


FOURTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

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SENATE

RECEIVED BY: 

S. No. 238

Introduced by SENATOR EDGARDO J. ANGARA

EXPLANATORY NOTE

Section 5 of Article 1X.B of the Constitution provides:

"The Congress shall provide for the standardization of compensation of government officials and employees, including those in government-owned or controlled corporations with original charters, taking into account the nature of the responsibilities pertaining to, and the qualifications required for, their positions."

The current compensation and position classification system was legislated on the basis of the principle of "equal pay for equal work. To achieve this end, Republic Act No. 6758 provided for a position classification scheme consisting of classes of positions classified into four main categories: professional supervisory, professional non-supervisory, sub-professional supervisory, and sub-professional non-supervisory. The compensation classification system prescribes a salary schedule consisting of 33 salary grades under which the different positions are classified.

This salary structure has, however, been characterized by internal distortions and external inequities, caused largely by a system that allows for salary step increments based on longevity rather than performance. This scheme necessarily brings about overlaps in salary rates between salary grades which give rise to situations where employees of higher rank receive salaries lower than that of subordinates who have been in the service for a longer time. The disincentive also discourages performers from seeking promotion to higher positions as the salary may not be commensurate to the increase in responsibilities.

The Executive Orders issued by President Ramos pursuant to Joint Resolution No. 1, Series of 1993, passed by Congress, mandating across-the-board increases in a span of four years of implementation, did not address the distortions and inequities under the current system. To the contrary, the flawed system and the problems that arose from it were perpetuated.

Several government-owned and controlled corporations and financial institutions have likewise been granted exemption from the coverage of the system.

These exemptions have widened the disproportions between the compensation of government personnel and that of employees of GOCCs and GFIs.



In the meantime, legislative measures aimed at augmenting the pays of certain positions in government have also been initiated to bridge the gap between compensation levels of the government and GOCCs and GFIs. Currently, there are also initiatives to lobby with the Congress to pass similar laws for other specific government officials and employees.

These piecemeal legislations, however, have done little to solve the greater flaws inherent in the current system. It is these problems that the proposed bill seeks to address.

The areas needing key reforms relating to civil service size and quality include (a) developing and implementing a strategy for adjusting civil service employment to the appropriate role, functions and structure of the state and in concert with the budget process reforms, (b) increasing the transparency and competitiveness of civil service compensation while at the same time decompressing salary levels for key civil service grades; and (c) improving professionalism and meritocracy.

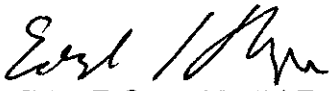
The Omnibus System presented in the proposed bill provides for 22 job grades, as opposed to the current 33 salary grades. Verifiable compensable factors are used to determine the job grade of each position in government. These compensable factors are: Skills and Knowledge, Nature of Work, and Answerability.

Aside from the increased base pays to be received by government employees, all other forms of pay are standardized and rationalized, in order to uphold the Constitutional mandate requiring standardization of compensation. In any case, performance will continue to be recognized and rewarded through incentives.

The Omnibus System which is presented as the alternative compensation framework under the proposed bill adopts the following philosophy:

- (a) *Internal equity* among government employees, providing equal pay for work of equal value, and basing differences in pay upon substantive distinctions in verifiable compensable factors;
- (b) *External equity*, considering prevailing market rates for work of equal value in medium-sized firms in the private sector, but remaining modest in keeping with fiscal realities;
- (c) *Performance*, which shall be the basis for merit increases, promotions, and the grant of incentives; and
- (d) Ease in administration of the Omnibus System and responsiveness to current challenges.

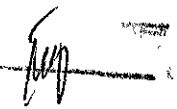
Immediate passage of this bill is therefore earnestly sought.


EDGARDO J. ANGARA
Senator

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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

ARTICLE I
GENERAL PROVISIONS

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

3
4 SECTION 2. *Statement of Policy.* - Pursuant to Section 5, Article
5 IX-B of the Constitution, it is hereby declared the policy of the State to
6 provide for the standardization of the compensation of all government
7 officials and employees taking into account the nature of the responsibilities
8 pertaining to, and the qualifications required for, their positions, thereby
9 strengthening the government's merit and reward system.

10
11 SECTION 3. *Governing Principles.* - Government shall provide for
12 an effective, efficient, and upright public service through a corps of competent
13 and motivated civil servants using a fiscally-sound and rational
14 compensation and benefits system.

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

18 (b) To this end, the State shall provide the enabling environment
19 that will promote accountability, responsibility, integrity,
20 loyalty, efficiency, patriotism, justice, productivity, and

1 excellence in the civil service, thereby upholding the
2 Constitutional mandate that public office is a public trust.

3 (c) Recognizing the need to attract, retain, and motivate such a
4 corps of civil servants, the State shall develop, implement, and
5 maintain a rational compensation and benefits system which
6 shall be internally and externally equitable, performance-
7 based, and easy to administer.

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

14
15 **SECTION 4. *Definition of Terms.*** - For purposes of this Act, the
16 following terms shall have the corresponding meanings:

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

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

26 (c) ***“Commission”***- the Civil Service Commission or such other
27 successor-agency as the Constitution may provide.

28 (d) ***“Compensable factors”*** - factors used to provide a basis for
29 judging job value in a job evaluation plan. In this Act, these are:
30 Skills and Knowledge, Nature of Work, and Answerability.

31 (e) ***“Cut”*** - a range of Job Grades which are grouped together for
32 having similar or related nature of jobs.

33 (f) ***“Department”*** - the Department of Budget and Management,
34 or such other successor-agency as the law or regulations may
35 provide.

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

1 grades, and of incumbents to Steps; the conditions for
2 permitting Base Pay increases, as well as creation of and
3 increases in Allowances and Other Pay, and Incentives; and all
4 other policies, rules, and regulations for the implementation and
5 administration thereof.

6 (n) ***“Previous Base Pay”*** - the Base Pay of an employee prior to the
7 effectivity of this Act.

8 (o) ***“Step”*** - a level of Base Pay within a Job Grade.

9 (p) ***“Total Compensation”*** - the total amount of payment given to
10 an employee for services rendered, consisting of the following
11 components: (i) Base Pay; (ii) Allowances and Other Pay; and
12 (iii) Incentives.

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

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

30 31 **ARTICLE II**

32 **COVERAGE**

33
34 **SECTION 5. *National Government*** - This Act shall apply to all jobs,
35 appointive or elective, on full or part-time basis, permanent or temporary,
36 now existing or hereafter created in the National Government, including

1 Government-owned or controlled-corporations and financial institutions with
2 original charters.

3 Excluded from the coverage of this Act are individuals and groups
4 engaged through job orders or contracts of services, non-organic personnel of
5 the government, and Uniformed Personnel. The base pay of Uniformed
6 Personnel shall be as prescribed in R.A. No. 6638, as amended, and R.A. No.
7 6648, as amended.

8
9 **SECTION 6. *Local Government Units.*** - . Local governments may
10 adopt the provisions of this Act, including the Base Pay Schedule in Section
11 15 hereof, at such rates they may deem proper taking into consideration their
12 financial capability: Provided, That partial implementation shall be fixed at a
13 uniform percentage applied uniformly to all jobs in the local government.

14 Notwithstanding any provision of law to the contrary, the provisions of
15 Sections 31 and 32 hereof, and the provisions of Section 325 of Republic Act
16 No. 7160, as amended, shall apply.

17
18 **ARTICLE III**
19 **OMNIBUS JOB CLASSIFICATION AND**
20 **COMPENSATION STANDARDIZATION SYSTEM**
21

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

28
29 **SECTION 8. *Governing Principles of the Omnibus System*** - The
30 Omnibus System shall be created and implemented using the following
31 principles:

- 32 (a) The Omnibus System shall promote internal equity among
33 government employees, providing equal pay for work of equal
34 value, and base differences in pay upon substantive distinctions
35 in verifiable Compensable Factors. Consequently, Base Pay,

1 Allowances and Other Pay, and Incentives shall be standardized
2 and rationalized across all agencies.

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

7 (c) The Omnibus System shall use performance as basis for merit
8 increases, promotions; and the grant of Incentives, employing an
9 integrated system for evaluating work performance of both the
10 agency and its employees.

11 (d) The Omnibus System shall be easy to administer and responsive
12 to current challenges. Simplified terms shall be used to
13 denominate all jobs in the civil service. A review of government
14 compensation rates, taking into account various factors, shall
15 also be made periodically.

16
17 **SECTION 9. *Job Classification Index***- The Omnibus System shall
18 provide for a Job Classification Index to be developed jointly by the
19 Commission and the Department, using the following guidelines:

20 (a) Except for the officials in Section 10 hereof, the Commission and
21 the Department shall jointly rename all existing jobs in
22 government using generic job titles across the bureaucracy,
23 qualified by the agency to which the job is attached. The
24 Commission and the Department shall thereafter jointly classify
25 each job in the Job Classification Index, based on Compensable
26 Factors in the updated job descriptions to be submitted by the
27 agencies and validated by the Commission and the Department.

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

34 (c) The Commission and the Department shall monitor and update
35 the description for each job in the Index, after consultation with
36 the agencies to the extent necessary; and conduct periodic

1 surveys of agencies to ascertain the actual duties,
2 responsibilities, and other requirements of jobs therein.

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

9
10 **SECTION 10. *Job Grades of Officials Mentioned in the***
11 ***Constitution.*** – The Base Pay of the following officials shall be in accordance
12 with the Job Grades indicated hereunder:
13

Official	Job Grade
President of the Philippines	22
Vice-President of the Philippines	21
President of the Senate	21
Speaker of the House of Representatives	21
Chief Justice of the Supreme Court	21
Senator	20
Member of the House of Representatives	20
Associate Justices of the Supreme Court	20
Chairman of a Constitutional Commission	20
Commissioner of a Constitutional Commission	19
Chairman of the Commission on Human Rights	20
Members of the Commission on Human Rights	19

Ombudsman	20
Over-All Deputy Ombudsman	19
Deputy Ombudsman	18
Special Prosecutor	18

14
15
16
17 **SECTION 11. *Job Grades for All Other Jobs.*** - For all other jobs in
18 government, the Commission shall select representative entry-level jobs per
19 Track as Benchmark Jobs and assign Job Grades therefore, using the same
20 baseline for all the jobs in each Track. The Commission shall thereafter
21 assign each job to the appropriate Job Grade, using the Compensable Factors
22 for each job.

23 The highest Job Grade that can be assigned to any career position,
24 including those in Government-owned or controlled corporations and
25 financial institutions, is Job Grade 18.

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

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

- (a) *Skills and knowledge*, which include technical skills, or the minimum knowledge of technical matters related to the job, which may be manifest through education, training, practical experience, and eligibility. Skills and knowledge also include people skills, or that required for people interaction, both internal and external to agency.
- (b) *Nature of the work*, which refers to the complexity thereof, or the mental challenge relative to the routine/non routine-ness of a job; physical working conditions; and the volume of work, including inherent work stress, and the frequency thereof.
- (c) *Answerability*, which refers to the degree to which the job is directly answerable (i) for people or property, and/or (ii) to taxpayers and/or, (iii) where applicable, peers, thru established professional standards. It includes responsibility for people, which considers both number of jobs and variety of functions supervised or managed; job impact, or the extent to which the job directly affects agency operations and goals, in terms of reach and the magnitude of impact, or conversely, the impact of any error; and professional obligations, including any external special obligations or accountability to established professional standards.

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

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

- (a) *Administrative or "A Track"* -This track covers administrative support service jobs and jobs performing "housekeeping" functions. This includes financial services, general support services, and in-house human resource services.

1 (b) *Technical or "T Track"* - This track covers non-
2 administrative/non-housekeeping support service jobs which
3 involve the application of a professional or technical discipline,
4 or some craft or trade, primarily engaged in the implementation
5 of specific programs or services made under supervision.

6 (c) *Specialized or "S Track"*- This track covers non-
7 administrative/non-housekeeping jobs which are primarily
8 highly technical and/or policy defining and determining. These
9 jobs require intensive and thorough knowledge of a specialized
10 field.

11 (d) *Executive or "E-Track"*- This track covers jobs primarily involved
12 in the management of people, resources, and policy.
13

14 **SECTION 14. *Total Compensation.*** - Total Compensation of each
15 employee shall consist of:

16 (a) *Base Pay*- This amount shall be given to each employee
17 pursuant to the Base Pay Schedule provided in Section 15
18 hereof.

19 (b) *Allowances and Other Pay*- An agency may grant only such
20 Allowances and Other Pay as provided in Section 18 hereof,
21 using only such standard rates authorized by the Department,
22 and without affecting the Base Pay.

23 (c) *Incentives*- An agency may grant only such Incentives as
24 provided in Section 21 hereof, using only such standard rates
25 authorized by the Department, except as provided under
26 Sections 22 and 23, and without affecting the Base Pay.
27

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

1 **BASEPAY SCHEDULE**

2
3 **CUT 1**

4

Job Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Job Grade 1	5,800	6,235	6,670	7,105	7,540
Job Grade 2	6,844	7,357	7,871	8,384	8,897
Job Grade 3	8,076	8,682	9,287	9,893	10,499
Job Grade 4	9,530	10,244	10,959	11,674	12,388
Job Grade 5	11,245	12,088	12,932	13,775	14,618

5
6 **CUT 2**

7

Job Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Job Grade 6	14,918	15,715	16,511	17,308	18,104
Job Grade 7	16,957	18,228	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	30,438	32,424	34,409
Job Grade 11	30,704	33,906	35,309	37,612	39,915
Job Grade 12	35,616	38,287	40,959	43,630	46,301

8
9 **CUT 3**

10

Job Grade	Step 1	Step 2	Step 3	Step 4	Step 5
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	64,886	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

11
12 **CUT 4**

13

Job Grade	Base Pay
Job Grade 19	99,647
Job Grade 20	111,828
Job Grade 21	125,247
Job Grade 22	140,277

14
15 **SECTION 16. Administration of the Base Pay Schedule.** - The
16 Base Pay Schedule shall be jointly administered by the Commission and the
17 Department using these guidelines:

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

22 (1) Step 1 constitutes the Base Pay corresponding to the
23 entry level for a job in a given Job Grade, while Step 5 is

1 the maximum amount of Base Pay in such Job Grade.
2 Step1 shall be the hiring rate in a given Job Grade.

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

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

13 (b) The Base Pay of jobs in Cut 4 shall be the amount indicated in
14 the Base Pay Schedule. The Base Pay of other elective officials
15 and officials with fixed terms of office shall be the amount
16 indicated in Step 1 of their prescribed Job Grade.

17 (c) The Base Pay Schedule shall be used for jobs that are paid on a
18 monthly rate basis. All amounts of Base Pay in the Base Pay
19 Schedule are expressed as gross monthly rates in Philippine
20 Pesos, and shall represent full compensation for full-time
21 employment, regardless of the location where the work is
22 performed. Base Pay for services rendered on a part-time basis
23 shall be adjusted proportionately.

24 (d) The daily wage rate shall be determined by dividing the monthly
25 Base Pay rate by twenty-two (22) working days per month.
26

27 **SECTION 17. *Special Allowances under Republic Act Nos. 9227,***
28 ***9347, and 9279*** - The special allowances under Section 6 of Republic Act No.
29 9227, Section 4 of Republic Act No. 9347, and Section 4 of Republic Act No.
30 9279 shall hereafter be converted as part of Base Pay. The Special Trust
31 Fund created under Section 3 thereof R.A. No. 9279 shall be abolished and
32 any balance thereof shall revert to the General Fund.
33

34 **SECTION 18. *Allowances and Other Pay.*** - Allowances and Other
35 Pay shall be limited to:

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

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

8
9 **SECTION 19. *Standard Allowances and Other Pay*** - This type
10 shall be limited to:

11 (a) *Supplemental Economic Allowance (SEA)* - a monthly allowance
12 intended to supplement the base pay of all jobs which are not
13 entitled to Representation and Transportation Allowance. The
14 SEA shall be given at prescribed standard rates, subsuming the
15 Additional Compensation (ADCOM) and Personnel Economic
16 Relief Allowance (PERA), among others.

17 (b) *Representation and Transportation Allowance* - the monthly
18 commutable allowance given to specified employees in the actual
19 performance of duties, made payable from programmed
20 appropriations, which shall be at prescribed standard rates.
21 Transportation allowance shall not be given to employees who
22 are assigned government motor transportation.

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

26 (d) *Year-End Bonus* - an amount equivalent to one (1) month Base
27 Pay and cash gift of Five Thousand Pesos (P5, 000) provided
28 under Republic Act No. 6686, as amended by Republic Act No.
29 8441.

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

35 (f) *Night Differential* - the remuneration premium given to an
36 employee whose regular working hours fall wholly or partially

1 within six o'clock in the evening or six o'clock in the morning of
2 the following day, which shall be given at prescribed standard
3 rates.

4
5 **SECTION 20. *Specific-Purpose Allowances*** - This type shall be
6 limited to:

- 7 (a) *Subsistence Allowance* - the allowance given to employees whose
8 services are made available at all times in their places of work,
9 even during mealtimes, which shall be at prescribed standard
10 rates.
- 11 (b) *Hazard Pay* - the amount given to employees who are exposed to
12 hazardous situations as may be determined by the Department,
13 which shall be at prescribed standard rates.
- 14 (c) *Overseas and Other Allowances* - the amounts given to
15 employees assigned abroad at such rates authorized under
16 Republic Act No. 7157, as amended, and its implementing rules
17 and regulations.

18
19 **SECTION 21. *Incentives*** - Incentives shall be limited to:

- 20 (a) *Productivity Incentive, Collective Negotiation Agreement (CNA)*
21 *Incentive, and Other Benefits* - that amount given to enhance
22 employee productivity, subject to the accomplishment of agency
23 performance targets and the generation of savings.
- 24 (b) *Longevity Incentive* - that amount given on milestone years to
25 recognize the employee's length of service with at least
26 satisfactory performance, or to recognize the agency's continuing
27 and/or viable existence. Longevity shall be rewarded through the
28 grant of periodic flat incentives or bonuses, regardless of Job
29 Grade, which shall be at prescribed standard rates.
- 30 (c) *Service Incentive* - that amount given in the form of honoraria as
31 token payments for services rendered outside or in addition to
32 the employee's regular functions, which shall be at prescribed
33 standard rates.

34 **SECTION 22. *Productivity Incentive, CNA Incentive, and Other***
35 ***Benefits*** – This type shall be limited to:

1 (a) *Productivity and/or CNA Incentive* - the Productivity Incentive
2 is an amount given to employees or groups of employees as a
3 reward for demonstrated productivity. The CNA Incentive is the
4 amount generated from cost savings measures provided for in
5 the pertinent CNA.

6 (b) *Health Maintenance Benefit* - benefits given to maintain
7 employee health, in addition to the benefits provided for under
8 the National Health Insurance Program administered by the
9 Philippine Health Insurance Corporation.

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

13 The above shall be chargeable against the agency's savings.
14

15 **SECTION 23. *Guidelines for Granting the Productivity***
16 ***Incentive, CNA Incentive, and Other Benefits*** - An agency may only grant
17 the Incentives in Section 22 hereof subject to the following parameters:

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

22 (b) The other Incentives in Section 22 hereof shall be funded by the
23 agency from its savings, without securing additional funding
24 from the National Government: Provided, That the agency shall
25 remit to the General Fund a sum equivalent to twenty percent
26 (20%) of the total amount of such Incentives given to all
27 employees in the agency for the calendar year, which sums shall
28 be used for the equalization of productivity incentives and other
29 benefits of employees in government.

30 (c) For employees of all Government owned and controlled
31 corporations and financial institutions, the Incentives in Section
32 22 hereof may only be granted upon a showing of the agency's
33 fiscal and financial viability, in addition to the requirements of
34 paragraphs (a) and (b) above.

35 The Department shall issue rules for the implementation of
36 paragraphs (b) and (c) hereof.

1
2 **SECTION 24. *Longevity Incentive*** - This type shall be limited to:

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

6 (b) *Anniversary Bonus* - a one-time Incentive given to employees
7 when the agency celebrates or commemorates a milestone
8 anniversary, chargeable to the agency's savings.

9
10 **ARTICLE IV**

11 **CONVERSION TO THE OMNIBUS SYSTEM**

12
13 **SECTION 25. *Treatment of Existing Allowances and Other***
14 ***Benefits of Incumbents*** - The Department shall classify and/or reclassify all
15 existing allowances, incentives and other benefits currently being received by
16 all government employees, including incumbents, into Base Pay, Allowances
17 and Other Pay, *or* Incentives, pursuant to the Total Compensation
18 Framework, and pursuant to the true nature of such, notwithstanding its
19 existing nomenclature.

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

30 Being made in pursuit of a curative policy, this classification and
31 reclassification shall apply even as to allowances, incentives, and benefits
32 being received by incumbents prior to the effectivity of this Act.

33
34 **SECTION 26. *Total Compensation-Non Diminution in Pay*** -
35 Notwithstanding any provision of law to the contrary, there shall be no
36 diminution in pay where the gross Total Compensation of the employee under

1 the Omnibus System is greater than the gross total pay being received prior
2 to the effectivity of this Act. In any case, there shall be no vested right in any
3 pay being received by incumbents, unless the incumbent has already
4 rendered services therefor.

5
6 **SECTION 27. *Base Pay***- The New Base Pay of all incumbents shall
7 conform to the amount in the Base Pay Schedule corresponding to Step 1 of
8 the Job Grade jointly assigned to the incumbent by the Department and the
9 Commission: Provided, That -

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

13 (b) Where the Previous Base Pay of an incumbent is greater than
14 the Base Pay for Step 5 of the prescribed Job Grade, the
15 incumbent shall be assigned to Step 5 of that Job Grade, and
16 continue to receive the Previous Base Pay. In this case, the
17 incumbent shall receive no upward adjustment in Base Pay
18 until such time as the incumbent is promoted to a higher Job
19 Grade, the Base Pay of which is greater than his Previous Base
20 Pay.

21
22 **SECTION 28. *Other Pay*** - (a) The principle of non-diminution shall
23 not apply with respect to allowances, remuneration, and benefits being
24 received by incumbents prior to the effectivity of this Act (i) for which no
25 appropriation has been provided in the National Budget; (ii) which are ad
26 *hoc*, provisional, tentative, or improvised benefits, in acknowledgement of the
27 inadequacy of compensation in government, and are thus intended to provide
28 some form of economic assistance; and (iii) otherwise for which no
29 appropriate approval has been granted.

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

1 **SECTION 29. *Computation of Retirement and Other Benefits*** -
2 For purposes of retirement, only the Base Pay actually received by an
3 employee at the date of retirement shall be included in the computation of
4 retirement benefits.
5

6 **SECTION 30. *Specific Authority of Department*** The Department,
7 in consultation with the Commission, is hereby authorized to issue
8 regulations for the transition into the Omnibus System, including the
9 continuance, discontinuance, decrease, or increase in rates of previous,
10 existing, and future components of Total Compensation, in any form granted.
11

12 **ARTICLE V**
13 **THE COMMISSION AND THE DEPARTMENT**
14

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

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

29 Notwithstanding the provision of any law to the contrary, the
30 evaluation and approval of qualification standards for all jobs in government,
31 including, but not limited to, those in constitutionally fiscally autonomous
32 groups; Government-owned and controlled-corporations and financial
33 institutions, whether or not exempt from the unified system under
34 Presidential Decree No. 985, as amended, and/or the Omnibus System; local
35 government units; and Uniformed Personnel, but excluding the Armed Forces
36 of the Philippines, shall be made exclusively by the Commission.

1 **SECTION 32. *Joint Functions and Powers of the Commission***
2 ***and the Department*** - In addition to the functions heretofore provided, the
3 Commission and the Department shall jointly approve the maintenance of
4 existing, and the creation of, future jobs in government.

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

14
15 **SECTION 33. *Periodic Review of the Omnibus System.*** The
16 Commission and the Department shall jointly review the Omnibus System
17 every five (5) years and recommend *or* implement changes as may be
18 necessary. However, in case of extraordinary circumstances, such as major
19 bureaucracy-wide reorganizations: or when government Base Pay rates are
20 below the market, in comparison with medium-sized private firms, by at least
21 40%; or when there is a significant, sustained movement in the cost of living,
22 then the Commission and Department may review the Omnibus System
23 earlier, with a view to addressing these issues with dispatch.

24
25 **ARTICLE VI**

26 **REPEAL AND AMENDMENT OF RELATED LAWS**

27
28 **SECTION 34. *Sandiganbayan Jurisdiction, Local Government***
29 ***Code, and Other Laws involving Salary Grades.*** All provisions of laws,
30 decrees, executive orders, corporate charters, rules, regulations, circulars,
31 approvals, and other issuances, or parts thereof prescribing salary grades of
32 government employees, including, without limitation, the jurisdiction of the
33 *Sandiganbayan* under Presidential Decree No. 1606, as amended, as well as
34 the salary grades of local government officials under the Local Government
35 Code, or Republic Act No. 7160, are hereby repealed.

1 The Job Grade equivalent of such salary grades shall be jointly
2 determined by the Commission and the Department under the Omnibus
3 System, using the results of the evaluation of the Compensable Factors for
4 each affected job. The Commission and the Department shall also refer to the
5 Job Grade assignments of the officials in Section 10 hereof in making such
6 Job Grade assignments.

7
8 **SECTION 35. *Repeal of Special Salary and Related Laws and***
9 ***Regulations.*** - The provision of all laws, decrees, executive orders, corporate
10 charters, rules, regulations, circulars, approvals, and other issuances, or
11 parts thereof, that exempt any and all agencies, or specific types of
12 employees, from the coverage of the Compensation and Position
13 Classification System prescribed under Presidential Decree No. 985, as
14 amended; or that authorize and fix position classification, job classification,
15 qualification standards, salaries, Base Pay, Allowances and Other Pay, and
16 Incentives, of specified jobs, or groups of employees or of agencies, which are
17 inconsistent with the Omnibus System; or that exempt the establishment and
18 approval for position classification, job classification, qualification standards,
19 salaries, Base Pay, Allowances and Other Pay, and Incentives, of specified
20 jobs, or groups of employees or of agencies, from the jurisdiction and
21 authority of the Commission and/or Department; including, but not limited
22 to, Presidential Decree No. 1869; Republic Act No. 3591, as amended;
23 Republic Act 6977, as amended; Republic Act No. 7227, as amended; Republic
24 Act No. 7305; Republic Act No. 7366; Republic Act No. 7354; Republic Act No.
25 7400; Republic Act No. 7648; Republic Act No. 7653; Republic Act No. 7875,
26 as amended; Republic Act No. 7907; Republic Act No. 7917; Republic Act No.
27 8041; Executive Order No. 286, series of 1995; Republic Act No. 8282;
28 Republic Act No. 8289; Republic Act No. 8291; Republic Act No. 8293;
29 Republic Act No. 8439; Republic Act No. 8494; Republic Act No. 8523;
30 Republic Act No. 8748; Republic Act No. 8763; Republic Act No. 8799;
31 Republic Act No. 9136; Republic Act No. 9241; and Republic Act No. 9302, are
32 hereby repealed.

33 Presidential Decree No. 985, as amended, and Republic Act No. 6758,
34 as amended, are hereby repealed.

1 **SECTION 36. *General Repealing and Amendatory Clause.*** -All
2 laws, decrees, executive orders, corporate charters, rules, regulations,
3 circulars, approvals, and other issuances, or parts thereof inconsistent with
4 the provisions of this Act are hereby repealed, amended, or modified
5 accordingly.

6
7 **ARTICLE VII**
8 **APPROPRIATION**

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

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

21 (c) Local governments which decide to adopt the provisions of this Act
22 shall charge the implementation thereof to their respective funds.

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

27
28 **ARTICLE VIII**
29 **PENAL PROVISIONS AND CIVIL LIABILITY**

30
31 **SECTION 38. *Prohibition against Additional Compensation.*** -

32 (a) The grant of Base Pay, Allowances and Other Pay, and
33 Incentives in addition to those provided herein, or increases
34 thereof, except as herein provided, are prohibited.

35 (b) In order to preserve the independence and integrity of the
36 Commission on Audit (COA), its employees are prohibited from

1 receiving salaries, honoraria, bonuses, allowances or other
2 emoluments from any agency, except those amounts paid
3 directly by the COA out of its appropriations made pursuant to
4 this Act.

- 5 (c) Notwithstanding any law to the contrary, all agencies,
6 including, without limitation, Government-owned and controlled
7 corporations and financial institutions, local government units,
8 the Office of the Solicitor General, the Office of the Government
9 Corporate Counsel, and their successor-agencies, are prohibited
10 from assessing or billing other agencies for services rendered by
11 their employees as part of their regular functions, for purposes
12 of paying additional compensation to said employees.
13

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

- 20 (a) Granting, approving the grant, voting in favor of any decision
21 granting or approving, or who otherwise affirmatively
22 participate in the grant or approval of -
23 (i) Unauthorized increases in Base Pay;
24 (ii) Allowances and Other Pay, and Incentives other than
25 those enumerated under Sections 18 to 24;
26 (iii) Increases in the standard rates prescribed by the
27 Department for Allowances and Other Pay, and
28 Incentives; and
29 (iv) Increases in retirement pay and other separation benefits
30 in violation of Section 29;
31 (b) Granting, approving the grant, voting in favor of any decision
32 granting or approving, or who otherwise affirmatively
33 participate in the grant or approval of Productivity Incentive,
34 CNA Incentive, and Other Benefits in violation of Section 23
35 and/or rules and regulations issued to implement Section 23;
36 and

1 (c) Soliciting additional compensation, for self or in behalf of other
2 employees, from other agencies for services rendered in
3 performance of regular functions.

4 (d) Offering to give or actually giving additional compensation to
5 employees of other agencies who render services in performance
6 of regular functions, in violation of paragraphs (b) and (c) of
7 Section 28.

8
9 **SECTION 40. *Civil Liability*** - A conviction under this Act or
10 Republic Act No. 3019 shall carry with it the civil liability to jointly and
11 severally pay damages to the National Government equivalent to the amount
12 illegally disbursed.

13
14 **ARTICLE IX**
15 **FINAL PROVISIONS**

16
17 **SECTION 41. *Implementing Rules and Regulations*** - The
18 Commission and the Department shall, within ninety (90) days after the
19 approval of this Act, jointly allocate all jobs in the government to their
20 appropriate job titles and Job Grades, assign each incumbent to the
21 appropriate Step, and prepare and issue the necessary policy, rules,
22 regulations, and guidelines to implement this Act. For this purpose, each
23 agency covered by the Omnibus System shall submit to the Commission and
24 the Department within thirty (30) days from the approval of this Act, all
25 documents, data, and information necessary in the classification of jobs in
26 their appropriate Job Grades and Step assignment of incumbents.

27
28 **SECTION 42. *Separability Clause***. - If, for any reason, any section
29 or provision of this Act is declared unconstitutional or invalid, the other
30 sections or provisions thereof which are not affected thereby shall continue to
31 be in full force and effect

32 .
33 **SECTION 43. *Effectivity***. - This Act shall take effect fifteen (15) days
34 after its publication in the *Official Gazette* .

35
36 Approved,