


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

7 OCT 22 2016

SENATE

S. No. 1792

RECEIVED BY: 

Introduced by Senator Antonio 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 1989, Republic Act 6758 also known as the Salary Standardization Law was passed in order to upgrade the pay standards of the government employees and at the same time put in place a position classification system to have a clear determination of different pay levels in accordance to duties and responsibilities.

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. Moreover, unjustifiable distribution of income remains evident as pay level and increments were most of the time based on backward cultural indicators, such as seniority and other discretionary factors, indicative of discrepancies in the government organization. A more pro-active development program should be inputted to enhance motivational skills.

Fundamentals, such as remuneration, job descriptions, tariff structures, project management, training and skills development, and incentive programs need to be overhauled and updated in order to jive with the call of the times to have a fully-professionalized government bureaucracy.

This measure seeks to reinvent government's bureaucratic structure and salary schedule known in this bill as "Omnibus Job Classification & Compensation Standardization." 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 government 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 match with the prevailing rate in private offices so that more talented and skilled employees will be attracted to join the government.

If we are to build a world-class civil service structure, our system of administering our own government workers should have parity with the world-class industry standards.

In view of the foregoing, the immediate passage of this measure is earnestly sought.




ANTONIO F. TRILLANES IV
Senator

FOURTEENTH CONGRESS OF THE)
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7 OCT 22 P3:08

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**AN ACT
ADOPTING AN OMNIBUS JOB CLASSIFICATION AND
COMPENSATION STANDARDIZATION SYSTEM IN THE CIVIL
SERVICE, APPROPRIATING FUNDS THEREFOR, PROVIDING PENAL
SANCTIONS FOR VIOLATIONS THEREOF, AND FOR OTHER
PURPOSES**

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

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**ARTICLE I
GENERAL PROVISIONS**

4 **SECTION 1. Short Title.** — This Act shall be known as the "Government
5 Classification and Compensation Act of 2007."

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

12 **SEC. 3. Governing Principles.** — Government shall provide for an
13 effective, efficient, and upright public service through a corps of competent
14 and motivated civil servants using a fiscally-sound and rational
15 compensation and benefits system.

1 (a) The State recognizes the indispensable and enduring role of the
2 civil service in implementing the laws, managing public affairs, and
3 ensuring the delivery of public services.

4 (b) To this end, the State shall provide the enabling environment
5 that will promote accountability, responsibility, integrity, loyalty,
6 efficiency, patriotism, justice, productivity, and excellence in the civil
7 service, thereby upholding the Constitutional mandate that public
8 office is a public trust.

9 (c) Recognizing the need to attract, retain, and motivate such a
10 corps of civil servants, the State shall develop, implement, and
11 maintain a rational compensation and benefits system which shall
12 be internally and externally equitable, performance-based, and
13 easy to administer.

14 (d) The compensation of government employees shall be modest in
15 recognition of fiscal realities, and in support of the ideal that public
16 office being a public trust, public officers and employees must, at all
17 times, be accountable to the people, serve them with utmost
18 responsibility, integrity, loyalty, and efficiency; act with patriotism
19 and justice, and lead modest lives.

20

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

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

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

6 (c) Commission- the Civil Service Commission, or such other
7 successor agency as the Constitution may provide.

8 (d) Compensable factors – factors used to provide a basis for
9 judging job value in a job evaluation plan. In this Act, these are:
10 Skills and Knowledge, Nature of Work, and Answerability.

11 (e) Cut – a range of Job Grades which are grouped together for
12 having similar or related nature of jobs.

13 (f) Department - the Department of Budget and Management, or
14 such other successor-agency as the law or regulations may
15 provide.

16 (g) Government-owned or controlled corporations and financial
17 institutions – refer to all corporations and financial institutions
18 owned or controlled by the National Government, whether such
19 corporations and financial institutions perform governmental or
20 proprietary functions.

21 (h) Incentive - a reward, financial or otherwise, that compensates
22 an employee for high performance and/or continued performance.

23 (i) Job Classification Index, or Index – a table of occupational
24 services, job titles, and Job Grades for all jobs in the civil and
25 military service, which forms part of, and to which the Omnibus
26 System, applies.

1 (j) Job Grade – a category of jobs which, although different with
2 respect to kind or subject matter of work, are sufficiently equivalent
3 as to Skills and Knowledge, Nature of Work, and Answerability, to
4 warrant the inclusion of such classes of jobs within one range of
5 Base Pay, and which distinguishes it from other Job Grades in the
6 Base Pay Schedule.

7 (k) National Government – refers to the Executive, the Legislative,
8 and the Judicial Branches, the Constitutional Commissions, and
9 other offices created or mentioned in the Constitution, and shall
10 include, but shall not be limited to, all departments, bureaus,
11 offices, boards, commissions, courts, tribunals, councils,
12 authorities, administrations, centers, institutes, state universities
13 and colleges, and Government-owned and controlled corporations
14 and financial institutions.

15 (l) New Base Pay - the Base Pay of an employee pursuant to the
16 terms of this Act.

17 (m) Omnibus Job Classification and Compensation Standardization
18 System, or Omnibus System - the system herein adopted for
19 classifying jobs and determining rates of Total Compensation for
20 jobs and employees. It consists, among others, of the Job
21 Classification Index; the Career Track that employees may
22 progress through; the Total Compensation Framework, including
23 the Base Pay Schedule, Allowances and Other Pay, and
24 Incentives; the rules for assignment of jobs to grades, and of
25 incumbents to Steps; the conditions for permitting Base Pay
26 increases, as well as creation of and increases in Allowances and

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

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

5 (o) Step - a level of Base Pay within a Job Grade.

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

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

17 For purposes of this Act, the term refers to military personnel of the
18 Armed Forces of the Philippines and Uniformed Personnel of the
19 Philippine National Police, pursuant to RA6638, as amended, and
20 RA6648, as amended. The term also applies to the Uniformed
21 Personnel of all other agencies which have adopted these laws,
22 such as the Bureau of Jail Management and Penology, the Bureau
23 of Fire Protection, the Philippine Coast Guard, the National
24 Mapping and Resource Information Authority, and their successor
25 agencies

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**ARTICLE II
COVERAGE**

SEC. 5. *National Government.* — This Act shall apply to all jobs, appointive or elective, on full or part-time basis, permanent or temporary, now existing or hereafter created in the National Government, and local government units, including Government-owned or controlled-corporations and financial institutions with original charters. It shall also apply to the uniformed personnel. Excluded from the coverage of this Act are individuals and groups engaged through job orders or contracts of services, and non-organic personnel of the government.

SEC. 6. *Local Government Units.* — Local governments shall adopt the provisions of this Act, including the Base Pay Schedule in Section 15 hereof. A local government unit which is not capable of implementing this law may apply for total or partial exemption with the Commission and the Department. The grant of eligibility shall be based on uniform standards that will be determined jointly by the CSC and DBM. Provided, That partial implementation shall be fixed at a uniform percentage applied uniformly to all jobs in the local government.

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**ARTICLE III
OMNIBUS JOB CLASSIFICATION AND
COMPENSATION STANDARDIZATION SYSTEM**

SEC. 7. *Adopting an Omnibus Job Classification and Compensation Standardization System* - The Commission and the Department shall jointly design, develop, and establish the Omnibus System, or amend the same as necessary, which shall replace and supplant the unified Compensation and Position Classification System prescribed under Presidential Decree No. 985, as amended.

1 **SEC. 8. Governing Principles of the Omnibus System** - The Omnibus

2 System shall be created and implemented using the following principles:

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

9 (b) The Omnibus System shall give due regard to external equity,
10 considering prevailing market rates for work of equal value in
11 medium-sized firms in the private sector. The Omnibus System
12 shall be kept modest, in keeping with fiscal realities.

13 (c) The Omnibus System shall use performance as basis for merit
14 increases, promotions, and the grant of Incentives, employing an
15 integrated system for evaluating work performance of both the
16 agency and its employees.

17 (d) The Omnibus System shall be easy to administer and
18 responsive to current challenges. Simplified terms shall be used to
19 denominate all jobs in the civil and military service. A review of
20 government compensation rates, taking into account various
21 factors, shall be undertaken by the Commission and the
22 Department every (5) five years from its implementation, pursuant
23 to section 33 of this Act. A report of said review shall be furnished
24 the Committees on Finance, Appropriation, and Civil Service in
25 both Houses of Congress.

1 **A. The Job Classification Index**

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

5 (a) The Department of National Defense and the Armed Forces of
6 the Philippines for military personnel, the Philippine National Police
7 for its uniformed personnel, the Bureau of Jail Management and
8 Penology, the Bureau of Fire Protection, the Philippine Coast
9 Guard, the National Mapping and Resource Information Authority,
10 and their successor agencies, for their respective uniformed
11 personnel, shall be consulted in the preparation of the Job
12 Classification Index.

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

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

24 (d) Whenever the circumstances warrant, the Commission and the
25 Department may jointly certify necessary changes in job
26 description, Job Grade, Step assignment, and Total Compensation.

1 Such certifications shall be binding on administrative, certifying,
2 payroll, disbursing, accounting and auditing officers of the
3 government.

4 **SEC. 10. Job Grades of Officials Mentioned in the Constitution. —**

5 The Base Pay of the following officials shall be in accordance with the Job
6 Grades indicated hereunder:

7

8 Official	Job Grade
9 President of the Philippines	22
10 Vice-President of the Philippines	21
11 President of the Senate	21
12 Speaker of the House of Representatives	21
13 Chief Justice of the Supreme Court	21
14 Senator	20
15 Member of the House of Representatives	20
16 Associate Justices of the Supreme Court	20
17 Chairman of a Constitutional Commission	20
18 Commissioner of a Constitutional Commission	19
19 Chairman of the Commission on Human Rights	20
20 Members of the Commission on Human Rights	19
21 Ombudsman	20
22 Over-All Deputy Ombudsman	19
23 Deputy Ombudsman	18
24 Special Prosecutor	18

25 **SEC. 11. Job Grades for All Other Jobs. —** For all other jobs in
26 government, the Commission shall select representative entry-level jobs

1 per Track as Benchmark Jobs and assign Job Grades therefor, using the
2 same baseline for all the jobs in each Track. The Commission shall
3 thereafter assign each job to the appropriate Job Grade, using the
4 Compensable Factors for each job.

5 The Commission shall likewise refer to the Job Grade assignments
6 of the officials in Section 10 hereof in making Job Grade assignments.

7 **SEC. 12. *Compensable Factors.*** - The Job Grade shall be determined
8 based on the following compensable factors:

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

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

19 (c) Answerability, which refers to the degree to which the job is
20 directly answerable (i) for people or property, and/or (ii) to
21 taxpayers and/or, (iii) where applicable, peers, thru established
22 professional standards. It includes responsibility for people, which
23 considers both number of jobs and variety of functions supervised
24 or managed; job impact, or the extent to which the job directly
25 affects agency operations and goals, in terms of reach and the
26 magnitude of impact, or conversely, the impact of any error; and

1 professional obligations, including any external special obligations
2 or accountability to established professional standards.

3 The Commission shall have authority to determine the appropriate
4 methodology for the evaluation of Compensable Factors for every job in
5 government.

6 **B. Career Tracks**

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

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

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

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

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

1 **C. Total Compensation Framework**

2 **SEC. 14. Total Compensation.** - Total Compensation of each employee
3 shall consist of:

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

6 (b) Allowances and Other Pay. An agency may grant only such
7 Allowances and Other Pay as provided in Section 18 hereof, using
8 only such standard rates authorized by the Department, and
9 without affecting the Base Pay.

10 (c) Incentives. An agency may grant only such Incentives as
11 provided in Section 21 hereof, using only such standard rates
12 authorized by the Department, except as provided under Sections
13 22 and 23, and without affecting the Base Pay.

14 **C.1 Base Pay**

15 **SEC. 15. Base Pay.** - Under the Omnibus System, there shall be twenty-
16 two (22) Job Grades divided into four (4) Cuts, under the following Base
17 Pay Schedule:

18
19 **BASE PAY SCHEDULE**

20

21 CUT 1

22 Job Grade	Step 1	Step 2	Step 3	Step 4
23 <u>Step 5</u>				
24 Job Grade 1	5,800	6,235	6,670	7,105
25 7,540				
26 Job Grade 2	6,844	7,357	7,871	8,384
27 8,897				
28 Job Grade 3	8,076	8,682	9,287	9,893
29 10,499				
30 Job Grade 4	9,530	10,244	10,959	11,674
31 12,388				
32 Job Grade 5	11,245	12,088	12,932	13,775
33 14,618				

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CUT 2					
Job Grade	Step 1	Step 2	Step 3	Step	4
<u>Step 5</u>					
Job Grade 6	14,618	15,715	16,811	17,908	
19,004					
Job Grade 7	16,957	18,229	19,501	20,773	
22,045					
Job Grade 8	19,670	21,146	22,621	24,096	
25,572					
Job Grade 9	22,818	24,529	26,240	27,952	
29,663					
Job Grade 10	26,469	28,454	30,439	32,424	
34,409					
Job Grade 11	30,704	33,006	35,309	37,612	
39,915					
Job Grade 12	35,616	38,287	40,959	43,630	
46,301					

CUT 3					
Job Grade	Step 1	Step 2	Step 3	Step	4
<u>Step 5</u>					
Job Grade 13	46,301	49,774	53,246	56,719	
60,191					
Job Grade 14	52,783	56,742	60,701	64,659	
68,618					
Job Grade 15	60,173	64,686	69,199	73,712	
78,225					
Job Grade 16	68,597	73,742	78,887	84,031	
89,176					
Job Grade 17	78,201	84,066	89,931	95,796	
101,661					
Job Grade 18	89,149	95,835	102,521	109,207	
115,893					

CUT 4	
Job Grade	Base Pay
Job Grade 19	99,847
Job Grade 20	111,828
Job Grade 21	125,247
Job Grade 22	140,277

42 **SEC. 16. Administration of the Base Pay Schedule.** - The Base Pay
43 Schedule shall be jointly administered by the Commission and the
44 Department using these guidelines:

- 45 (a) Except for: (i) jobs in Cut 4, which job grades are not delineated
46 by Steps; (ii) jobs of other elective officials; and (iii) those with fixed
47 terms of office; the Base Pay shall be determined as follows:

1 (1) Step 1 constitutes the Base Pay corresponding to the entry
2 level for a job in a given Job Grade, while Step 5 is the
3 maximum amount of Base Pay in such Job Grade. Step1 shall
4 be the hiring rate in a given Job Grade.

5 (2) An employee can progress through Steps 1 to 5 and
6 become entitled to the corresponding increase in Base Pay
7 through a performance-based system approved by the
8 Commission.

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

14 (b) The Base Pay of jobs in Cut 4 shall be the amount indicated in
15 the Base Pay Schedule: Provided, that, career officials belonging to
16 the Judiciary may be entitled to steps and to the corresponding
17 increase in Base Pay through a performance-based system
18 approved by the Commission.

19 (c) The Base Pay of other elective officials and officials with fixed
20 terms of office, not in Cut 4, shall be the amount indicated in Step 1
21 of their prescribed Job 24 Grade.

22 (d) The Base Pay Schedule shall be used for jobs that are paid on
23 a monthly rate basis. All amounts of Base Pay in the Base Pay
24 Schedule are expressed as gross monthly rates in Philippine
25 Pesos, and shall represent full compensation for full-time
26 employment, regardless of the location where the work is

1 performed. Base Pay for services rendered on a part-time basis
2 shall be adjusted proportionately.

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

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

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

14 **SEC. 18. *Allowances and Other Pay*** - Allowances and Other Pay shall
15 be limited to:

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

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

22 **SEC. 19. *Standard Allowances and Other Pay*** - This type shall be
23 limited to:

24 (a) Supplemental Economic Allowance (SEA) - a monthly
25 allowance intended to supplement the base pay of all jobs which
26 are not entitled to Representation and Transportation Allowance.

1 The SEA shall be given at prescribed standard rates, subsuming
2 the Additional Compensation (ADCOM) and Personnel Economic
3 Relief Allowance (PERA), among others.

4 (b) Representation and Transportation Allowance - the monthly
5 commutable allowance given to specified employees in the actual
6 performance of duties, made payable from programmed
7 appropriations, which shall be at prescribed standard rates.

8 Transportation allowance shall not be given to employees who are
9 assigned government motor transportation.

10 (c) Uniform or Clothing Allowance - amounts or items given to
11 sustain the provision of the required uniform to employees, which
12 shall be given at prescribed standard rates or items.

13 (d) Year-End Bonus - an amount equivalent to one (1) month Base
14 Pay and cash gift of Five Thousand Pesos (P5,000) provided under
15 Republic Act No. 6686, as amended by Republic Act No. 8441.

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

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

25 **SEC. 20. *Specific-Purpose Allowances*** - This type shall be limited to:

1 (a) Subsistence Allowance - the allowance given to employees
2 whose services are made available at all times in their places of
3 work, even during mealtimes, which shall be at prescribed standard
4 rates.

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

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

12 **C.3 Incentives**

13 **SEC. 21. *Incentives*** - Incentives shall be limited to:

14 (a) Productivity Incentive, Collective Negotiation Agreement (CNA)
15 Incentive, and Other Benefits - that amount given to enhance
16 employee productivity, subject to the accomplishment of agency
17 performance targets and the generation of savings.

18 (b) Longevity Incentive - that amount given on milestone years to
19 recognize the employee's length of service with at least satisfactory
20 performance, or to recognize the agency's continuing and/or viable
21 existence. Longevity shall be rewarded through the grant of
22 periodic flat incentives or bonuses, regardless of Job Grade, which
23 shall be at prescribed standard rates.

24 (c) Service Incentive - that amount given in the form of honoraria as
25 token payments for services rendered outside or in addition to the

1 employee's regular functions, which shall be at prescribed standard
2 rates.

3 **SEC. 22. Productivity Incentive, CNA Incentive, and Other Benefits –**

4 This type shall be limited to:

5 (a) Productivity and/or CNA Incentive – the Productivity Incentive is
6 an amount given to employees or groups of employees as a reward
7 for demonstrated productivity. The CNA Incentive is the amount
8 generated from cost savings measures provided for in the pertinent
9 CNA.

10 (b) Health Maintenance Benefit - benefits given to maintain
11 employee health, in addition to the benefits provided for under the
12 National Health Insurance Program administered by the Philippine
13 Health Insurance Corporation.

14 (c) Staple Food Benefit - benefits given to employees to assist them
15 in countering the rising cost of the basic constitutes of ordinary diet.

16 The above shall be chargeable against the agency's savings.

17 **SEC. 23. Guidelines for Granting the Productivity Incentive, CAN**

18 **Incentive, and Other Benefits -** An agency may only grant the Incentives
19 in Section 22 hereof subject to the following parameters:

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

24 (b) The other Incentives in Section 22 hereof shall be funded by the
25 agency from its savings, without securing additional funding from
26 the National Government: Provided, That the agency shall remit to

1 the General Fund a sum equivalent to twenty percent (20%) of the
2 total amount of such Incentives given to all employees in the
3 agency for the calendar year, which sums shall be used for the
4 equalization of productivity incentives and other benefits of
5 employees in government.

6 (c) For employees of all Government owned and controlled
7 corporations and financial institutions, the Incentives in Section 22
8 hereof may only be granted upon a showing of the agency's fiscal
9 and financial viability, in addition to the requirements of paragraphs
10 (a) and (b) above. The Department shall issue rules for the
11 implementation of paragraphs (b) and (c) hereof.

12 **SEC. 24. Longevity Incentive** - This type shall be limited to:

13 (a) Loyalty Incentive - a one-time Incentive given every five (5)
14 years to recognize the employee's length of government service
15 with at least satisfactory performance.

16 (b) Anniversary Bonus - a one-time Incentive given to employees
17 when the agency celebrates or commemorates a milestone
18 anniversary, chargeable to the agency's savings.

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**ARTICLE IV
CONVERSION TO THE OMNIBUS SYSTEM**

23 **SEC. 25. Treatment of Existing Allowances and Other Benefits of**
24 **Incumbents** - The Department shall classify and/or re-classify all existing
25 allowances, incentives and other benefits currently being received by all
26 government employees, including incumbents, into Base Pay, Allowances
27 and Other Pay, or Incentives, pursuant to the Total Compensation

1 Framework, and pursuant to the true nature of such, notwithstanding its
2 existing nomenclature.

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

14 Being made in pursuit of a curative policy, this classification and re-
15 classification shall apply even as to allowances, incentives, and benefits
16 being received by incumbents prior to the effectivity of this Act.

17 **SEC. 26. Total Compensation-Non Diminution in Pay –**

18 Notwithstanding any provision of law to the contrary, there shall be no
19 diminution in pay where the gross Total Compensation of the employee
20 under the Omnibus System is greater
21 than the gross total pay being received prior to the effectivity of this Act.

22 In any case, there shall be no vested right in any pay being
23 received by incumbents, unless the incumbent has already rendered
24 services therefor.

25 **SEC. 27. Base Pay –** The New Base Pay of all incumbents shall conform
26 to the amount in the Base Pay Schedule corresponding to Step 1 of the

1 Job Grade jointly assigned to the incumbent by the Department and the
2 Commission: Provided, That -

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

6 (b) Where the Previous Base Pay of an incumbent is greater than
7 the Base Pay for Step 5 of the prescribed Job Grade, the
8 incumbent shall be assigned to Step 5 of that Job Grade, and
9 continue to receive the Previous Base Pay. In this case, the
10 incumbent shall receive no upward adjustment in Base Pay until
11 such time as the incumbent is promoted to a higher Job Grade, the
12 Base Pay of which is greater than his Previous Base Pay.

13 **SEC. 28. Other Pay** - (a) The principle of non-diminution shall not apply
14 with respect to allowances, remuneration, and benefits being received by
15 incumbents prior to the effectivity of this Act (i) for which no appropriation
16 has been provided in the National Budget; (ii) which are ad hoc,
17 provisional, tentative, or improvised benefits, in acknowledgement of the
18 inadequacy of compensation in government, and are thus intended to
19 provide some form of economic assistance; and (iii) otherwise for which
20 no appropriate approval has been granted.

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

25 **SEC. 29. Computation of Retirement and Other Benefits** - For
26 purposes of retirement, only the Base Pay actually received by an

1 employee at the date of retirement shall be included in the computation of
2 retirement benefits.

3 **SEC. 30. *Specific Authority of Department.*** -- The Department, in
4 consultation with the Commission, is hereby authorized to issue
5 regulations for the transition into the Omnibus System, including the
6 continuance, discontinuance, decrease, or increase in rates of previous,
7 existing, and future components of Total Compensation, in any form
8 granted.

9 **ARTICLE V**
10 **THE COMMISSION AND THE DEPARTMENT**
11

12 **SEC. 31. *Exclusive Functions, Powers, and Jurisdiction of the***
13 ***Commission.*** - The Commission shall have exclusive original jurisdiction
14 over any and all disputes arising from the interpretation of this Act or its
15 implementing rules and regulations, and the implementation of the
16 Omnibus System, including, without limitation, any dispute on the
17 allowance, disallowance, increase, decrease, classification, or re-
18 classification of any component of Total Compensation, alleged diminution
19 of pay or benefits, and assignment of Job Grades to jobs, and of
20 incumbents to Steps. Cases that are instituted in other fora shall be
21 *dismissed for lack of jurisdiction, and exhaustion of remedies before the*
22 Commission shall be a condition sine qua non to judicial review on these
23 matters.

24 Decisions of the Commission on these matters shall be brought
25 only to the Supreme Court via petition for certiorari pursuant to Section 7,
26 Article IX of the Constitution, notwithstanding the provisions of Republic
27 Act No. 7902. Notwithstanding the provision of any law to the contrary, the

1 evaluation and approval of qualification standards for all jobs in
2 government, including, but not limited to, those in constitutionally fiscally
3 autonomous groups; Government-owned and controlled-corporations and
4 financial institutions, whether or not exempt from the unified system under
5 Presidential Decree No. 985, as amended, and/or the Omnibus System;
6 local government units; and Uniformed Personnel, but excluding the
7 Armed Forces of the Philippines, shall be made exclusively by the
8 Commission.

9 **SEC. 32. *Joint Functions and Powers of the Commission and the***
10 ***Department.*** - In addition to the functions heretofore provided, the
11 Commission and the Department shall jointly approve the maintenance of
12 existing, and the creation of future jobs in government.

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

22 **SEC. 33. *Periodic Review of the Omnibus System.*** - The Commission
23 and the Department shall jointly review the Omnibus System every five (5)
24 years and recommend or implement changes as may be necessary.
25 However, in case of extraordinary circumstances, such as major
26 bureaucracy-wide reorganizations; or when government Base Pay rates

1 are below the market, in comparison with medium-sized private firms, by
2 at least 40%; or when there is a significant, sustained movement in the
3 cost of living, then the Commission and Department may review the
4 Omnibus System earlier, with a view to addressing these issues with
5 dispatch.

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**ARTICLE VI
REPEAL AND AMENDMENT OF RELATED LAWS**

10 **SEC. 34. *Sandiganbayan Jurisdiction, Local Government Code, and***
11 ***Other Laws Involving Salary Grades.*** - All provisions of laws, decrees,
12 executive orders, corporate charters, rules, regulations, circulars,
13 approvals, and other issuances, or parts thereof prescribing salary grades
14 of government employees, including, without limitation, the jurisdiction of
15 the Sandiganbayan under Presidential Decree No. 1606, as amended, as
16 well as the salary grades of local government officials under the Local
17 Government Code, or Republic Act No. 7160, are hereby repealed.

18 The Job Grade equivalent of such salary grades shall be jointly
19 determined by the Commission and the Department under the Omnibus
20 System, using the results of the evaluation of the Compensable Factors
21 for each affected job. The Commission and the Department shall also
22 refer to the Job Grade assignments of the officials in Section 10 hereof in
23 making such Job Grade assignments.

24 **SEC. 35. *Repeal of Special Salary and Related Laws and Regulations.***
25 — The provision of all laws, decrees, executive orders, corporate charters,
26 rules, regulations, circulars, approvals, and other issuances, or parts
27 thereof, that exempt any and all agencies, or specific types of employees,
28 from the coverage of the Compensation and Position Classification

1 System prescribed under Presidential Decree No. 985, as amended; or
2 that authorize and fix position classification, job classification, qualification
3 standards, salaries, Base Pay, Allowances and Other Pay, and Incentives,
4 of specified jobs, or groups of employees or of agencies, which are
5 inconsistent with the Omnibus System; or that exempt the establishment
6 and approval for position classification, job classification, qualification
7 standards, salaries, Base Pay, Allowances and Other Pay, and Incentives,
8 of specified jobs, or groups of employees or of agencies, from the
9 jurisdiction and authority of the Commission and/or Department; including,
10 but not limited to, Presidential Decree No. 1869; Republic Act No. 3591,
11 as amended; Republic Act 6977, as amended; Republic Act No. 7227, as
12 amended; Republic Act No. 7305; Republic Act No. 7306; Republic Act
13 No. 7354; Republic Act No. 7400; Republic Act No. 7648; Republic Act
14 No. 7653; Republic Act No. 7875, as amended; Republic Act No. 7907;
15 Republic Act No. 7917; Republic Act No. 8041; Executive Order No. 286,
16 series of 1995; Republic Act No. 8282; Republic Act No. 8289; Republic
17 Act No. 8291; Republic Act No. 8293;
18 Republic Act No. 8439; Republic Act No. 8494; Republic Act No. 8523;
19 Republic Act No. 8748; Republic Act No. 8763; Republic Act No. 8799;
20 Republic Act No. 9136; Republic Act No. 9241; and Republic Act No.
21 9302, are hereby repealed. Presidential Decree No. 985, as amended,
22 and Republic Act No. 6758, as amended, are hereby repealed.

23 **SEC. 36. *General Repealing and Amendatory Clause.*** — All laws,
24 decrees, executive orders, corporate charters, rules, regulations, circulars,
25 approvals, and other issuances, or parts thereof inconsistent with the

1 provisions of this Act are hereby repealed, amended, or modified
2 accordingly.

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**ARTICLE VII
APPROPRIATION**

7 **SEC. 37. Appropriations.** — (a) The amount of Ten Billion Pesos
8 (P10,000,000,000.00) is hereby appropriated to fund the initial
9 implementation of this Act. Implementation hereof shall take no longer
10 than four (4) years from approval, the amount of which shall be included in
11 the annual General Appropriations Act, after taking into consideration the
12 financial position of the National Government.

13 (b) Government-owned or controlled corporations and financial institutions
14 shall charge the implementation of this Act against their respective funds.
15 Those which do not have sufficient funds shall implement this Act in
16 staggered phases and using such established rates as may be jointly
17 approved by the Commission and the Department.

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

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

ARTICLE VIII
PENAL PROVISIONS AND CIVIL LIABILITY

SEC. 38. *Prohibition Against Additional Compensation.* — (a) The grant of Base Pay, Allowances and Other Pay, and Incentives in addition to those provided herein, or increases thereof, except as herein provided, is prohibited.

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

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

SEC. 39. *Penal Provisions* – Without prejudice and in addition to the provisions of Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act” and other penal laws, public officers who commit any of the following acts shall suffer the penalty of imprisonment of not less than six (6) years and one (1) day, but not more than fifteen (15) years:

- (a) Granting, approving the grant, voting in favor of any decision granting or approving, or who otherwise affirmatively participate in the grant or approval of - (i) Unauthorized increases in Base Pay;

1 (ii) Allowances and Other Pay, and Incentives other than those
2 enumerated under Sections 18 to 24; (iii) Increases in the standard
3 rates prescribed by the Department for Allowances and Other Pay,
4 and Incentives; and (iv) Increases in retirement pay and other
5 separation benefits in violation of Section 29;

6 (b) Granting, approving the grant, voting in favor of any decision
7 granting or approving, or who otherwise affirmatively participate in
8 the grant or approval of Productivity Incentive, CNA Incentive, and
9 Other Benefits in violation of Section 32 and/or rules and
10 regulations issued to implement Section 23; and

11 (c) Soliciting additional compensation, for self or in behalf of other
12 employees, from other agencies for services rendered in
13 performance of regular functions.

14 (d) Offering to give or actually giving additional compensation to
15 employees of other agencies who render services in performance
16 of regular functions, in violation of paragraphs (b) and (c) of Section
17 28.

18 **SEC. 40. *Civil Liability*** – A conviction under this Act or Republic Act No.
19 3019 shall carry with it the civil liability to jointly and severally pay
20 damages to the National Government equivalent to the amount illegally
21 disbursed.

22 **ARTICLE IX**
23 **FINAL PROVISIONS**
24

25 **SEC. 41. *Implementing Rules and Regulations*** - The Commission and
26 the Department shall, within ninety (90) days after the approval of this Act,
27 jointly allocate all jobs in the government to their appropriate job titles and

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

8 **SEC. 42. *Separability Clause.*** — If, for any reason, any section or
9 provision of this Act is declared unconstitutional or invalid, the other
10 sections or provisions thereof which are not affected thereby shall
11 continue to be in full force and effect.

12 **SEC. 43. *Effectivity.*** — This Act shall take effect fifteen (15) days after its
13 publication in at least two publications of national circulation.

Approved,