

13th CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUL -6 AID:12

SENATE

RECEIVED BY: 

S. BILL NO. 1323

Introduced by Senator Ralph G. Recto

Explanatory Note

This bill seeks to improve the income of estimated 1.4 million employees of the Philippine Government by raising the salaries across the board. The salary increase in the amount of P2,000.00 aims to cushion the sharp rise in the inflation rate and drop in the purchasing power of the peso amidst rising cost of staple products and services.

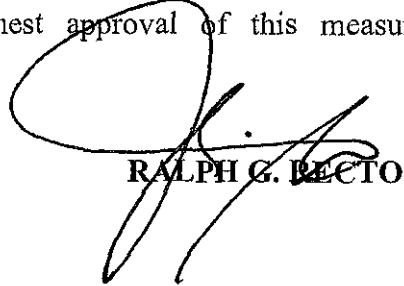
Most of the Filipino families continue to draw their income mainly from wage and salary. Suffice to say that, to carry on with their subsistence and well being every family has to receive a decent living wage.

With the prevailing minimum wage, workers and employees had already resorted to belt-tightening measures and yet they still continue to live on a hand-to-mouth existence. "*Isang kahig, isang tuka*" is a very apt description as workers illustrate their living condition.

Statistics showed that the annual per capita poverty threshold was estimated at P11, 906 in 2002, a 2.5 percent increase over the 2000 threshold of P11, 620. With this threshold, a family of five (5) members should have a monthly income of P4,961 to meet its food and non-food basic needs. The purchasing power of the peso continues to erode from May 2003 at 0.56 to .059 this 2004 of the same month.

More so, the spiraling cost of basic commodities and the recent fare increase has robbed workers and employees of meager savings allotted to housing, education and medicine expenses. Thus, this legislation offers immediate relief to the worsening workers situation and necessary to uplift their living condition.

In view of the foregoing, earnest approval of this measure is earnestly recommended.


RALPH G. RECTO

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S. BILL NO. 1323

Introduced by SENATOR RALPH G. RECTO

**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 of the Philippines in
Congress assembled:

1 **Section 1. Title.** — This Act shall be known as the "*Compensation and Position*
2 *Classification Act of 2004.*"

3 **Sec. 2. Statement of Policy.** — It is hereby declared the policy of the State to
4 provide equal pay for substantially equal work and to base differences in pay upon
5 substantive differences in duties and responsibilities, and qualification requirements of
6 the positions. In determining rates of pay, due regard shall be given to, among others,
7 prevailing rates in the private sector for comparable work. For this purpose, the
8 Department of Budget and Managements (DBM) is hereby directed to establish and
9 administer a unified Compensation and Position Classification System, hereinafter
10 referred to as the System, as provided for in Presidential Decree No. 985, as amended,
11 that shall be applied for all government entities, as mandated by the Constitution.

12 **Sec. 3. General Provisions.** — The following principles shall govern the
13 Compensation and Position Classification System of the Government:

1 (a) All government personnel shall be paid just and equitable wages; and
2 while pay distinctions must necessarily exist in keeping with work distinctions,
3 the ratio of compensation for those occupying higher ranks to those at lower
4 ranks should be maintained at equitable levels, giving due consideration to higher
5 percentage of increases to lower level positions and lower percentage increases to
6 higher level positions;

7 (b) Basic compensation for all personnel in the government and government-
8 owned or controlled corporations and financial institutions shall generally be
9 comparable with those in the private sector doing comparable work, and must be
10 *in accordance with prevailing laws on minimum wages;*

11 (c) The total compensation provided for government personnel must be
12 *maintained at a reasonable level in proportion to the national budget;*

13 (d) A review of government compensation rates, taking into account possible
14 erosion in purchasing power due to inflation and other factors, shall be conducted
15 periodically.

16 **Sec. 4. Coverage.** — The Compensation and Position Classification System herein provided
17 shall apply to all positions, appointive or elective, on full or part-time basis, now existing or
18 hereafter created in the government, including government-owned or controlled corporations and
19 government financial institutions.

20

21 The term "government" refers to the Executive, the Legislative and the Judicial Branches
22 and the Constitutional Commissions and shall include all, but shall not be limited to,
23 departments, bureaus, offices, boards, commissions, courts, tribunals, councils,

1 authorities, administrations, centers, institutes, state colleges and universities, local
2 government units, and the armed forces. The term "government-owned or controlled
3 corporations and financial institutions" shall include all corporations and financial
4 institutions owned or controlled by the National Government, whether such corporations
5 and financial institutions perform governmental or proprietary functions.

6 **Sec. 5. Position Classification System.** — The Position Classification System shall consist of
7 classes of positions grouped into four main categories, namely: professional supervisory,
8 professional non-supervisory, sub-professional supervisory, and sub-professional non-
9 supervisory, and the rules and regulations for its implementation.

10 Categorization of these classes of positions shall be guided by the following considerations:

11 (a) Professional Supervisory Category. — This category includes
12 responsible positions of a managerial character involving the exercise of
13 management functions such as planning, organizing, directing, coordinating,
14 controlling and overseeing within delegated authority the activities of an
15 organization, a unit thereof or of a group, requiring some degree of professional,
16 technical or scientific knowledge and experience, application of managerial or
17 supervisory skills required to carry out their basic duties and responsibilities
18 involving functional guidance and control, leadership, as well as line supervision.
19 These positions require intensive and thorough knowledge of a specialized field
20 usually acquired from completion of a bachelor's degree or higher degree
21 courses.

22 The positions in this category are assigned Salary Grade 9 to Salary Grade 33.

1 (b) Professional Non-Supervisory Category. — This category includes
2 positions performing task which usually require the exercise of a particular
3 profession or application of knowledge acquired through formal training in a
4 particular field or just the exercise of a natural, creative and artistic ability or
5 talent in literature, drama, music and other branches of arts and letters. Also
6 included are positions involved in research and application of professional
7 knowledge and methods to a variety of technological, economic, social, industrial
8 and governmental functions; the performance of technical tasks auxiliary to
9 scientific research and development; and in the performance of religious,
10 educational, legal, artistic or literary functions.

11 These positions require thorough knowledge in the field of arts and sciences or
12 learning acquired through completion of at least four (4) years of college studies.

13 The positions in this category are assigned Salary Grade 8 to Salary Grade 30.

14 (c) Sub-Professional Supervisory Category. — This category includes
15 positions performing supervisory functions over a group of employees engaged
16 in responsible work along technical, manual or clerical lines of work which are
17 short of professional work, requiring training and moderate experience or lower
18 training but considerable experience and knowledge of a limited subject matter or
19 skills in arts, crafts or trades. These positions require knowledge acquired from
20 secondary or vocational education or completion of up to two (2) years of college
21 education.

22 The positions in this category are assigned Salary Grade 4 to Salary Grade 18.

1 (d) Sub-Professional Non-Supervisory Category. — This category includes
 2 positions involves in structured work in support of office or fiscal operations or
 3 those engaged in crafts, trades or manual work. These positions usually require
 4 skills acquired through training and experience of completion of elementary
 5 education, secondary or vocational education or completion of up to two (2)
 6 years of college education.

7 The positions in this category are assigned Salary Grade 1 to Salary Grade 10.

8 **Sec. 6. Index of Occupational Services, Position Titles and Salary Grades of the**
 9 **Compensation and Position Classification System.** — All positions in the government covered
 10 under Section 4 hereof shall be allocated to their proper position titles and salary grades in
 11 accordance with the Index of Occupational Services, Position Titles and Salary Grades of the
 12 Compensation and Position Classification System which shall be prepared by the DBM.

13
 14 **Sec. 7. Salary Schedule.** — The Department of Budget and Management is hereby directed to
 15 implement the Salary Schedule prescribed below and amend correspondingly the Salary Schedule
 16 provided for in Republic Act Number 8244 as amended :

17 Salary Schedule

Grade	1st	2 nd	3 rd	4 th	5th	6th	7th	8th
1	[5]7,082	[5]7,209	[5]7,339	[5]7,473	[5]7,610	[5]7,750	[5]7,894	[6]8,041
2	[5]7,540	[5]7,678	[5]7,820	[5]7,966	[6]8,114	[6]8,267	[6]8,424	[6]8,585
3	[6]8,039	[6]8,189	[6]8,343	[6]8,503	[6]8,664	[6]8,832	[7]9,001	[7]9,177
4	[6]8,522	[6]8,684	[6]8,851	[7]9,022	[7]9,198	[7]9,376	[7]9,562	[7]9,751
5	[7]9,043	[7]9,219	[7]9,399	[7]9,584	[7]9,774	[7]9,968	[8]10,167	[8]10,375
6	[7]9,606	[7]9,796	[7]9,992	[8]10,191	[8]10,396	[8]10,606	[8]10,821	[9]11,042
7	[8]10,709	[8]10,926	[9]11,149	[9]11,378	[9]11,612	[9]11,852	[10]12,099	[10]12,351
8	[7]9,540	[7]9,728	[7]9,921	[8]10,119	[8]10,322	[8]10,530	[8]10,744	[8]10,962
9	[9]11,318	[9]11,551	[9]11,790	[10]12,035	[10]12,286	[10]12,542	[10]12,807	[11]13,075
10	[9]11,939	[10]12,442	[10]12,442	[10]12,704	[10]12,971	[11]13,246	[11]13,527	[11]13,815
11	[10]12,535	[10]12,798	[11]13,068	[11]13,344	[11]13,629	[11]13,920	[12]14,218	[12]14,522
12	[11]13,167	[11]13,446	[11]13,733	[12]14,026	[12]14,326	[12]14,635	[12]14,950	[13]15,274
13	[11]13,837	[12]14,134	[12]14,436	[12]14,747	[13]15,065	[13]15,393	[13]15,728	[14]16,070

14	[12]14,546	[12]14,861	[13]15,182	[13]15,512	[13]15,850	[14]16,196	[14]16,551	[14]16,914
15	[13]15,300	[13]15,632	[13]15,973	[14]16,322	[14]16,680	[15]17,048	[15]17,423	[15]17,810
16	[14]16,098	[14]16,450	[14]16,811	[15]17,183	[15]17,561	[15]17,951	[16]18,350	[16]18,758
17	[14]16,944	[15]17,317	[15]17,700	[16]18,092	[16]18,496	[16]18,908	[17]19,331	[17]19,764
18	[15]17,841	[16]18,237	[16]18,647	[17]19,059	[17]19,486	[17]19,922	[18]20,371	[18]20,830
19	[16]18,792	[17]19,211	[17]19,641	[18]20,083	[18]20,535	[18]20,998	[19]21,473	[19]21,959
20	[17]19,799	[18]20,244	[18]20,699	[19]21,168	[19]21,647	[20]22,138	[20]22,641	[21]23,158
21	[18]20,510	[18]20,978	[19]21,448	[19]21,934	[20]22,432	[20]22,942	[21]23,467	[22]24,003
22	[19]21,251	[19]21,732	[20]22,225	[20]22,731	[21]23,250	[21]23,781	[22]24,325	[22]24,883
23	[20]22,020	[20]22,521	[21]23,035	[21]23,561	[22]24,098	[22]24,652	[23]25,215	[23]25,799
24	[20]22,823	[21]23,343	[21]23,877	[22]24,423	[22]24,985	[23]25,559	[24]26,148	[24]26,752
25	[21]23,655	[22]24,197	[22]24,751	[23]25,321	[23]25,903	[24]26,501	[25]27,113	[25]27,742
26	[22]24,521	[23]25,084	[23]25,662	[24]26,253	[24]26,859	[25]27,480	[26]28,118	[26]28,771
27	[23]25,422	[24]26,008	[24]26,609	[25]27,223	[25]27,853	[26]28,500	[27]29,162	[27]29,842
28	[24]26,359	[24]26,968	[25]27,593	[26]28,232	[26]28,887	[27]29,559	[28]30,249	[28]30,955
29	[25]27,333	[25]27,967	[26]28,615	[27]29,281	[27]29,964	[28]30,663	[29]31,379	[30]32,113
30	[28]30,875	[29]31,597	[30]32,338	[31]33,095	[31]33,873	[32]34,670	[33]35,486	[34]36,323
31	[40]42,425	[41]43,436	[42]44,471	[43]45,533	[44]46,621	[45]47,737	[46]48,880	[48]50,052
32	[46]48,200	[47]49,355	[48]50,539	[49]51,753	[50]52,996	[52]54,271	[53]55,578	[54]56,917
33	[57]59,750							
34								
35								

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

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

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

9 **SECTION 8. Salaries of Constitutional Officials and their Equivalent.** — Pursuant to
10 Section 17, Article XVIII of the Constitution, the salary of the following officials shall be in
11 accordance with the Salary Grades indicated hereunder:
12

1	Salary Grades	
2	President of the Philippines	35
3	Vice-President of the Philippines	34
4	President of the Senate	34
5	Speaker of the House of Representatives	34
6	Chief Justice of the Supreme Court	34
7	Senator	33
8	Member of the House of Representatives	33
9	Associate Justices of the Supreme Court	33
10	Chairman of a Constitutional Commission	
11	under Article IX, 1987 Constitution	33
12	Member of a Constitutional Commission	
13	under Article IX, 1987 Constitution	32

14 The Department of Budget and Management is hereby authorized to determine the officials who
15 are of equivalent rank to the foregoing Officials, where applicable, and may be assigned the same
16 Salary Grades based on the following guidelines:

17 *GRADE 35 — This Grade is assigned to the President of the Republic of the*
18 *Philippines as the highest position in the government. No other position in the*
19 *government service is considered to be of equivalent rank.*

20 *GRADE 34 — This Grade is limited to the Vice-President of the Republic of the*
21 *Philippines and those positions which head the Legislative and Judicial Branches*
22 *of the government, namely: the Senate President, Speaker of the House of*
23 *Representatives and Chief Justice of the Supreme Court. No other positions in*
24 *the government service are considered to be of equivalent rank.*

1 GRADE 33 — This Grade is assigned to Senators and Members of the House of
2 Representatives and those with equivalent rank as follows: the Executive
3 Secretary, Department Secretary, Presidential Spokesman, Ombudsman, and
4 other Cabinet level positions appointment to which requires confirmation from
5 the Commission on Appointments

6 GRADE 32 – This Grade is assigned to a head of an entity with a broad
7 functional scope of operations and wide area of coverage ranging from top level
8 policy formulation to the provision of technical and administrative support to the
9 units under it, with functions comparable to the positions in the preceding salary
10 grade.

11 This positions included are those of the Presiding Justice of the Court of Appeals,
12 Presiding Justice of the Sandiganbayan, Commissioner of a Constitutional
13 Commission, Deputy Ombudsman, Court Administrator of the Supreme Court,
14 Secretary of the Senate, Secretary-General of the House of Representatives, and
15 other positions of Cabinet rank appointment to which does not require
16 confirmation from the Commission on Appointments.

17 GRADE 31 - This Grade is assigned to the Associate Justices of the Court of
18 Appeals, Associate Justices of the Sandiganbayan, Department Undersecretary,
19 Cabinet Undersecretary, Cabinet Undersecretary, Executive Clerk of Court V,
20 President of the University of the Philippines, Deputy Secretary of the Senate,
21 Deputy Secretary-General of the House of Representatives, and other positions of
22 equivalent rank.

23 GRADE 30 - This Grade is assigned to heads of councils, commissions,

1 boards and similar entities whose operations cut across offices or departments
2 or are serving a sizeable portion of the general public and whose coverage is
3 nationwide.

4 Positions included are those of the Government Corporate Counsel, Solicitor
5 General, Special Prosecutor, Chief Prosecutor, Chief Public Attorney, Chief State
6 Counsel, Presiding Judge of the Court of Tax Appeals, Regional Trial Court
7 Judges, Executive Clerk of Court IV, Chairman of Securities and Exchange
8 Commission, Chairman of the National Labor Relations Commission,
9 Commissioners of the Bureau of Internal Revenue, Bureau of Customs, and
10 Bureau of Immigration, Director of the National Bureau of Investigation,
11 Department Assistant Secretary, University Professor, Mindanao State University
12 President, Polytechnic University of the Philippines President, and President of
13 other state universities and colleges of the same class and other positions of
14 equivalent rank.

15 GRADE 29 - This Grade is assigned to Shari'a District Court Judges,
16 Associate Judges of the Court of Tax Appeals, Executive Clerk of Court III,
17 Members of the National Labor Relations Commission, Bureau Directors,
18 Department Regional Directors, College Professors, and other positions of
19 equivalent rank.

20 GRADE 28 - This Grade is assigned to Metro Trial Court Judges, Bureau
21 Assistant Directors, Assistant Department Regional Directors, and other positions
22 of equivalent rank.

1 GRADE 27 - This Grade is assigned to City Trial Court Judges, Bureau
2 Regional Directors, and other positions of equivalent rank.

3 GRADE 26 - This Grade is assigned to Municipal Trial Court Judges,
4 Municipal Circuit Trial Court Judges, Shari'a Circuit Court Judges, Assistant
5 Bureau Regional Directors, and other positions of equivalent rank.

6 The equivalent rank of positions not mentioned herein or those that may be created hereafter shall
7 be determined based on these guidelines.

8 **Sec. 9. Salary Grade Assignments for Other Positions.** — For positions below the Officials
9 mentioned under Section 8 hereof and their equivalent, whether in the National Government,
10 local government units, government-owned or controlled corporations or financial institutions,
11 the Department of Budget and Management is hereby directed to prepare the Index of
12 Occupational Services to be guided by the Benchmark Position Schedule prescribed hereunder
13 and the following factors: (1) the education and experience required to perform the duties and
14 responsibilities of the positions; (2) the nature and complexity of the work to be performed; (3)
15 the kind of supervision received; (4) mental and/or physical strain required in the completion of
16 the work; (5) nature and extent of internal and external relationships; (6) kind of supervision
17 exercised; (7) decision-making responsibility; (8) responsibility for accuracy of records and
18 reports; (9) accountability for funds, properties and equipment; and (10) hardship, hazard and
19 personal risk involved in the job.

20 Benchmark Position Schedule

21 Position Title	Salary Grade
22 Laborer I	1

1	Messenger	2
2	Clerk	3
3	Driver I	3
4	Stenographer I	4
5	Mechanic I	4
6	Carpenter II	5
7	Electrician II	6
8	Secretary I	7
9	Bookkeeper	8
10	Administrative Assistant	8
11	Education Research Assistant I	9
12	Cashier I	10
13	Nurse I	10
14	Teacher I	10
15	Agrarian Reform Program Technologist	10
16	Budget Officer I	11
17	Chemist I	11

1	Agriculturist I	11
2	Social Welfare Officer I	11
3	Engineer I	12
4	Veterinarian I	13
5	Legal Officer I	14
6	Administrative Officer	15
7	Dentist	16
8	Postmaster IV	17
9	Forester III	18
10	Associate Professor I	19
11	Rural Health Physician	20

12 In no case shall the salary of the chairman, president, general manager or administrator, and the
13 board of directors of government-owned or controlled corporations and financial institutions
14 exceed Salary Grade 30: Provided, That the President may, in truly exceptional cases, approve
15 higher compensation for the aforesaid officials.

16 **Sec. 10. Local Government Units (LGUs).** — The rates of pay in LGUs shall be
17 determined on the basis of the class and financial capability of each LGU; Provided, That such
18 rates of pay shall not exceed the following percentages of the rates in the salary schedule
19 prescribed under Section 7 hereof:

	For	For
	Provinces/Cities	Municipalities
3 Special Cities	100%	
4 1st Class	100%	90%
5 2nd Class	95%	85%
6 3rd Class	90%	80%
7 4th Class	85%	75%
8 5th Class	80%	70%
9 6th Class	75%	65%

10 **Sec. 11. Military and Police Personnel.** — The base pay of uniformed personnel of the Armed
11 Forces of the Philippines and the Integrated National Police shall be as prescribed in the salary
12 schedule for these personnel in R.A. No. 6638 and R.A. No. 6648. The longevity pay of these
13 personnel shall be as prescribed under R.A. No. 6638, and R.A. No. 1134 as amended by R.A.
14 No. 3725 and R.A. No. 6648: Provided, however, That the longevity pay of uniformed personnel
15 of the Integrated National Police shall include those services rendered as uniformed members of
16 the police, jail and fire departments of the local government units prior to the police integration.

17 All existing types of allowances authorized for uniformed personnel of the Armed Forces of the
18 Philippines and Integrated National Police such as cost of living allowance, longevity pay,
19 quarters allowance, subsistence allowance, clothing allowance, hazard pay and other allowances
20 shall continue to be authorized.

1 **Sec. 12. Consolidation of Allowances and Compensation.** — All allowances, except for
2 representation and transportation allowances; clothing and laundry allowances; subsistence
3 allowance of marine officers and crew on board government vessels and hospital personnel;
4 hazard pay; allowances of foreign service personnel stationed abroad; and such other additional
5 compensation not otherwise specified herein as may be determined by the DBM, shall be deemed
6 included in the standardized salary rates herein prescribed. Such other additional compensation,
7 whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated
8 into the standardized salary rates shall continue to be authorized.

9 Existing additional compensation of any national government official or employee paid from
10 local funds of a local government unit shall be absorbed into the basic salary of said official or
11 employee and shall be paid by the National Government.

12 **Sec. 13. Pay Adjustments.** — Paragraphs (b) and (c), Section 15 of Presidential Decree
13 No. 985 are hereby amended to read as follows:

14 "(b) Pay Reduction — If an employee is moved from a higher to a lower
15 class, he shall not suffer a reduction in salary; Provided, That such movement is
16 not the result of a disciplinary action or voluntary demotion.

17 "(c) Step Increments — Effective January 1, 1990 step increments shall be
18 granted based on merit and/or length of service in accordance with rules and
19 regulations that will be promulgated jointly by the DBM and the Civil Service
20 Commission."

21 **Sec. 14. Administration of Compensation and Position Classification System.** —
22 Subparagraph (a), Section 17 of Presidential Decree No. 985 is hereby amended to read as
23 follows:

1 "(a) Administer the compensation and position classification system
2 established herein and revise it as necessary."

3 **Sec. 15. Reference to Offices and Positions.** — All references to the "Commissioner of
4 the Budget," "Budget Commission" or "Commission" and "Office of Compensation and Position
5 Classification" or "OCPC" in Presidential Decree No. 985 and Presidential Decree No. 1597 shall
6 read to mean the Secretary of Budget and Management, the Department of Budget and
7 Management or DBM, and the Compensation and Position Classification Bureau or CPCB,
8 respectively.

9 **Sec. 16. Repeal of Special Salary Laws and Regulations.** — All laws, decrees,
10 *executive orders*, corporate charters, and other issuances or parts thereof, that exempt agencies
11 from the coverage of the System, or that authorize and fix position classification, salaries, pay
12 rates or allowances of specified positions, or groups of officials and employees or of agencies,
13 which are inconsistent with the System, including the proviso under Section 2, and Section 16 of
14 Presidential Decree No. 985 are hereby repealed.

15 **Sec. 17. Salaries of Incumbents.** — Incumbents of positions presently receiving salaries
16 and additional compensation/fringe benefits including those absorbed from local government
17 units and other emoluments, the aggregate of which exceeds the standardized salary rate as herein
18 prescribed, shall continue to receive such excess compensation, which shall be referred to as
19 transition allowance. The transition allowance shall be reduced by the amount of salary
20 adjustment that the incumbent shall receive in the future.

21 The transition allowance referred to herein shall be treated as part of the basic salary for purposes
22 of computing retirement pay, year-end bonus and other similar benefits.

1 As basis for computation of the first across-the-board salary adjustment of incumbents with
2 transition allowance, no incumbent who is receiving compensation exceeding the standardized
3 salary rate at the time of the effectivity of this Act, shall be assigned a salary lower than ninety
4 percent (90%) of his present compensation or the standardized salary rate, whichever is higher.
5 Subsequent increases shall be based on the resultant adjusted salary.

6 **Sec. 18. Additional Compensation of Commission on Audit Personnel and of Other**
7 **Agencies.** — In order to preserve the independence and integrity of the Commission on Audit
8 (COA), its officials and employees are prohibited from receiving salaries, honoraria, bonuses,
9 allowances or other emoluments from any government entity, local government unit, and
10 government-owned and controlled corporations, and government financial institution, except
11 those compensation paid directly by the COA out of its appropriations and contributions.

12 Government entities, including government-owned or controlled corporations including financial
13 institutions and local government units are hereby prohibited from assessing or billing other
14 government entities, government-owned or controlled corporations including financial
15 institutions or local government units for services rendered by its officials and employees as part
16 of their regular functions for purposes of paying additional compensation to said officials and
17 employees.

18 **Sec. 19. Funding Source.** — The funding sources for the amounts necessary to
19 implement this Act shall be as follows:

20 (a) For national government entities, the amount shall be charged against the
21 appropriations set aside for the purpose in the 1989 General Appropriations Act
22 and from savings generated from the different departments, bureaus, offices and

1 agencies. Thereafter, such amounts as are needed shall be included in the annual
2 General Appropriations Act.

3 (b) For local government units, the amount shall be charged against their
4 respective funds. Local government units which do not have adequate or
5 sufficient funds shall only partially implement the established rates as may be
6 approved by the Joint Commission under Section 3 of Presidential Decree No.
7 1136: Provided, That any partial implementation shall be uniform and
8 proportionate for all positions in each local government unit: Provided, further,
9 That savings from National Assistance to Local Government Units (NALGU)
10 funds may be used for this purpose.

11 (c) For government corporations, the amount shall come from their
12 respective corporate funds.

13 **Sec. 20. Separability Clause.** — If for any reason any section or provision of this Act is
14 declared to be unconstitutional or invalid, the other sections or provisions thereof which are not
15 affected thereby shall continue to be in full force and effect.

16
17 **Sec. 21. Applicability of Presidential Decree No. 985 as Amended by Presidential**
18 **Decree No. 1597.** — All provisions of Presidential Decree No. 985, as amended by Presidential
19 Decree No. 1597, which are not inconsistent with this Act and are not expressly modified,
20 revoked or repealed in this Act shall continue to be in full force and effect.

21 **Sec. 22. Repealing Clause.** — all laws, decrees, orders, rules or regulations or parts
22 thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified
23 accordingly.

1 **Sec. 23.** **Effectivity.** — This Act shall take effect 15 days after publication to a newspaper
2 of general circulation. The DBM shall, within sixty (60) days after its approval, allocate all
3 positions in their appropriate position titles and salary grades and prepare and issue the necessary
4 guidelines to implement the same.

5

6 Approved