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THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session

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SENATE  
S. No. 2057

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Introduced by the HONORABLE MAR ROXAS

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### EXPLANATORY NOTE

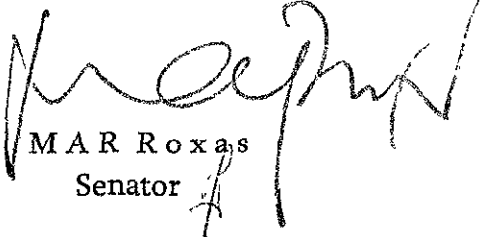
This bill seeks to update the standards used by government in evaluating compensation and position levels of public employees by allowing periodic rate adjustments in their salary schedule based on cost of living.

Republic Act No. 6758, also known as An Act Prescribing a Revised Compensation and Position Classification System in the Government, was passed in 21 August 1989 to establish a unified wage and qualification system. It introduced a salary schedule for positions paid annually or monthly and allowed initial grade salaries that range from P,2000 to P25,000 to move up along eight (8) step increments based on merit and/or length of service. In 1993, Congress passed Joint Resolution No. 01 increasing initial grade salaries from P2,000 to P4,000 and P25,000 to P50,000. The fifty percent (50%) increase was expected to improve the quality of public service by making the system more responsive to the economic needs of government personnel, and to provide adequate incentive to public servants. The next and last adjustment was in 2001, which provided a seventeen percent (17%) increase on the average in initial grade salaries, on salary range P5,082 and P57,750. It has been four (4) years since the last adjustment, and inflation has grown at an average of six percent (6%) for the past ten (10) years.

Needless to say, compensation levels of government employees fall behind industry standards. According to the World Bank, senior civil servants in the Philippines only receive twenty percent (20%) of what their private sector equivalents receive. Narrowing the gap in compensation levels between public and private employees could be a way to promote good governance in the public sector. Good governance requires a high level of effectiveness, accountability and transparency, which can only be achieved if government will be able attract and retain highly skilled and competent personnel. Government needs to give competitive salaries, otherwise, all good men will be lost to the private sector, locally and abroad. Failure to attract and retain competent public servants leads to weak governance and could result to bad decisions that could adversely affect our country.

The success in the implementation of a compensation and position classification system lies not in the formalization of qualification requirements and wage differentials. Its success should be measured based on its effectiveness in applying equity among employees whether in the public or private sector, and in ensuring that workers receive appropriate compensation levels that correspond to the current cost of living.

In view of the foregoing, the immediate approval of this measure is earnestly requested.



MAR Roxas  
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session

5 JUN 15 P4:33

SENATE  
S. B. No. 2007

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Introduced by the HONORABLE MAR ROXAS

AN ACT

PROVIDING FOR UPGRADE OF THE STANDARD SALARY OF ALL GOVERNMENT PERSONNEL, PROVIDING BENEFITS FOR EARLY RETIREMENT AND VOLUNTARY SEPARATION FROM GOVERNMENT SERVICE, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6758 ENTILED "AN ACT PRESCRIBING A REVISED COMPENSATION AND POSITION CLASSIFICATION SYSTEM IN THE GOVERNMENT", AND FOR OTHER PURPOSES

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

Section 1. Short Title -- This Act shall be known as the "Upgrade of Standard Salary of Government Personnel Act of 2005."

Section 2. Republic Act No. 6758, Section 7 is hereby amended to read as follows:

"SECTION 7. Salary Schedule. - The Department of Budget and Management is hereby directed to implement the Salary Schedule prescribed below:

Salary Schedule

| Grade | 1st   | 2nd   | 3rd   | 4th   | 5th   | 6th   | 7th   | 8th   |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1 -   | 2,000 | 2,020 | 2,040 | 2,061 | 2,081 | 2,102 | 2,123 | 2,144 |
| 2 -   | 2,073 | 2,094 | 2,115 | 2,136 | 2,158 | 2,179 | 2,201 | 2,223 |
| 3 -   | 2,156 | 2,178 | 2,200 | 2,222 | 2,244 | 2,266 | 2,289 | 2,312 |
| 4 -   | 2,250 | 2,272 | 2,295 | 2,318 | 2,341 | 2,364 | 2,388 | 2,412 |
| 5 -   | 2,355 | 2,378 | 2,402 | 2,426 | 2,450 | 2,475 | 2,500 | 2,525 |
| 6 -   | 2,473 | 2,497 | 2,522 | 2,547 | 2,573 | 2,599 | 2,625 | 2,651 |
| 7 -   | 2,604 | 2,630 | 2,657 | 2,683 | 2,710 | 2,737 | 2,765 | 2,793 |
| 8 -   | 2,752 | 2,779 | 2,807 | 2,835 | 2,864 | 2,892 | 2,921 | 2,950 |
| 9 -   | 2,917 | 2,946 | 2,976 | 3,005 | 3,036 | 3,066 | 3,097 | 3,127 |
| 10 -  | 3,102 | 3,133 | 3,164 | 3,196 | 3,228 | 3,260 | 3,293 | 3,325 |
| 11 -  | 3,309 | 3,342 | 3,375 | 3,409 | 3,443 | 3,477 | 3,512 | 3,547 |
| 12 -  | 3,540 | 3,576 | 3,611 | 3,647 | 3,684 | 3,721 | 3,758 | 3,796 |
| 13 -  | 3,800 | 3,838 | 3,876 | 3,915 | 3,954 | 3,994 | 4,033 | 4,074 |
| 14 -  | 4,091 | 4,132 | 4,173 | 4,215 | 4,257 | 4,300 | 4,343 | 4,386 |
| 15 -  | 4,418 | 4,463 | 4,507 | 4,552 | 4,598 | 4,644 | 4,690 | 4,737 |
| 16 -  | 4,786 | 4,834 | 4,883 | 4,932 | 4,981 | 5,031 | 5,081 | 5,132 |
| 17 -  | 5,201 | 5,253 | 5,306 | 5,359 | 5,413 | 5,467 | 5,521 | 5,577 |
| 18 -  | 5,670 | 5,726 | 5,784 | 5,841 | 5,900 | 5,959 | 6,018 | 6,079 |

|      |        |        |        |        |        |        |        |        |
|------|--------|--------|--------|--------|--------|--------|--------|--------|
| 19 - | 6,199  | 6,261  | 6,323  | 6,386  | 6,450  | 6,515  | 6,580  | 6,646  |
| 20 - | 6,798  | 6,866  | 6,935  | 7,004  | 7,074  | 7,145  | 7,216  | 7,288  |
| 21 - | 7,478  | 7,553  | 7,628  | 7,704  | 7,781  | 7,859  | 7,938  | 8,017  |
| 22 - | 8,250  | 8,333  | 8,416  | 8,500  | 8,585  | 8,671  | 8,758  | 8,845  |
| 23 - | 9,131  | 9,222  | 9,314  | 9,407  | 9,501  | 9,596  | 9,692  | 9,789  |
| 24 - | 10,135 | 10,236 | 10,339 | 10,442 | 10,546 | 10,652 | 10,758 | 10,866 |
| 25 - | 11,385 | 11,499 | 11,614 | 11,730 | 11,847 | 11,966 | 12,085 | 12,206 |
| 26 - | 12,650 | 12,777 | 12,904 | 13,033 | 13,164 | 13,295 | 13,428 | 13,563 |
| 27 - | 13,915 | 14,054 | 14,195 | 14,337 | 14,480 | 14,625 | 14,771 | 14,919 |
| 28 - | 15,180 | 15,332 | 15,485 | 15,640 | 15,796 | 15,954 | 16,114 | 16,275 |
| 29 - | 17,075 | 17,246 | 17,418 | 17,592 | 17,768 | 17,946 | 18,125 | 18,307 |
| 30 - | 18,975 |        |        |        |        |        |        |        |
| 31 - | 19,550 |        |        |        |        |        |        |        |
| 32 - | 22,000 |        |        |        |        |        |        |        |
| 33 - | 25,000 |        |        |        |        |        |        |        |

The above Salary Schedule shall be used for positions that are paid on the annual or monthly rate basis. All salaries in the Salary Schedule expressed as monthly rates in pesos shall represent full compensation for full-time employment, regardless of where the work is performed. Salaries for services rendered on a part-time basis shall be adjusted proportionately.

THE FOREGOING SCHEDULE SHALL BE ADJUSTED EVERY FOUR (4) YEARS, OR WHENEVER NECESSARY, TO THE PREVAILING COST OF LIVING INDEX AS DETERMINED BY THE ORGANIZATION, POSITION AND CLASSIFICATION BUREAU OF THE DEPARTMENT OF BUDGET AND MANAGEMENT; PROVIDED, THAT THE SAME SHALL BE IMPLEMENTED ONLY UPON APPROVAL BY CONGRESS.

PURSUANT TO THIS, THE ORGANIZATION, POSITION AND CLASSIFICATION BUREAU OF THE DEPARTMENT OF BUDGET AND MANAGEMENT SHALL REVIEW AND RECOMMEND WITHIN SIXTY (60) DAYS FROM THE EFFECTIVITY OF THIS ACT, ADJUSTMENTS TO SALARY STANDARDS, IN CONSULTATION WITH THE NATIONAL ECONOMIC DEVELOPMENT AUTHORITY, DEPARTMENT OF FINANCE, CIVIL SERVICE COMMISSION, GOVERNMENT SERVICE INSURANCE SYSTEM, DEPARTMENT OF TRADE AND INDUSTRY, DEPARTMENT OF ENERGY, THE LAND TRANSPORTATION AND FRANCHISING REGULATORY BOARD, REPRESENTATIVES FROM THE PRIVATE SECTOR AND CIVIL SERVICE EMPLOYEES.

THE DEPARTMENT OF BUDGET AND MANAGEMENT SHALL SUBMIT A REPORT TO CONGRESS AFTER EVERY REVIEW.

[The Department of Budget and Management shall update the above Schedule whenever there are across-the-board salary adjustments as may be provided by law.]

The daily wage rate shall be determined by dividing the monthly salary rate by twenty-two (22) working days per month.

**Section 3.** A new section is hereby inserted between Sections 18 and 19 of Republic Act No. 6758, to read as follows:

**SECTION 19. EARLY RETIREMENT AND VOLUNTARY SEPARATION BENEFITS—**  
**THE ORGANIZATION, POSITION AND CLASSIFICATION BUREAU OF THE**  
**DEPARTMENT OF BUDGET AND MANAGEMENT SHALL ALSO REVIEW AND**  
**RECOMMEND AN EARLY RETIREMENT AND VOLUNTARY SEPARATION**  
**PACKAGE TO ALLOW GOVERNMENT OFFICIALS AND EMPLOYEES TO**  
**VOLUNTARILY ELECT IN WRITING TO BE RETIRED OR SEPARATED BEFORE**  
**THE MANDATORY RETIREMENT OR SEPARATION AS MANDATED BY LAW.**

**Section 4.** Separability Clause – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions hereof that are not affected thereby shall continue to be in full force and effect.

**Section 5.** Repealing Clause - All laws, presidential decrees, executive orders, rules and regulations or parts thereof which are not consistent with this Act are hereby repealed, amended or modified accordingly.

**Section 6.** Effectivity Clause – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers or general circulation.

Approved,