CPCS CIRCULAR NO. 2021-005

SUBJECT : GRANT OF NIGHT SHIFT DIFFERENTIAL

DATE : 12 JAN 2022

1. **LEGAL BASES.** – Executive Order (E.O.) No. 150, s. 2021 approved the Compensation and Position Classification System (CPCS) and the Index of Occupational Services, Position Titles, And Job Grades for GOCCs (IOS-G) Framework.

Section 5 of the said E.O. provides that “[t]he existing compensation granted by GOCCs to its officers and employees shall be standardized in accordance with the CPCS approved under this Order.”

Under Chapter VI(B)(2) of the CPCS, officers and employees of GOCCs shall be entitled to allowances and benefits given under specific conditions and situations related to the actual performance of work, including Night Shift Differential.

Further, the same Chapter also provides that “[t]he prescribed rates, guidelines, and regulations to be promulgated by the GCG shall be based on the applicable standardized compensation laws and issuances for National Government Agencies.”

This Circular is being issued pursuant to the above directive.

2. **COVERAGE.** – This Circular shall apply to all officers and employees, whether regular, contractual or casual in nature, of GOCCs and their subsidiaries covered under Republic Act (R.A.) No. 10149.

3. **EXCLUSIONS.** – The following are excluded from the coverage of this Circular:

3.1. Officers and employees of GOCCs with approved abolition or deactivation orders;

3.2. Individuals hired by GOCCs without employer-employee relationships and/or those whose compensation is not sourced from Personal Services appropriations/budgets of their respective GOCCs, as follows:

   (a) Members of the Governing Board;
   (b) Consultants and experts hired to perform specific activities or services with expected outputs;
   (c) Laborers hired through job contracts (pakyaw) and those paid on piecework basis;
   (d) Student laborers and apprentices; and

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1 GOCC Governance Act of 2011.
2 Section 1, E.O. No. 150, s.2021.
(e) Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

3.3. Public health workers who are already covered by R.A. No. 7305;\(^3\)

3.4. Officers and employees whose services are required or are on call 24 hours a day.

3.5. Officers and employees whose schedule of office hours fall between 6:00 AM to 6:00 PM. Services rendered beyond the regular 8-hour work schedules are paid overtime pay.

4. **Definition of Terms.**

4.1. Night Shift Differential Pay – compensation premium given to employees whose regular working hours fall within a specified period of time.

4.2. Hourly Basic Rate – The basic salary rate per hour derived by (a) dividing the monthly rate by 22 working days, and (b) dividing the quotient derived in (a) by 8 hours.

5. **Grant of Night Shift Differential Pay.**\(^4\)

5.1. Night Shift Differential Pay may be granted to officers and employees based on the following formula:\(^5\)

\[
\text{Night Shift Differential} = 1.20 \times \text{HR} \times \text{Number of Hours Rendered}
\]

Where: \(\text{HR} = \frac{\text{Monthly Basic Salary}}{22 \text{ working days}} \times \frac{1}{8 \text{ hours}}\)

5.2. When the schedule of working hours fall partly within 6:00 PM to 6:00 AM, the Night Shift Differential Pay shall be paid only for the hours within 6:00 PM to 6:00 AM of the following day;

5.3. When an employee working in a regular night shift falling within the 6:00 PM to 6:00 AM period renders services in excess of the regular 8-hour night shift, the excess hours shall be compensated in accordance with the rules and regulations on overtime compensation;

5.4. To qualify for the Night Shift Differential Pay, the official working hours shall be prescribed by the Governing Board, taking into consideration the nature of the services of the office concerned and the necessity for an official night shift outside the ordinary working hours, provided that such official working hours is observed for a period of at least 10 working days;

5.5. Payment of Night Shift Differential Pay may be authorized by the GOCC Governing Board without need of prior approval from the GCG.

6. **Funding Source.** – The funding for the payment of the night shift differential shall be charged by GOCCs to their respective approved corporate operating budgets (COBs). However, it shall be prohibited to source the payment of the said benefit from the following:

(a) Loans;

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\(^3\) Magna Carta of Public Health Workers.

\(^4\) Based on Department of Budget and Management (DBM) Budget Circular No. 8, s. 1995.

\(^5\) Section 3.9.13.3.1 of Department of Budget and Management (DBM) Manual on Position Classification and Compensation.
(b) Sale of the GOCC’s asset(s) for the sole purpose of paying the night shift differential;

(c) Other schemes analogous to the foregoing.

Furthermore, the GOCCs shall not increase their service fees for the purpose of augmenting any deficiencies in the amounts prescribed herein, and neither shall the grant of night shift differential adversely affect the implementation of programs/projects, as well as the attainment of performance targets.

7. **Responsibility of the GOCCs.** – The GOCCs, acting through their Governing Boards, shall be responsible for the proper implementation of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

8. **Repealing Clause.** – All other GCG orders, circulars, issuances, and decisions, Board resolutions, or parts thereof, which are inconsistent with this Circular are hereby repealed or modified accordingly.

9. **Resolution of Cases.** – Cases not covered by this Circular shall be referred to the GCG for resolution.

10. **Effectivity Clause.** – This Circular shall take effect immediately upon its publication in the Official Gazette or in a newspaper of general circulation, and upon receipt of a formal copy by the University of the Philippines – Office of the National Administrative Registrar (UP-ONAR).

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