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S. No. 2671

Prepared by the Committees on Civil Service and Government Reorganization;
National Defense and Security and the Committee on Finance with Senators Trillanes
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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:*

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ARTICLE I
GENERAL PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (e) *Cut* – a range of Salary Grades which are grouped together for having similar or related
33 nature of jobs.

- 1 (f) *Department* – the Department of Budget and Management, or such other successor-agency
2 as the law or regulations may provide.
- 3 (g) *Cash Incentive* – a financial reward, that compensates an employee for outstanding
4 performance and/or consistent performance.
- 5 (h) *Job Classification Index, or Index* – a table of occupational services, job titles, and Salary
6 Grades showing the relative worth of jobs in the civil and military services, which forms part
7 of, and to which the Omnibus System, applies.
- 8 (i) *Salary Grade* – a category of jobs which, although different with respect to kind or subject
9 matter of work, are sufficiently equivalent as to Skills and Knowledge, Nature of Work, and
10 level of Accountability, to warrant the inclusion of such classes of jobs within one range of
11 Base Pay, and which distinguishes it from other Salary Grades in the Base Pay Schedule.
- 12 (j) *New Base Pay* – the Base Pay of an employee pursuant to the terms of this Act.
- 13 (k) *Omnibus Job Classification and Compensation Standardization System, or Omnibus*
14 *System*– the system herein adopted for classifying jobs and determining rates of Total
15 Compensation for jobs and employees. It consists, among others, of the Job Classification
16 Index; the Career Track that employees may progress through; the Total Compensation
17 Framework, including the Base Pay Schedule, Allowances and Other Pay, the rules for
18 assignment of jobs to grades, and of incumbents to Steps; the conditions for permitting Base
19 Pay increases, as well as creation of and increases in Allowances and Other Pay; and all other
20 policies, rules, and regulations for the implementation and administration thereof.
- 21 (l) *Previous Base Pay* – the Base Pay of an employee prior to the effectivity of this Act.
- 22 (m) *Step* – a level of Base Pay within a Salary Grade.
- 23 (o) *Total Compensation* – the complete pay and rewards package used by the organization to
24 attract, motivate and retain employees.
- 25 (p) *Total Cash Compensation* – the total amount of payment given to an employee for
26 services rendered, consisting of the following components: (i) Base Pay; (ii) Allowances and
27 Other Pay; and (iii) Cash Incentives.
- 28 (q) *Uniformed Personnel* – government employees who directly perform duties and
29 responsibilities related to national security and actual defense of the State, or public safety
30 and internal peace and order; whose selection, hiring, appointment, transfer, and promotion
31 are governed by a separate merit and promotion system; who are subject to a different set of
32 disciplinary procedure; and who are covered by a distinct retirement and/or separation
33 benefits system.

1 For purposes of this Act, the term refers to military personnel of the Armed Forces of
2 the Philippines and uniformed personnel of the Philippine National Police, pursuant to
3 Republic Act No. 6638, as amended, and Republic Act No. 6648, as amended. The term also
4 applies to the uniformed personnel of all other agencies which have adopted these laws, such
5 as the Philippine Public Safety College, Bureau of Jail Management and Penology, the
6 Bureau of Fire Protection, the Philippine Coast Guard, and the National Mapping and
7 Resource Information Authority.

8 **ARTICLE II**
9 **COVERAGE**

10 **SEC. 5. National Government.** – This Act shall apply to all positions for civilian
11 government personnel in the Executive, Legislative and Judicial Branches, and the
12 Constitutional Commissions, whether regular, casual or contractual in nature, appointive or
13 elective, on full-time or part-time basis, now existing or hereafter created. The military and
14 uniformed personnel shall be covered by the same compensation system.

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

17 Moreover, government personnel in The Government Owned and Controlled
18 Corporations (GOCCS), Government Financial Institutions (GFIS), and Government
19 Instrumentalities with Corporate Powers (GICP) / Government Corporate Entities (GCE) are
20 excluded from the coverage of this act.

21 Provided, that the compensation received by the personnel of GOCCS as developed
22 by the governance commission for GOCCS (GCG) shall not be lower than the compensation
23 of personnel doing comparable work as provided in this act.

24 **SEC. 6. Local Government Units.** – The salaries, wages, allowances and other
25 emolument and benefits of officials and employees of Local Government Units (LGUs) shall
26 be determined by their respective Sanggunians in accordance with the pertinent provisions of
27 Republic Act No. 7160: *Provided, That* LGUs may, if their finances warrant, grant salaries or
28 wage adjustments to their personnel.

29 An LGU which is not capable of implementing the provisions of this Act may apply
30 for total or partial exemption with the Civil Service Commission (hereinafter referred to as
31 Commission) and the Department of Budget and Management (hereinafter referred to as
32 Department). The grant of eligibility shall be based on uniform standards that will be

1 determined jointly by the Commission and the Department. *Provided*, That partial
2 implementation shall be fixed at a uniform percentage applied uniformly to all jobs in the
3 local government.

4 In case of partial implementation of salary or wage adjustments, the same shall be at
5 uniform proportion of the established rates for all positions in each LGU.

6 (a) The salary or wage adjustments, if warranted by the finances of the LGUs, shall be
7 determined on the basis of the income class and financial capability of each LGU but
8 shall not exceed the following percentages of the rates in the salary schedule under
9 table 1 of section 15 of this act:

	For Provinces/Cities	For Municipalities
Special Cities	100%	
1 st Class	100%	90%
2 nd Class	95%	85%
3 rd Class	90%	80%
4 th Class	85%	75%
5 th Class	80%	70%
6 th Class	75%	65%

10 (b) The rates of representation and transportation allowances shall be determined on the
11 basis of the income class of each LGU.

12 (c) Each barangay official/employee paid monthly honorarium may be granted year-end
13 bonus based on the monthly honorarium rate as of October 31 of the year, and cash
14 gift, subject to the budgetary requirements and personal services limitation in
15 barangay budgets under Republic Act No. 7160. Enforcement of the personal services
16 limitation shall be waived insofar as the minimum year-end bonus of One Thousand
17 Pesos (P 1,000.00) for the punong barangay and Six Hundred Pesos (P 600.00) for the
18 other mandatory barangay officials, and their cash gifts are concerned.

19 ARTICLE III

20 OMNIBUS COMPENSATION AND POSITION CLASSIFICATION

21 **SEC. 7. Adopting an Omnibus Compensation and Position Classification.**— The
22 Department shall design, develop, and establish the Omnibus System, or amend the same as

1 necessary, which shall replace and supplant the Salary Standardization Law under Joint
2 Resolution No. 4, series of 2008.

3 **SEC. 8. *Governing Principles of the Omnibus System.*** – The Omnibus System shall
4 be created and implemented using the following principles:

5 (a) The Omnibus System shall promote internal equity among government
6 employees, providing equal pay for work of equal value, and base differences in pay upon
7 substantive distinctions in verifiable Compensable Factors. Consequently, Base Pay shall be
8 standardized across all agencies.

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

12 (c) The Omnibus System shall adhere to the principle of external competitiveness,
13 taking into account the prevailing market rates for work of equal value in the private sector.

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

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

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

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

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

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

7 **Table 1. Official Salary Grade**

Position	Salary 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

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

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

4 (a) Competencies, which include technical skills, or the minimum knowledge of technical
5 matters related to the job, which may be manifested through education, training, practical
6 experience, and eligibility. Competencies also include people skills, or that required for
7 people interaction, both internal and external to agency.

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

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

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

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

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

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

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

1 **SEC. 14. Total Cash Compensation.** – Total Cash Compensation of each employee
2 shall consist of: (a) *Base Pay* – This amount shall be given to each employee pursuant to the
3 Base Pay Schedule provided in Section 15 hereof.
4 (b) *Allowances and Other Pay* – An agency may grant only such Allowances and Other Pay
5 as provided in Section 18 hereof, using only such standard rates authorized by the
6 Department, and without affecting the Base Pay.
7 (c) *Cash Incentives* – An agency may grant only such Cash Incentives as provided in Section
8 20 hereof, using only such standard rates authorized by the Department, and without affecting
9 the Base Pay.

SEC. 15. Base Pay. – under the Omnibus System, there shall be thirty-three (33)
salary grades under the following base pay schedule for civilian personnel:

10

Table 1. Base Pay Schedule (Civilian Personnel)

SG	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	100,000	101,500	103,023	104,568	106,136	107,728	109,344	110,984
26	225,000	228,375	231,801	235,278	238,807	242,389	246,025	249,715
27	300,000	304,500	309,068	313,704	318,409	323,185	328,033	332,953
28	375,000	380,625	386,334	392,129	398,011	403,982	410,041	416,192
29	450,000	456,750	463,601	470,555	477,614	484,778	492,049	499,430
30	550,000	558,250	566,624	575,123	583,750	592,506	601,394	610,415
31	650,000	663,000	676,260	689,785	703,581	717,653	732,006	746,646
32	800,000	816,000	832,320	848,966	865,946	883,265	900,930	918,949
33	1,000,000							

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

7 They shall be covered by only one base pay schedule as follows:

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

DND	DILG		PCG and NAMRIA	Equivalent Salary Grade	Monthly Base Pay
	BJMP and BFP	PNP and PPSC			
Candidate Soldier				7	23,200
Private	Fire/Jail Officer I	Police Officer I	Apprentice Seaman/Seaman	10	27,800

			Third Class		
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	100,000
Colonel	Senior Superintendent	Senior Superintendent	Captain	26	225,000
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	27	300,000
Major General	Director	Director	Rear Admiral	28	375,000
Lieutenant General		Deputy Director-General	Vice Admiral	29	450,000
General		Director General	Admiral	30	550,000

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

3 (a) The Base Pay shall be determined as follows:

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

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

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

14 (b) The Base Pay Schedule shall be used for jobs that are paid on a monthly rate basis. All
15 amounts of Base Pay in the Base Pay Schedule are expressed as gross monthly rates in
16 Philippine Pesos, and shall represent full compensation for full-time employment, regardless

1 of the location where the work is performed. Base Pay for services rendered on a part-time
2 basis shall be adjusted proportionately.

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

5 **SEC. 17. *Special Allowances under Republic Act Nos. 9227, 9347, and 9279.*** – The
6 special allowances under Section 6 of Republic Act No. 9227, Section 4 of Republic Act No.
7 9347, and Section 4 of Republic Act No. 9279, as well as other laws granting allowances to
8 government employees, military and uniformed personnel, except those provided in Section
9 18, 19 and 20 of this Act, shall hereafter be converted as part of Base Pay. The Special Trust
10 Fund created under Section 3 thereof Republic Act No. 9279 shall be abolished and any
11 balance thereof shall revert to the General Fund.

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

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

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

18 **SEC. 19. *Standard Allowances and Other Pay.*** –

19 (a) *Personnel Economic Relief Allowance* – This shall be given at Two Thousand Pesos
20 (P2,000.00) per month, the combined total of the current Five Hundred Pesos (P500.00)
21 Personnel Economic Relief Allowance and the One Thousand Five Hundred Pesos
22 (P1,500.00) Additional Compensation to supplement pay due to the rising cost of living;

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

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

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

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

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

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

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

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

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

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

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

21 (g) *Special Counsel Allowance* – allowance for lawyer personnel in the legal staff of
22 departments, bureaus or offices of the national government deputized by the Office of the
23 Solicitor General to appear in court as special counsel in collaboration with the Solicitor
24 General or Prosecutors concerned.

25 (h) Other allowances and benefits granted under specific conditions and situations, related to
26 the actual performances of work as may be determined by the DBM: *Provided*, That Section
27 8 of Republic Act No. 9417 shall remain effective and enjoyed in the manner prescribed
28 under said law.

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

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

33 (b) *Longevity/Loyalty Incentive* –that amount given on milestone years to recognize the
34 employee's length of service with at least satisfactory performance, or to recognize the

1 agency's continuing and/or viable existence. Longevity shall be rewarded through the grant
2 of periodic flat incentives or bonuses, regardless of Salary Grade, which shall be at prescribed
3 standard rates.

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

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

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

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

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

19 **SEC. 23. *Guidelines for Granting the Productivity and/or CNA Incentives and***
20 ***Benefits.*** – An agency may only grant the Incentives in Section 21 hereof subject to the
21 following parameters:

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

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

29 **ARTICLE IV**

30 **CONVERSION TO THE OMNIBUS SYSTEM**

31 **SEC. 24. *Treatment of Existing Allowances and Other Benefits of Incumbents.*** –
32 The Department shall classify and/or re-classify all existing allowances, incentives and other
33 benefits currently being received by all government employees, including incumbents, into

1 Base Pay, Allowances and Other Pay, pursuant to the Total Compensation Framework, and
2 pursuant to the true nature of such, notwithstanding its existing nomenclature.

3 Except for those in Section 18 and 21 hereof, all other allowances, incentives, and
4 benefits, being enjoyed by incumbents prior to the effectivity of this Act, which shall not be
5 continued to be given as a separate amount, including *ad hoc*, provisional, tentative, or
6 improvised benefits being received by government employees which are really intended to
7 provide some form of economic assistance, in acknowledgement of the inadequacy of
8 compensation in government, shall be deemed integrated, subsumed, incorporated, and
9 included in the Base Pay Schedule as herein provided, without need of further adjustment of
10 the amounts thereof, since the same already reflects prevailing economic conditions and the
11 pertinent Compensable Factors.

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

15 **SEC. 25. Total Compensation; Non-Diminution in Pay.**— Notwithstanding any
16 provision of law to the contrary, there shall be no diminution in pay in that the gross Total
17 Compensation of the employee under the Omnibus System should be greater than the gross
18 total pay being received by incumbents prior to the effectivity of this Act. In any case, there
19 shall be no vested right in any pay being received by incumbents, unless the incumbent has
20 already rendered services therefor.

21 **SEC. 26. Base Pay.** — The New Base Pay of all incumbents shall conform to the
22 amount in the Base Pay Schedule corresponding to Step 1 of the Salary Grade jointly
23 assigned to the incumbent by the Department and the Commission: *Provided*, That —

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

26 (b) Where the Previous Base Pay of an incumbent is greater than the Base Pay for
27 Step 8 of the prescribed Salary Grade, the incumbent shall be assigned to Step 8 of that
28 Salary Grade, and continue to receive the Previous Base Pay. In this case, the incumbent shall
29 receive no upward adjustment in Base Pay until such time as the incumbent is promoted to a
30 higher Salary Grade, the Base Pay of which is greater than his Previous Base Pay.

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

1 parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or
2 modified accordingly.

3

ARTICLE VII

4

APPROPRIATIONS

5 **SEC. 34. Appropriations.** – (a) The amount necessary to implement the provisions of
6 this act shall be included in the annual General Appropriations Act. The Base Pay Schedule
7 in Section 15 hereof shall be implemented in five (5) equal yearly tranches, [the amount of
8 which shall be included in the annual General Appropriations Act, after taking into
9 consideration the financial position of the National Government].

10 (b) Local government units, except for those able to obtain an exemption from the
11 Commission and the Department, shall charge the implementation thereof to their respective
12 funds.

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

17

ARTICLE VIII

18

PENAL PROVISIONS AND CIVIL LIABILITY

19 **SEC. 35. Prohibition against Additional Compensation.** – (a) The grant of Base Pay,
20 Allowances and Other Pay, and Incentives in addition to those provided herein, or increases
21 thereof, except as herein provided, is prohibited.

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

26 (c) Notwithstanding any law to the contrary, all agencies, including, without limitation,
27 Government-owned and controlled corporations and government financial institutions, local
28 government units, the Office of the Solicitor General, the Office of the Government
29 Corporate Counsel, and their success or agencies, are prohibited from assessing or billing
30 other agencies for services rendered by their employees as part of their regular functions, for
31 purposes of paying additional compensation to said employees.

1 regulations, and guidelines to implement this Act. For this purpose, each agency covered by
2 the Omnibus System shall submit to the Commission and the Department within thirty (30)
3 days from the approval of this Act, all documents, data, and information necessary in the
4 classification of jobs in their appropriate Salary Grades and Step assignment of incumbents.

5 **SEC. 39. *Separability Clause.*** – If, for any reason, any section or provision of this
6 Act is declared unconstitutional or invalid, the other sections or provisions thereof which are
7 not affected thereby shall continue to be in full force and effect.

8 **SEC. 40. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
9 in at the *Official Gazette* or in at least two publications of national circulation.

Approved,