

Thirteenth Congress of the)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

SENATE
OFFICE OF THE SECRETARY

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S E N A T E
Senate No. 2495

RECEIVED BY: 

Introduced by Senator Edgardo J. Angara

EXPLANATORY NOTE

Section 5 of Article IX.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 piece-meal 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

Thirteenth Congress of the)
REPUBLIC OF THE PHILIPPINES)
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S E N A T E

Senate Bill No. 2495

Introduced by Senator Edgardo J. Angara

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
2
3 **SEC. 1. Short Title.** — This Act shall be known as the "Government
4 Classification and Compensation Act of 2006."

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

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

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

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

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

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

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

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

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

23 (c) *Commission*- the Civil Service Commission, or such other successor-
24 agency as the Constitution may provide.

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

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

30 (f) *Department* - the Department of Budget and Management, or such
31 other successor-agency as the law or regulations may provide.

32 (g) *Government-owned or controlled corporations and financial institutions*
33 – refer to all corporations and financial institutions owned or controlled by the

1 National Government, whether such corporations and financial institutions perform
2 governmental or proprietary functions.

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

5 (i) *Job Classification Index, or Index* - a table of occupational services,
6 job titles, and Job Grades for all jobs in the civil service, which forms part of, and to
7 which the Omnibus System, applies.

8 (j) *Job Grade* - a category of jobs which, although different with respect to
9 kind or subject matter of work, are sufficiently equivalent as to Skills and Knowledge,
10 Nature of Work, and Answerability, to warrant the inclusion of such classes of jobs
11 within one range of Base Pay, and which distinguishes it from other Job Grades in
12 the Base Pay Schedule.

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

19 (l) *New Base Pay* - the Base Pay of an employee pursuant to the terms of
20 this Act.

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

31 (n) *Previous Base Pay* - the Base Pay of an employee prior to the
32 effectivity of this Act.

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

1 Notwithstanding any provision of law to the contrary, the provisions of
2 Sections 31 and 32 hereof, and the provisions of Section 325 of Republic Act No.
3 7160, as amended, shall apply.

4 **ARTICLE III**
5 **OMNIBUS JOB CLASSIFICATION AND**
6 **COMPENSATION STANDARDIZATION SYSTEM**

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

12 **SEC. 8. Governing Principles of the Omnibus System** - The Omnibus
13 System shall be created and implemented using the following principles:

14 (a) The Omnibus System shall promote *internal equity* among government
15 employees, providing equal pay for work of equal value, and base differences in pay
16 upon *substantive distinctions* in verifiable Compensable Factors. Consequently,
17 Base Pay, Allowances and Other Pay, and Incentives shall be standardized and
18 rationalized across all agencies.

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

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

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

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

1 (a) Except for the officials in Section 10 hereof, the Commission and the
 2 Department shall jointly rename all existing jobs in government using generic job
 3 titles across the bureaucracy, qualified by the agency to which the job is attached..
 4 The Commission and the Department shall thereafter jointly classify each job in the
 5 Job Classification Index, based on Compensable Factors in the updated job
 6 descriptions to be submitted by the agencies and validated by the Commission and
 7 the Department.

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

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

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

22 **SEC. 10. Job Grades of Officials Mentioned in the Constitution.** — The
 23 Base Pay of the following officials shall be in accordance with the Job Grades
 24 indicated hereunder:

25

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

1

2 **SEC. 11. Job Grades for All Other Jobs.** — For all other jobs in
3 government, the Commission shall select representative entry-level jobs per Track
4 as Benchmark Jobs and assign Job Grades therefor, using the same baseline for all
5 the jobs in each Track. The Commission shall thereafter assign each job to the
6 appropriate Job Grade, using the Compensable Factors for each job.

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

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

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

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

19 (b) *Nature of the work*, which refers to the complexity thereof, or the
20 mental challenge relative to the routine/non routine-ness of a job; physical working
21 conditions; and the volume of work, including inherent work stress, and the
22 frequency thereof.

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

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

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

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

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

13 (c) *Specialized or "S Track"*— This track covers non-administrative/non-
14 housekeeping jobs which are primarily highly technical and/or policy defining and
15 determining. These jobs require intensive and thorough knowledge of a specialized
16 field.

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

19 **SEC. 14. Total Compensation.** - Total Compensation of each employee shall
20 consist of:

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

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

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

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

BASE PAY SCHEDULE

CUT 1

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

CUT 2

Job Grade	Step 1	Step 2	Step 3	Step 4	Step 5
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	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	64,686	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

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

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

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

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

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

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

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

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

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

1 **SEC. 18. Allowances and Other Pay-** Allowances and Other Pay shall be
2 limited to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (a) *Productivity and/or CNA Incentive* – the Productivity Incentive is an
27 amount given to employees or groups of employees as a reward for demonstrated
28 productivity. The CNA Incentive is the amount generated from cost savings
29 measures provided for in the pertinent CNA.

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

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

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

2 **SEC. 23. Guidelines for Granting the Productivity Incentive, CNA**
3 **Incentive, and Other Benefits** - An agency may only grant the Incentives in Section
4 22 hereof subject to the following parameters:

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

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

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

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

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

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

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

28 **ARTICLE IV.**

29 **CONVERSION TO THE OMNIBUS SYSTEM**

30 **SEC. 25. Treatment of Existing Allowances and Other Benefits of**
31 **Incumbents** - The Department shall classify and/or re-classify all existing
32 allowances, incentives and other benefits currently being received by all government
33 employees, including incumbents, into Base Pay, Allowances and Other Pay, or

1 Incentives, pursuant to the Total Compensation Framework, and pursuant to the true
2 nature of such, notwithstanding its 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 effectivity of this
5 Act, which shall not be continued to be given as a separate amount, including *ad*
6 *hoc*, provisional, tentative, or improvised benefits being received by government
7 employees which are really intended to provide some form of economic assistance,
8 in acknowledgement of the inadequacy of compensation in government, shall be
9 deemed integrated, subsumed, incorporated, and included in the Base Pay Schedule
10 as herein provided, without need of further adjustment of the amounts thereof, since
11 the same already reflects prevailing economic conditions and the pertinent
12 Compensable Factors.

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

16 **SEC. 26. Total Compensation-Non Diminution in Pay** – Notwithstanding
17 any provision of law to the contrary, there shall be no diminution in pay where the
18 gross Total Compensation of the employee under the Omnibus System is greater
19 than the gross total pay being received prior to the effectivity of this Act.

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

22 **SEC. 27. Base Pay** – The New Base Pay of all incumbents shall conform to
23 the amount in the Base Pay Schedule corresponding to Step 1 of the Job Grade
24 jointly assigned to the incumbent by the Department and the Commission: *Provided*,
25 That -

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

29 (b) Where the Previous Base Pay of an incumbent is greater than the Base
30 Pay for Step 5 of the prescribed Job Grade, the incumbent shall be assigned to Step
31 5 of that Job Grade, and continue to receive the Previous Base Pay. In this case, the
32 incumbent shall receive no upward adjustment in Base Pay until such time as the
33 incumbent is promoted to a higher Job Grade, the Base Pay of which is greater than
34 his Previous Base Pay.

1 **SEC. 34. Sandiganbayan Jurisdiction, Local Government Code, and**
2 **Other Laws involving Salary Grades.** All provisions of laws, decrees, executive
3 orders, corporate charters, rules, regulations, circulars, approvals, and other
4 issuances, or parts thereof prescribing salary grades of government employees,
5 including, without limitation, the jurisdiction of the *Sandiganbayan* under Presidential
6 Decree No. 1606, as amended, as well as the salary grades of local government
7 officials under the Local Government Code, or Republic Act No. 7160, are hereby
8 repealed.

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

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

1 No. 8748; Republic Act No. 8763; Republic Act No. 8799; Republic Act No. 9136;
2 Republic Act No. 9241; and Republic Act No. 9302, are hereby repealed.

3 Presidential Decree No. 985, as amended, and Republic Act No. 6758, as
4 amended, are hereby repealed.

5 **SEC. 36. *General Repealing and Amendatory Clause.*** — All laws, decrees,
6 executive orders, corporate charters, rules, regulations, circulars, approvals, and
7 other issuances, or parts thereof inconsistent with the provisions of this Act are
8 hereby repealed, amended, or modified accordingly.

9 **ARTICLE VII.**

10 **APPROPRIATION**

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

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

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

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

27 **ARTICLE VIII.**

28 **PENAL PROVISIONS AND CIVIL LIABILITY**

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

32 (b) In order to preserve the independence and integrity of the Commission
33 on Audit (COA), its employees are prohibited from receiving salaries, honoraria,

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

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

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

15 (a) Granting, approving the grant, voting in favor of any decision granting
16 or approving, or who otherwise affirmatively participate in the grant or approval of -

17 (i) Unauthorized increases in Base Pay;

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

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

22 (iv) Increases in retirement pay and other separation benefits in violation of
23 Section 29;

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

28 (c) Soliciting additional compensation, for self or in behalf of other
29 employees, from other agencies for services rendered in performance of regular
30 functions.

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

