Services (IOS) circularized by the DBM. Otherwise stated, all government agencies are mandated to submit their position reclassification to the DBM for approval to determine whether or not it conforms with the position titles prescribed in the IOS.

In the instant case, the PAL submitted by GSIS was not in accord with the IOS of DBM, thus, the latter agency corrected it to positions carrying the same salary grade. This action of DBM is still pursuant to the Salary Standardization Law, since at that time, the **GSIS Act of 1997 (RA 8291)**, has not yet been enacted. **Section 43 of RA 8291** explicitly provides, as follows:

*“Section 43. Powers and Functions of the Board of Trustees. - The Board of Trustees shall have the following powers and functions:*

x x x

*“(d) upon the recommendation of the President and General Manager, to approve the GSIS organizational structure and staffing pattern, and to establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the GSIS with reasonable allowances, incentives, bonuses, privileges and other benefits as may be necessary or proper for the effective management, operation and administration of GSIS, which shall be exempt from Republic Act No. 6758 otherwise known as the Salary Standardization Law, and Republic Act No. 7430, otherwise known as the Attrition Law.”*

Clearly, it was only on June 24, 1997 when RA 8291 took effect that GSIS could make a valid reclassification of the subject positions and implement the same.



Since no issuance/policy had yet been issued which declares that the position of Branch Manager (SG 25) is equivalent to Home Office Department Manager (SG 26), the correction thus made by DBM has basis. It was only later when the GSIS Act of 1997 was passed that GSIS could validly reclassify Branch Managers as equivalent to Home Office Department Managers carrying salary grade 26.

In effect, the petitioners' claim for the retroaction of their position reclassification effective July 1, 1989, is utterly without merit.

At this juncture and to further elucidate on the matter, upgrading/reclassification refers to the change in position title with the corresponding increase in salary grade. x x x. This requires the issuance of an appointment (**Section 4[k], Rule III, Revised Omnibus Rules on Appointments and Other Personnel Actions**).

Clearly, the GSIS is correct when it issued new appointments to the petitioners in 1996 as a result of the reclassification of the latters' positions.

Corollarily, no appointment shall be made effective earlier than the date of issuance except in the case of change of status in view of having acquired a civil service eligibility or in case of a teacher having acquired a valid certificate of registration and valid professional license (**Section 2, Rule IV, *supra***).

It follows, therefore, that the petitioners' assertion for the retroaction of their claim for back salaries and other benefits effective July 1, 1989 as a result of the reclassification of their positions in 1996 cannot be given due course for want of legal basis.

**WHEREFORE**, the petition of Emilie De Luna, *et al.*, is hereby **DISMISSED**.

Quezon City,     October 24, 2001

(Signed)

**JOSE F. ERESTAIN, JR.**

Commissioner

(Signed)

**KARINA CONSTANTINO-DAVID**

Chairman

(Signed)

**J. WALDEMAR V. VALMORES**

Commissioner

Attested by:

(Signed)

**ARIEL G. RONQUILLO**

Director III

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