

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



'13 SEP 16 P5:24

SENATE

S. No. **1689**

RECEIVED BY: *ji*

Introduced by Senator Antonio "Sonny" F. Trillanes IV

Explanatory Note

The stature of workers in the government bureaucracy has long been way below par the standard norms followed in the private sector in terms of compensation and classifications standards.

In 2008, Joint Resolution No. 4 of the Senate and the House of Representatives approved by the President of the Philippines, urged the latter to revise the then existing Compensation and Position Classification System for civilian personnel and base pay of military and uniformed personnel, to make it more responsive to the economic needs of government personnel, to provide adequate incentives to public servants and to improve the quality of public services. Five years after, it has to be revised further to update the same, to further encourage excellent performance and productivity, and to clearly distinguish differences in levels of responsibility and accountability among government officials and employees.

While there has been an almost two-fold increase in the compensation package of the thousands of civil servants all over the country, their income remains uncompetitive as compared to the private sector compensation packages. Thus, this measure seeks to reinvent government's bureaucratic structure and salary schedule known in this bill as "Omnibus Compensation and Position Classification." This will take into consideration a rationalized system that equates pay with work responsibility and skill, among others. Such a system will create an environment of fairness and motivation which will inculcate professionalism in the public workplace. The long practiced motivational system in the private sector in granting promotions and salary increases based on performance evaluation will be institutionalized in this measure as a means of advancing efficiency and competency amongst the workforce.

Most importantly, the reclassified compensation framework in this bill will further the thrust of our leadership to make the remuneration of government workers more competitive and at par with the prevailing rate in the private sector so that more talented and skilled employees can be attracted to join the government. If we are to build a world-class civil service structure, our system of administering the compensation of government workers should have parity with the world-class industry standards utilized in the private sector.

In view of the foregoing, the approval of this bill is earnestly sought.

ANTONIO "SONNY" F. TRILLANES IV
Senator

'13 SEP 16 P5:24

SENATE
S. No. 1689

RECEIVED BY: ji

Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT
ADOPTING AN OMNIBUS COMPENSATION AND POSITION CLASSIFICATION OF
CIVILIAN PERSONNEL AND THE BASE PAY SCHEDULE OF MILITARY AND
UNIFORMED PERSONNEL IN THE GOVERNMENT, AND FOR OTHER PURPOSES

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

ARTICLE I
GENERAL PROVISIONS

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4 SECTION 1. *Short Title.* – This Act shall be known as the “*Salary Standardization Law*
5 4”.

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7 SEC. 2. *Declaration of Policy.* – Pursuant to Section 5, Section IX-B of the Constitution,
8 it is hereby declared the policy of the State to provide for the standardization of the
9 compensation of all government officials and employees taking into account the nature of the
10 responsibilities pertaining to, and the qualifications required for, their positions, thereby
11 strengthening the government’s merit and reward system.

12
13 SEC. 3. *Governing Principles.* – The following principles shall govern the modified
14 Compensation and Position Classification System and Base Pay Schedule of the government:

15 (a) All government personnel shall be paid just and equitable compensation in accordance with
16 the principle of equal pay for work of equal value. Differences in pay shall be based on verifiable
17 compensation and position classification factors, with due regard to the financial capability of the
18 government;

1 (b) The compensation for all civilian government personnel; and, military and uniformed
2 personnel shall generally be comparable with those in the private sector doing comparable work
3 in order to attract, retain and motivate a corps of competent civil servants;

4 (c) The compensation for all civilian government personnel; and, military and uniformed
5 personnel shall likewise be standardized and rationalized across all government agencies to
6 create an enabling environment that will promote social justice, integrity, efficiency,
7 productivity, accountability and excellence in the civil service;

8 (d) A periodic review of the government's Compensation and Position Classification System
9 shall be conducted every three (3) years, taking into account the changes in skills and
10 competency requirement in the bureaucracy, the relative demand for certain expertise, the
11 possible erosion in the purchasing power due to inflation, and other factors; and

12 (e) The Base Pay Schedule of military and uniformed personnel of the government shall
13 likewise take into account prevailing economic realities and create professionalism, exemplary
14 performance, and commitment to service.

15

16 **SEC. 4. *Definition of Terms.*** – For purposes of this Act, the following terms shall have
17 the corresponding meanings:

18 (a) *Base Pay* – synonymous to salary; the fixed amount of money given to an employee as
19 payment for services rendered, which consists only of the gross salary, without other benefits or
20 emoluments.

21 (b) *Benchmark Job* – jobs that are service-wide, that is, common to all sectors, or representative
22 of specific sectors, and relatively comparable to jobs outside the government, the descriptions of
23 which will be used as a basis for the valuation of all other jobs in the civil service.

24 (c) *Commission* – the Civil Service Commission or such other successor agency as the
25 Constitution may provide.

26 (d) *Compensable factors* – factors used to provide a basis for judging job value in a job
27 evaluation plan. In this Act, these are: Skills and Knowledge, Nature of Work, and
28 Accountability.

- 1 (e) *Cut* – a range of Job Grades which are grouped together for having similar or related nature of
2 jobs.
- 3 (f) *Department* – the Department of Budget and Management, or such other successor-agency as
4 the law or regulations may provide.
- 5 (g) *Government-owned and Controlled Corporations and Government Financial Institutions* –
6 refer to all corporations and financial institutions owned or controlled by the National
7 Government, whether such corporations and financial institutions perform governmental or
8 proprietary functions.
- 9 (h) *Incentive* – a reward, financial or otherwise, that compensates an employee for high
10 performance and/or continued performance.
- 11 (i) *Job Classification Index, or Index* – a table of occupational services, job titles, and Job Grades
12 for all jobs in the civil and military services, which forms part of, and to which the Omnibus
13 System, applies.
- 14 (j) *Job Grade* – a category of jobs which, although different with respect to kind or subject
15 matter of work, are sufficiently equivalent as to Skills and Knowledge, Nature of Work, and
16 Answerability, to warrant the inclusion of such classes of jobs within one range of Base Pay, and
17 which distinguishes it from other Job Grades in the Base Pay Schedule.
- 18 (k) *National Government* – refers to the Executive, the Legislative, and the Judicial Branches, the
19 Constitutional Commissions, and other offices created or mentioned in the Constitution, and
20 shall include, but shall not be limited to, all departments, bureaus, offices, boards, commissions,
21 courts, tribunals, councils, authorities, administrations, centers, institutes, state universities and
22 colleges, and government-owned and controlled corporations and financial institutions.
- 23 (l) *New Base Pay* – the Base Pay of an employee pursuant to the terms of this Act.
- 24 (m) *Omnibus Job Classification and Compensation Standardization System, or Omnibus System*
25 – the system herein adopted for classifying jobs and determining rates of Total Compensation for
26 jobs and employees. It consists, among others, of the Job Classification Index; the Career Track
27 that employees may progress through; the Total Compensation Framework, including the Base
28 Pay Schedule, Allowances and Other Pay, the rules for assignment of jobs to grades, and of
29 incumbents to Steps; the conditions for permitting Base Pay increases, as well as creation of and

1 increases in Allowances and Other Pay; and all other policies, rules, and regulations for the
2 implementation and administration thereof.

3 (n) *Previous Base Pay* – the Base Pay of an employee prior to the effectivity of this Act.

4 (o) *Step* – a level of Base Pay within a Job Grade.

5 (p) *Total Compensation* – the total amount of payment given to an employee for services
6 rendered, consisting of the following components: (i) Base Pay; (ii) Allowances and Other Pay;
7 and (iii) Incentives.

8 (q) *Uniformed Personnel* – government employees who directly perform duties and
9 responsibilities related to national security and actual defense of the State, or public safety and
10 internal peace and order; whose selection, hiring, appointment, transfer, and promotion are
11 governed by a separate merit and promotion system; who are subject to a different set of
12 disciplinary procedure; and who are covered by a distinct retirement and/or separation benefits
13 system.

14 For purposes of this Act, the term refers to military personnel of the Armed Forces of the
15 Philippines and uniformed personnel of the Philippine National Police, pursuant to RA 6638, as
16 amended, and RA 6648, as amended. The term also applies to the uniformed personnel of all
17 other agencies which have adopted these laws, such as the Philippine Public Safety College,
18 Bureau of Jail Management and Penology, the Bureau of Fire Protection, the Philippine Coast
19 Guard, and the National Mapping and Resource Information Authority.

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21 **ARTICLE II**
22 **COVERAGE**
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24 **SEC. 5. *National Government.*** – This Act shall apply to all positions for civilian
25 government personnel in the Executive, Legislative and Judicial Branches, the Constitutional
26 Commissions, and State Universities and Colleges, whether regular, casual or contractual in
27 nature, appointive or elective, on full-time or part-time basis, now existing or hereafter created.
28 The military and uniformed personnel shall be covered by the same compensation system.

29 Excluded from the coverage of this Act are individuals and groups engaged through job
30 orders or contract of services and non-organic personnel of the government.

1 (b) The Omnibus System shall use performance as basis for merit increases and
2 promotions, employing an integrated system for evaluating work performance of both the agency
3 and its employees.

4 (c) The Omnibus System shall be easy to administer and responsive to current
5 challenges. Simplified terms shall be used to denominate all jobs in the civil, military and
6 uniformed service. A review of government compensation rates, taking into account various
7 factors, shall be undertaken by the Commission and the Department every three (3) years from
8 its implementation, pursuant to Section 29 of this Act. A report of said review shall be furnished
9 to the Committees on Finance and Civil Service in both Houses of Congress.

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A. The Job Classification Index

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SEC. 9. *Job Classification Index.* – The Omnibus System shall provide for a Job
Classification Index to be developed jointly by the Commission and the Department, using the
following guidelines:

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(a) Any modification of the jobs in the Index, including the creation or abolition of jobs,
or the consolidation or division of functions thereof, as a result of organizational, re-
organizational, and/or substantial changes in work methods and duties, shall be made pursuant to
law: *Provided*, That new jobs shall be created only when new duties are found to exist.

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(b) The Commission and the Department shall monitor and update the description for
each job in the Index, after consultation with the agencies to the extent necessary; and conduct
periodic surveys of agencies to ascertain the actual duties, responsibilities, and other
requirements of jobs therein.

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(c) Whenever the circumstances warrant, the Commission and the Department may
jointly certify necessary changes in job description, Job Grade, Step assignment, and Total
Compensation. Such certifications shall be binding on administrative, certifying, payroll,
disbursing, accounting and auditing officers of the government.

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SEC. 10. *Job Grades of Officials.* – The Base Pay of the following officials shall be in
accordance with the Job Grades indicated hereunder:

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Table 1. Official Job Grade

Position	Job Grade
President of the Philippines	33
Vice-President of the Philippines	32
President of the Senate	32
Speaker of the House of Representatives	32
Chief Justice of the Supreme Court	32
Senator	31
Member of the House of Representatives	31
Associate Justices of the Supreme Court	31
Chairman of a Constitutional Commission	31
Commissioner of a Constitutional Commission	30
Chairman of the Commission on Human Rights	31
Members of the Commission on Human Rights	30
Commissioner of the Bureau of Customs	31
Commissioner of the Bureau of Immigration	31
Ombudsman	31
Over-All Deputy Ombudsman	30
Deputy Ombudsman	30
Special Prosecutor	30

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3 **SEC. 11. Job Grades for All Other Jobs.** – For all other jobs in the government, the
4 Commission shall classify and re-classify the appropriate Job Grade, using the Compensable
5 factors for each job. The Commission shall refer to the Job Grade assignments of the officials in
6 Section 10 hereof in making Job Grade assignments.

7

8 **SEC. 12. Compensable Factors.** – The Commission shall have the authority to
9 determine the appropriate methodology for the evaluation of Compensable Factors for every job
10 in government, based on the following:

11 (a) Skills and knowledge, which include technical skills, or the minimum knowledge of
12 technical matters related to the job, which may be manifested through education, training,
13 practical experience, and eligibility. Skills and knowledge also include people skills, or that
14 required for people interaction, both internal and external to agency.

15 (b) Nature of the work, which refers to the complexity thereof, or the mental challenge relative
16 to the routine/non-routineness of a job; physical working conditions; and the volume of work,
17 including inherent work stress, and the frequency thereof.

1 (c) Accountability, which refers to the degree to which the job is directly answerable (i) for
2 people or property, and/or (ii) to taxpayers and/or, (iii) where applicable, peers, thru established
3 professional standards. It includes responsibility for people, which considers both number of jobs
4 and variety of functions supervised or managed; job impact, or the extent to which the job
5 directly affects agency operations and goals, in terms of reach and the magnitude of impact, or
6 conversely, the impact of any error; and professional obligations, including any external special
7 obligations or accountability to established professional standards.

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9 **SEC. 13. Career Tracks.** – The Omnibus System shall also provide for broad
10 occupational groupings of jobs and a system of progression which determines the career path of
11 an employee, consisting of the following tracks:

12 (a) Administrative or “A Track” – This track covers administrative support service jobs and
13 jobs performing “housekeeping” functions. This includes financial services, general support
14 services, and in-house human resource services.

15 (b) Technical or “T Track” – This track covers non-administrative/non-housekeeping
16 support service jobs which involve the application of a professional or technical discipline, or
17 some craft or trade, primarily engaged in the implementation of specific programs or services
18 made under supervision.

19 (c) Specialized or “S Track” – This track covers non-administrative/non-housekeeping
20 jobs which are primarily highly technical and/or policy defining and determining. These jobs
21 require intensive and thorough knowledge of a specialized field.

22 (d) Executive or “E-Track” – This track covers jobs primarily involved in the
23 management of people, resources, and policy.

24

25 **SEC. 14. Total Compensation.** – Total Compensation of each employee shall consist of:

26 (a) Base Pay – This amount shall be given to each employee pursuant to the Base Pay Schedule
27 provided in Section 15 hereof.

1 (b) Allowances and Other Pay – An agency may grant only such Allowances and Other Pay as
 2 provided in Section 18 hereof, using only such standard rates authorized by the Department, and
 3 without affecting the Base Pay.

4 (c) Incentives -- An agency may grant only such Incentives as provided in Section 20 hereof,
 5 using only such standard rates authorized by the Department, and without affecting the Base Pay.

6

7 **SEC. 15. Base Pay.** – Under the Omnibus System, there shall be thirty-three (33) Job
 8 Grades under the following Base Pay Schedule for Civilian Personnel:

9 **Table 1. Base Pay Schedule (Civilian Personnel)**

Job Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	16,000	16,080	16,160	16,241	16,322	16,404	16,486	16,568
2	17,200	17,286	17,372	17,459	17,547	17,634	17,722	17,811
3	18,400	18,492	18,584	18,677	18,771	18,865	18,959	19,054
4	19,600	19,698	19,796	19,895	19,995	20,095	20,195	20,296
5	20,800	20,904	21,009	21,114	21,219	21,325	21,432	21,539
6	22,000	22,110	22,221	22,332	22,443	22,556	22,668	22,782
7	23,200	23,316	23,433	23,550	23,667	23,786	23,905	24,024
8	24,400	24,522	24,645	24,768	24,892	25,016	25,141	25,267
9	25,800	25,929	26,059	26,189	26,320	26,451	26,584	26,717
10	27,800	28,022	28,247	28,473	28,700	28,930	29,161	29,395
11	29,800	30,038	30,279	30,521	30,765	31,011	31,259	31,509
12	31,800	32,054	32,311	32,569	32,830	33,093	33,357	33,624
13	33,800	34,070	34,343	34,618	34,895	35,174	35,455	35,739
14	35,800	36,069	36,339	36,612	36,886	37,163	37,442	37,722
15	37,800	38,102	38,407	38,714	39,024	39,336	39,651	39,968
16	40,800	41,126	41,455	41,787	42,121	42,458	42,798	43,140
17	43,800	44,086	44,375	44,666	44,959	45,254	45,551	45,850
18	46,800	47,174	47,552	47,932	48,316	48,702	49,092	49,485
19	49,800	50,198	50,600	51,005	51,413	51,824	52,239	52,657
20	52,800	53,222	53,648	54,077	54,510	54,946	55,386	55,829
21	57,800	58,262	58,728	59,198	59,672	60,149	60,630	61,116
22	62,800	63,302	63,809	64,319	64,834	65,353	65,875	66,402
23	67,800	68,342	68,889	69,440	69,996	70,556	71,120	71,689
24	72,800	73,382	73,969	74,561	75,158	75,759	76,365	76,976
25	82,800	84,042	85,303	86,582	87,881	89,199	90,537	91,895
26	102,800	104,342	105,907	107,496	109,108	110,745	112,406	114,092
27	132,800	134,792	136,814	138,866	140,949	143,063	145,209	147,387
28	172,800	175,392	178,023	180,693	183,404	186,155	188,947	191,781
29	220,800	224,112	227,474	230,886	234,349	237,864	241,432	245,054
30	282,800	287,042	291,348	295,718	300,154	304,656	309,226	313,864

31	352,800	359,856	367,053	374,394	381,882	389,520	397,310	405,256
32	432,800	441,456	450,285	459,291	468,477	477,846	487,403	497,151
33	500,000							

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Further, the military personnel of the Department of National Defense (DND) and the uniformed personnel of the Department of the Interior and Local Government (DILG), the Philippine Coast Guard (PCG) and the National Mapping and Resource Information Authority (NAMRIA) shall be covered by the same compensation system that will promote pay equity for an effective, efficient, professional and motivated corps of military and uniformed personnel.

They shall be covered by only one Base Pay Schedule as follows:

Table 2. Base Pay Schedule (Military and Uniformed Personnel)

DND	DILG		PCG and NAMRIA	Equivalent Job Grade	Monthly Base Pay
	BJMP and IBEP	PNP and PPSC			
Candidate Soldier				7	23,200
Private	Fire/Jail Officer I	Police Officer I	Apprentice Seaman/Seaman Third Class	10	27,800
Private First Class			Seaman Second Class	11	29,800
Corporal	Fire/Jail Officer II	Police Officer II	Seaman First Class	12	31,800
Sergeant			Petty Officer III	13	33,800
Staff Sergeant	Fire/Jail Officer III	Police Officer III	Petty Officer II	14	35,800
Technical Sergeant			Petty Officer I	15	37,800
Master Sergeant	Senior Fire/Jail Officer I	Senior Police Officer I	Chief Petty Officer	16	40,800
Senior Master Sergeant	Senior Fire/Jail Officer II	Senior Police Officer II	Senior Chief Petty Officer	17	43,800
Chief Master Sergeant	Senior Fire/Jail Officer III	Senior Police Officer III	Master Chief Petty Officer	18	46,800
First Chief Master Sergeant	Senior Fire/Jail Officer IV	Senior Police Officer IV	First Master Chief Petty Officer	19	49,800
Cadet				19	49,800
Probationary Second Lieutenant				19	49,800

Second Lieutenant			Ensign	21	57,800
First Lieutenant	Inspector	Inspector	Lieutenant Junior Grade	22	62,800
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	23	67,800
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	24	72,800
Lieutenant Colonel	Superintendent	Superintendent	Commander	25	82,800
Colonel	Senior Superintendent	Senior Superintendent	Captain	26	102,800
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	27	132,800
Major General	Director	Director	Rear Admiral	28	172,800
			Vice Admiral	29	220,800
Lieutenant General		Deputy Director-General	Admiral	30	282,800
General		Director General		30	282,800

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2 **SEC. 16. Administration of the Base Pay Schedule.** – The Base Pay Schedule shall be
3 jointly administered by the Commission and the Department using these guidelines:

4 (a) the Base Pay shall be determined as follows:

5 (1) Step 1 constitutes the Base Pay corresponding to the entry level for a job in a given
6 Job Grade, while Step 8 is the maximum amount of Base Pay in such Job Grade. Step 1 shall be
7 the hiring rate in a given Job Grade.

8 (2) An employee can progress through Steps 1 to 8 and become entitled to the
9 corresponding increase in Base Pay through a performance-based system approved by the
10 Commission.

11 (3) A progression to a higher Job Grade is a promotion which shall be granted only on the
12 basis of merit and fitness, as determined by performance and/or qualification standards set by the
13 Commission, by which an employee shall become entitled to the corresponding increase in Base
14 Pay.

15 (b) The Base Pay Schedule shall be used for jobs that are paid on a monthly rate basis. All
16 amounts of Base Pay in the Base Pay Schedule are expressed as gross monthly rates in Philippine

1 Pesos, and shall represent full compensation for full-time employment, regardless of the location
2 where the work is performed. Base Pay for services rendered on a part-time basis shall be
3 adjusted proportionately.

4 (c) The daily wage rate shall be determined by dividing the monthly Base Pay rate by twenty-two
5 (22) working days per month.

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7 **SEC. 17. *Special Allowances under Republic Act Nos. 9227, 9347, and 9279.*** – The
8 special allowances under Section 6 of RA 9227, Section 4 of Republic Act No. 9347, and
9 Section 4 of RA 9279, as well as other laws granting allowances to government employees,
10 military and uniformed personnel, except those provided in Section 17, 18 and 19 of this Act,
11 shall hereafter be converted as part of Base Pay. The Special Trust Fund created under Section 3
12 thereof RA 9279 shall be abolished and any balance thereof shall revert to the General Fund.

13 14 **C.2 Allowances and Other Pay**

15 **SEC. 18. *Allowances and Other Pay.*** – This type shall be limited to:

16 (a) *Standard Allowances and Other Pay* – those amounts given to employees for work performed
17 or which attach to all jobs, or specific jobs across all agencies, at prescribed standard rates.

18 (b) *Specific-Purpose Allowances* – those amounts which attach only to jobs under specific
19 conditions, or for special situations, which shall be given at prescribed standard rates.

20
21 **SEC. 19. *Standard Allowances and Other Pay.*** –

22 (a) *Personnel Economic Relief Allowance* – This shall be given at Two thousand pesos
23 (P2,000.00) per month, the combined total of the current Five hundred pesos (P500.00)
24 Personnel Economic Relief Allowance and the One thousand five hundred pesos (P1,500.00)
25 Additional Compensation to supplement pay due to the rising cost of living;

26 (b) *Uniform/ Clothing Allowance* – This shall be given to sustain the provision of the required
27 uniform to employees, at prescribed rates; and

1 (c) *Year-End Bonus and Cash Gift* – This is equivalent to one (1) month basic salary and Cash
2 Gift provided under Republic Act No. 6686, as amended by Republic Act. No. 8841. Henceforth,
3 the year-end bonus and other cash gifts shall be funded from the annual general appropriations.

4 (d) *Overtime Pay* - the consideration paid for work, whether in cash or compensatory time off,
5 performed by an employee beyond his regular working hours in a day, and those performed on
6 rest days, holidays, and non-working days, which shall be given at prescribed standard rates.

7 (e) *Night Differential* - the remuneration premium given to an employee whose regular working
8 hours fall wholly or partially within six o'clock in the evening to six o'clock in the morning of
9 the following day, which shall be given at prescribed standard rates.

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11 **SEC. 20. *Specific Purpose Allowances.*** – This type shall be limited to:

12 (a) *Subsistence Allowance* – the allowance given to employees whose services are made
13 available at all times in their places of work, even during mealtimes, which shall be at prescribed
14 standard rates.

15 (b) *Hazard Pay* - the amount given to employees who are exposed to hazardous situations as may
16 be determined by the Department, which shall be at prescribed standard rates.

17 (c) *Overseas and Other Allowances* – the amount given to employees assigned abroad at such
18 rates authorized under Republic Act No. 7157, as amended, and its implementing rules and
19 regulations.

20 (d) *Representation and Transportation Allowances* – the amount given to officials down to
21 division chiefs at monthly standard rates in order to defray transportation and representation
22 expenses while in the actual performance of the duties of the positions. Transportation allowance
23 shall not be given to those assigned government transportation.

24 (e) *Per Diem* – the compensation for attendance to meetings in view of membership in collegial
25 bodies created by law.

26 (f) *Honoraria* - the token payments in recognition of services rendered beyond the regular duties
27 and responsibilities of positions.

28 (g) *Special Counsel Allowance* – allowance for lawyer personnel in the legal staff of
29 departments, bureaus or offices of the national government deputized by the Office of the

1 Solicitor General to appear in court as special counsel in collaboration with the Solicitor General
2 or Prosecutors concerned.

3 (h) Other allowances and benefits granted under specific conditions and situations, related to the
4 actual performances of work as may be determined by the DBM: *Provided*, That Section 8 of
5 Republic Act No. 9417 shall remain effective and enjoyed in the manner prescribed under said
6 law.

7 C.3 Incentives

8 **SEC. 21. *Incentives.*** – This type shall be limited to:

9 (a) *Productivity Incentive, Collective Negotiation Agreement (CNA) Incentive, and Other*
10 *Incentives* – that amount or incentive given to enhance employee productivity, subject to the
11 accomplishment of agency performance targets and the generation of savings.

12 (b) *Longevity/Loyalty Incentive* – that amount given on milestone years to recognize the
13 employee's length of service with at least satisfactory performance, or to recognize the agency's
14 continuing and/or viable existence. Longevity shall be rewarded through the grant of periodic flat
15 incentives or bonuses, regardless of Job Grade, which shall be at prescribed standard rates.

16 (c) *Anniversary Bonus* – one-time incentive to be given to employees on the occasion of their
17 agencies' milestone anniversaries, to recognize the employees' participative efforts in and
18 contributions to the agencies' continuing and/or viable existence.

19 (d) *Service Incentive* – that amount given in the form of honoraria as token payments for services
20 rendered outside or in addition to the employee's regular functions, which shall be at prescribed
21 standard rates.

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23 **SEC. 22. *Productivity Benefit, CNA Benefit, and Other Benefits.*** – This type shall be
24 limited to:

25 (a) *Productivity Benefit and/or CNA Benefit* – the Productivity Benefit is a benefit given to
26 employees or groups of employees as a reward for demonstrated productivity. The CNA Benefit
27 is a benefit given as a result of funds generated from cost savings measures provided for in the
28 pertinent CNA.

1 (b) *Health Maintenance Benefit* – benefits given to maintain employee health, in addition to the
2 benefits provided for under the National Health Insurance Program administered by the
3 *Philippine Health Insurance Corporation*.

4

5 **SEC. 23. *Guidelines for Granting the Productivity and/or CNA Incentives and Benefits***

6 – An agency may only grant the Incentives in Section 21 hereof subject to the following
7 parameters:

8 (a) The CNA Incentive shall be given pursuant to Public Sector Labor Management Council
9 (PSLMC) Resolution No. 4, series of 2002, and PSLMC Resolution No. 2, series of 2003, as
10 may from time to time be amended by the PSLMC.

11 (b) For employees of all government-owned and controlled corporations and financial
12 institutions, the Incentives in Section 22 hereof may only be granted upon a showing of the
13 agency's fiscal and financial viability, in addition to the requirements of paragraph (a) above.
14 The Department shall issue rules for the implementation of paragraph (c) hereof.

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**ARTICLE IV
CONVERSION TO THE OMNIBUS SYSTEM**

20 **SEC. 24. *Treatment of Existing Allowances and Other Benefits of Incumbents.*** – The
21 Department shall classify and/or re-classify all existing allowances, incentives and other benefits
22 currently being received by all government employees, including incumbents, into Base Pay,
23 Allowances and Other Pay, pursuant to the Total Compensation Framework, and pursuant to the
24 true nature of such, notwithstanding its existing nomenclature.

25 Except for those in Section 18 and 21 hereof, all other allowances, incentives, and
26 benefits, being enjoyed by incumbents prior to the effectivity of this Act, which shall not be
27 continued to be given as a separate amount, including *ad hoc*, provisional, tentative, or
28 improvised benefits being received by government employees which are really intended to
29 provide some form of economic assistance, in acknowledgement of the inadequacy of
30 compensation in government, shall be deemed integrated, subsumed, incorporated, and included
in the Base Pay Schedule as herein provided, without need of further adjustment of the amounts

1 thereof, since the same already reflects prevailing economic conditions and the pertinent
2 Compensable Factors.

3 Since it is being adopted as a curative policy, this classification and reclassification shall
4 apply even as to allowances, incentives, and benefits being received by incumbents prior to the
5 effectivity of this Act.

6
7 **SEC. 25. Total Compensation; Non-Diminution in Pay.** – Notwithstanding any
8 provision of law to the contrary, there shall be no diminution in pay in that the gross Total
9 Compensation of the employee under the Omnibus System should be greater than the gross total
10 pay being received by incumbents prior to the effectivity of this Act. In any case, there shall be
11 no vested right in any pay being received by incumbents, unless the incumbent has already
12 rendered services therefor.

13 **SEC. 26. Base Pay.** – The New Base Pay of all incumbents shall conform to the amount
14 in the Base Pay Schedule corresponding to Step 1 of the Job Grade jointly assigned to the
15 incumbent by the Department and the Commission; *Provided, That* –

16 (a) Where the Previous Base Pay of an incumbent is greater than Step 1 of such Job
17 Grade, the incumbent shall be assigned to the Step with the next higher Base Pay;

18 (b) Where the Previous Base Pay of an incumbent is greater than the Base Pay for Step 8
19 of the prescribed Job Grade, the incumbent shall be assigned to Step 8 of that Job Grade, and
20 continue to receive the Previous Base Pay. In this case, the incumbent shall receive no upward
21 adjustment in Base Pay until such time as the incumbent is promoted to a higher Job Grade, the
22 Base Pay of which is greater than his Previous Base Pay.

23
24 **SEC. 27. Other Pay.** – (a) The principle of non-diminution shall not apply with respect to
25 allowances, remuneration, and benefits being received by incumbents prior to the effectivity of
26 this Act (i) for which no appropriation has been provided in the National Budget; (ii) which are
27 *ad hoc*, provisional, tentative, or improvised benefits, in acknowledgment of the inadequacy of

1 compensation in government, and are thus intended to provide some form of economic
2 assistance; and (iii) otherwise for which no appropriate approval has been granted.

3 (b) The principle of non-diminution shall not apply with respect to any type of incentive being
4 received by incumbents prior to the effectivity of this Act, the same being contingent on the
5 agency's or employee's performance.

6

7 **SEC. 28. *Computation of Retirement Pay, Pension and Other Benefits.*** – For the
8 avoidance of doubt, any increase in the Base Pay of employees as a result of the enactment of
9 this Act into law shall inure to the benefit of incumbent employees only. In the case of retirees
10 whose separation pay, pension and/or other retirement benefits were previously indexed upon the
11 compensation of incumbent employees, only the Base Pay they actually received at the date of
12 their retirement shall be included in the computation of their retirement benefits.

13 Accordingly, upon the approval of this Act, only the salaries of the civilian and military
14 and uniformed personnel who are in active service will be adjusted in accordance of the Base
15 Pay Schedule in Section 15 hereof.

16

17 **SEC. 29. *Specific Authority of Department.*** – The Department, in consultation with the
18 Commission, is hereby authorized to issue regulations for the transition into the Omnibus
19 System, including the continuance, discontinuance, decrease, or increase in rates of previous,
20 existing, and future components of Total Compensation, in any form granted.

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ARTICLE V
THE COMMISSION AND THE DEPARTMENT

26 **SEC. 30. *Exclusive Functions, Powers, and Jurisdiction of the Commission.*** – The
27 Commission shall have exclusive original jurisdiction over any and all disputes arising from the
28 interpretation of this Act or its implementing rules and regulations, and the implementation of
29 the Omnibus System, including, without limitation, any dispute on the allowance, disallowance,
30 increase, decrease, classification, or reclassification of any component of total compensation,
alleged diminution of pay or benefits, and assignment of Job Grades to jobs, and of incumbents

1 to Steps. Cases that are instituted in other fora shall be dismissed for lack of jurisdiction, and
2 exhaustion of remedies before the Commission shall be a condition *sine qua non* to judicial
3 review on these matters.

4 Decisions of the Commission on these matters shall be brought only to the Supreme
5 Court via petition for *certiorari* pursuant to Section 7, Article IX of the Constitution,
6 notwithstanding the provisions of Republic Act No. 7902. Notwithstanding the provision of any
7 law to the contrary, the evaluation and approval of qualification standards for all jobs in
8 government, including, but not limited to, those in constitutionally fiscally autonomous groups;
9 government-owned and controlled corporations and government financial institutions, whether or
10 not exempt from the unified system under Presidential Decree No. 985, as amended, and/or the
11 Omnibus System; local government units; and uniformed and military personnel, shall be made
12 exclusively by the Commission.

13

14 **SEC. 31. *Joint Functions and Powers of the Commission and the Department.*** – In
15 addition to the functions heretofore provided, the Commission and the Department shall jointly
16 approve the maintenance of existing, and the creation of future jobs in government.

17 Notwithstanding the provision of any law to the contrary, the job classification for all
18 jobs in the government, including, but not limited to, those in constitutionally fiscally
19 autonomous groups; government-owned and controlled corporations and government financial
20 institutions, whether or not exempt from the unified system under Presidential Decree No. 985,
21 as amended, and/or the Omnibus System; local government units; and uniformed and military
22 personnel, shall be subject to the joint evaluation and approval of the Commission and the
23 Department.

24

25 **SEC. 32. *Periodic Review of the Omnibus System.*** – The Commission and the
26 Department shall jointly review the Omnibus System every three (3) years and recommend or
27 implement changes as may be necessary. However, in case of extraordinary circumstances, such
28 as major bureaucracy-wide reorganizations; or when government Base Pay rates are below the
29 market, in comparison with medium-sized private firms, by at least 40%; or when there is a

1 significant, sustained movement in the cost of living, then the Commission and Department may
2 review the Omnibus System earlier, with a view to addressing these issues with dispatch.

3
4 **ARTICLE VI**
5 **REPEAL AND AMENDMENT OF RELATED LAWS**
6

7 **SEC. 33. *Sandiganbayan Jurisdiction, Local Government Code, and Other Laws***
8 ***involving Salary Grades.*** – All provisions of laws, decrees, executive orders, corporate charters,
9 rules, regulations, circulars, approvals, and other issuances, or parts thereof prescribing salary
10 grades of government employees, including, without limitation, the jurisdiction of the
11 Sandiganbayan under Presidential Decree No. 1606, as amended, as well as the salary grades of
12 local government officials under the Local Government Code, or Republic Act No. 7160, are
13 hereby repealed.

14 The Job Grade equivalent of such salary grades shall be jointly determined by the
15 Commission and the Department under the Omnibus System, using the results of the evaluation
16 of the Compensable Factors for each affected job.

17
18 **SEC. 34. *General Repealing and Amendatory Clause.*** – All laws, decrees, executive
19 orders, corporate charters, rules, regulations, circulars, approvals, and other issuances, or parts
20 thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified
21 accordingly.

22 **ARTICLE VII**
23 **APPROPRIATIONS**
24

25 **SEC. 35. *Appropriations.*** – (a) The amount necessary for the implementation of this Act
26 is hereby appropriated. The Base Pay Schedule in Section 15 hereof shall be implemented in five
27 (5) equal yearly tranches, the amount of which shall be included in the annual General
28 Appropriations Act, after taking into consideration the financial position of the National
29 Government.

30 (b) Government-owned or controlled corporations and financial institutions shall charge the
31 implementation of this Act against their respective funds. Those which do not have sufficient

1 funds shall implement this Act in staggered phases and using such established rates as may be
2 jointly approved by the Commission and the Department.

3 (c) Local government units, except for those able to obtain an exemption from the Commission
4 and the Department, shall charge the implementation thereof to their respective funds.

5 (d) It is understood that any staggered implementation of this Act shall be fixed at a percentage
6 uniformly and proportionately applied to all employees in such agency, such that no employee
7 shall receive a percentage adjustment higher than that of any other employee in the same agency.

8
9 **ARTICLE VIII**
10 **PENAL PROVISIONS AND CIVIL LIABILITY**
11

12 **SEC. 36. *Prohibition against Additional Compensation.*** – (a) The grant of Base Pay,
13 Allowances and Other Pay, and Incentives in addition to those provided herein, or increases
14 thereof, except as herein provided, is prohibited.

15 (b) In order to preserve the independence and integrity of the Commission on Audit (COA), its
16 employees are prohibited from receiving salaries, allowances or other emoluments from any
17 agency, except those amounts paid directly by the COA out of its appropriations made pursuant
18 to this Act.

19 (c) Notwithstanding any law to the contrary, all agencies, including, without limitation,
20 Government-owned and controlled corporations and government financial institutions, local
21 government units, the Office of the Solicitor General, the Office of the Government Corporate
22 Counsel, and their successor agencies, are prohibited from assessing or billing other agencies for
23 services rendered by their employees as part of their regular functions, for purposes of paying
24 additional compensation to said employees.

25
26 **SEC. 37. *Penal Provisions.*** – Without prejudice and in addition to the provisions of
27 Republic Act No. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act" and
28 other penal laws, public officers who commit any of the following acts shall suffer the penalty of
29 imprisonment of not less than six (6) years and one (1) day, but not more than fifteen (15) years:

1 (a) Granting, approving the grant, voting in favor of any decision granting or approving, or who
2 otherwise affirmatively participate in the grant or approval of –

3 (i) Unauthorized increases in Base Pay;

4 (ii) Allowances and Other Pay, and Incentives other than those enumerated under
5 Sections 18 to 24;

6 (iii) Increases in the standard rates prescribed by the Department for Allowances and
7 Other Pay, and Incentives; and

8 (iv) Increases in retirement pay and other separation benefits in violation of Section 27;

9 (b) Granting, approving the grant, voting in favor of any decision granting or approving, or who
10 otherwise affirmatively participate in the grant or approval of Productivity Incentive, CNA
11 Incentive, and Other Benefits in violation of Section 31 and/or rules and regulations issued to
12 implement Section 23;

13 (c) Soliciting additional compensation, for self or in behalf of other employees, from other
14 agencies for services rendered in performance of regular functions; and

15 (d) Offering to give or actually giving additional compensation to employees of other agencies
16 who render services in performance of regular functions, in violation of paragraphs (a) and (b) of
17 Section 26.

18

19 **SEC. 38. *Civil Liability.*** – A conviction under this Act or Republic Act No. 3019 shall
20 carry with it the civil liability to jointly and severally pay damages to the National Government
21 equivalent to the amount illegally disbursed.

22

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24

ARTICLE IX FINAL PROVISIONS

25 **SEC. 39. *Implementing Rules and Regulations.*** – The Commission and the Department
26 shall, within ninety (90) days after the approval of this Act, jointly allocate all jobs in the
27 government to their appropriate job titles and Salary Grades, assign each incumbent to the
28 appropriate Step, and prepare and issue the necessary policy, rules, regulations, and guidelines to
29 implement this Act. For this purpose, each agency covered by the Omnibus System shall submit
30 to the Commission and the Department within thirty (30) days from the approval of this Act, all

1 documents, data, and information necessary in the classification of jobs in their appropriate
2 Salary Grades and Step assignment of incumbents.

3

4 **SEC. 40. *Separability Clause.*** – If, for any reason, any section or provision of this Act is
5 declared unconstitutional or invalid, the other sections or provisions thereof which are not
6 affected thereby shall continue to be in full force and effect.

7

8 **SEC. 41. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
9 at the *Official Gazette* or in at least two publications of national circulation.

10

11 Approved,