

THIRTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )

6 NOV -6 PG 24

SENATE

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S.B. No. 2406

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Introduced by Senator Panfilo M. Lacson

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#### 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. This practice 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.

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 GIFs. Currently, there are also initiatives to lobby with the Congress to pass similar laws for other specific government officials and employees.

These piece-meal legislation, 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.*



PANFILO M. LACSON  
Senator

THIRTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )

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SENATE

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S. B. NO. 2496

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Introduced by Senator Panfilo M. Lacson

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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

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

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

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

- (a) The State recognizes the indispensable and enduring role of the civil service in implementing the laws, managing public affairs, and ensuring the delivery of public services.
- (b) To this end, the State shall provide the enabling environment that will promote accountability, responsibility, integrity, loyalty, efficiency, patriotism, justice, productivity, and excellence in the civil service, thereby upholding the Constitutional mandate that public office is a public trust.
- (c) Recognizing the need to attract, retain, and motivate such a corps of civil servants, the State shall develop, implement, and maintain a rational compensation and benefits system which shall be internally and externally equitable, performance-based, and easy to administer.
- (d) The compensation of government employees shall be modest in recognition of fiscal realities, and in support of the ideal that public office being a public trust, public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency; act with patriotism and justice, and lead modest lives.

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

- (a) Base Pay – synonymous to salary; the fixed amount of money given to an employee as payment for services rendered, which consists only of the gross salary, without other benefits or emoluments.
- (b) Benchmark Job – jobs that are service-wide, that is, common to all sectors, or representative of specific sectors, and relatively comparable to jobs outside the government, the descriptions of which will be used as a basis for the valuation of all other jobs in the civil service.
- (c) Commission – the Civil Service Commission, or such other successor-agency as the Constitution may provide.
- (d) Compensable factors – factors used to provide a basis for judging job value in a job evaluation plan. In this Act, these are: Skills and Knowledge, Nature of Work, and Answerability.
- (e) Cut – a range of Job Grades, which are grouped together for having similar or related nature of jobs.
- (f) Department -the Department of Budget and Management, or such other successor-agency as the law or regulations may provide.
- (g) Government-owned or controlled corporations and financial institutions – refer to all corporations and financial institutions owned or controlled by the National Government, whether such corporations and financial institutions perform governmental or proprietary functions.
- (h) Incentive -a reward, financial or otherwise, that compensates an employee for high performance and/or continued performance.
- (i) Job Classification Index, or Index – a table of occupational services, job titles, and Job Grades for all jobs in the civil service, which forms part of, and to which the Omnibus System, applies.
- (j) Job Grade – a category of jobs which, although different with respect to kind or subject matter of work, are sufficiently equivalent as to Skills and Knowledge, Nature of Work, and Answerability, to warrant the inclusion of such classes of jobs within one range of Base Pay, and which distinguishes it from other Job Grades in the Base Pay Schedule.
- (k) National Government – refers to the Executive, the Legislative, and the Judicial Branches, the Constitutional Commissions, and other offices created or mentioned in the Constitution, and shall include, but shall not be limited to, all departments, bureaus, offices, boards, commissions, courts, tribunals, councils, authorities, administrations, centers, institutes, state universities and colleges, and Government-owned and controlled corporations and financial institutions.
- (l) New Base Pay -the Base Pay of an employee pursuant to the terms of this Act.
- (m) Omnibus Job Classification and Compensation Standardization System, or Omnibus System -the system herein adopted for classifying jobs and determining rates of Total Compensation for jobs and employees. It consists, among others, of the Job Classification Index; the Career Track that employees may progress through; the Total Compensation Framework, including the Base Pay Schedule, Allowances and Other Pay, and Incentives; the rules for assignment of jobs to grades, and of incumbents to Steps; the conditions for permitting Base Pay increases, as well as creation of and increases in Allowances and Other Pay, and Incentives; and all other policies, rules, and regulations for the implementation and administration thereof.
- (n) Previous Base Pay – the Base Pay of an employee prior to the effectivity of this Act.
- (o) Step – a level of Base Pay within a Job Grade.
- (p) Total Compensation – the total amount of payment given to an employee for services rendered, consisting of the following components: (i) Base Pay; (ii) Allowances and Other Pay; and (iii) Incentives.
- (q) Uniformed Personnel – government employees who directly perform duties and responsibilities related to national security and actual defense of the State, or public safety and internal peace and order; whose selection, hiring, appointment, transfer, and promotion are governed by a separate merit and promotion system; who are subject to a

different set of disciplinary procedure; and who are covered by a distinct retirement and/or separation benefits system. For purposes of this Act, the term refers to military personnel of the Armed Forces of the Philippines and Uniformed Personnel of the Philippine National Police, pursuant to RA6638, as amended, and RA6648, as amended. The term also applies to the Uniformed Personnel of all other agencies which have adopted these laws, such as the Bureau of Jail Management and Penology, the Bureau of Fire Protection, the Philippine Coast Guard, the National Mapping and Resource Information Authority, and their successor agencies.

## 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, including Government-owned or controlled-corporations and financial institutions with original charters.

Excluded from the coverage of this Act are individuals and groups engaged through job orders or contracts of services, non-organic personnel of the government, and Uniformed Personnel. The base pay of Uniformed Personnel shall be as prescribed in RA6638, as amended, and RA6648, as amended.

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

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

## 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.

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

- (a) The Omnibus System shall promote internal equity among government employees, providing equal pay for work of equal value, and base differences in pay upon substantive distinctions in verifiable *compensable factors*. Consequently, Base Pay, Allowances and Other Pay, and Incentives shall be standardized and rationalized across all agencies.
- (b) The Omnibus System shall give due regard to external equity, considering prevailing market rates for work of equal value in medium-sized firms in the private sector. The Omnibus System shall be kept modest, in keeping with fiscal realities.

- (c) The Omnibus System shall use performance as basis for merit increases, promotions, and the grant of Incentives, employing an integrated system for evaluating work performance of both the agency and its employees.
- (d) The Omnibus System shall be easy to administer and responsive to current challenges. Simplified terms shall be used to denominate all jobs in the civil service. A review of government compensation rates, taking into account various factors, shall also be made periodically.

#### **A. The Job Classification Index**

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

- (a) Except for the officials in Section 10 hereof, the Commission and the Department shall jointly rename all existing jobs in government using generic job titles across the bureaucracy, qualified by the agency to which the job is attached. The Commission and the Department shall thereafter jointly classify each job in the Job Classification Index, based on Compensable Factors in the updated job descriptions to be submitted by the agencies and validated by the Commission and the Department.
- (b) Any modification of the jobs in the Index, including the creation or abolition of jobs, or the consolidation or division of functions thereof, as a result of organizational, reorganizational, and/or substantial changes in work methods and duties, shall be made pursuant to law: PROVIDED, That new jobs shall be created only when new duties are found to exist.
- (c) The Commission and the Department shall monitor and update the description for each job in the Index, after consultation with the agencies to the extent necessary; and conduct periodic surveys of agencies to ascertain the actual duties, responsibilities, and other requirements of jobs therein.
- (d) Whenever the circumstances warrant, the Commission and the Department may jointly certify necessary changes in job description, Job Grade, Step assignment, and Total Compensation. Such certifications shall be binding on administrative, certifying, payroll, disbursing, accounting and auditing officers of the government.

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

<b>Official</b>	<b>Job Grade</b>
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

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

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

**SEC. 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) to the people or property, 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.

## B. Career Tracks

**SEC. 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.
- (b) Technical or "T Track" – This track covers non-administrative/non-housekeeping support service jobs which involve the application of a professional or technical discipline, or some craft or trade, primarily engaged in the implementation of specific programs or services made under supervision.
- (c) Specialized or "S Track" – This track covers non-administrative/non-housekeeping jobs which are primarily highly technical and/or policy defining and determining. These jobs require intensive and thorough knowledge of a specialized field.
- (d) Executive or "E-Track" – This track covers jobs primarily involved in the management of people, resources, and policy.

## C. Total Compensation Framework

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

- (a) Base Pay. This amount shall be given to each employee pursuant to the Base Pay Schedule provided in Section 15 hereof.
- (b) Allowances and Other Pay. An agency may grant only such Allowances and Other Pay as provided in Section 18 hereof, using only such standard rates authorized by the Department, and without affecting the Base Pay.
- (c) Incentives. An agency may grant only such Incentives as provided in Section 21 hereof, using only such standard rates authorized by the Department, except as provided under Sections 22 and 23, and without affecting the Base Pay.

### C.1 Base Pay

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

#### BASE PAY SCHEDULE

##### CUT 1

<b>Job Grade</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
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

<b>Job Grade</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
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

<b>Job Grade</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
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

<b>Job Grade</b>	<b>Base Pay</b>
Job Grade 19	99,847
Job Grade 20	111,828
Job Grade 21	125,247
Job Grade 22	140,277

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

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

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

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

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

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

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

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

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

**SEC. 17. Special Allowances under Republic Act Nos. 9227, 9347, and 9279 –**

The special allowances under Section 6 of Republic Act No. 9227, Section 4 of Republic Act No. 9347, and Section 4 of Republic Act No. 9279 shall hereafter be converted as part of Base Pay. The Special Trust Fund created under Section 3 thereof R.A. No. 9279 shall be abolished and any balance thereof shall revert to the General Fund.

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

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

- (a) Standard Allowances and Other Pay – those amounts given to employees for work performed or which attach to all jobs, or specific jobs across all agencies, at prescribed standard rates.
- (b) Specific-Purpose Allowances – those amounts which attach only to jobs under specific conditions, or for special situations in specific agencies, which shall be given at prescribed standard rates.

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

- (a) Supplemental Economic Allowance (SEA) – a monthly allowance intended to supplement the base pay of all jobs, which are not entitled to Representation and Transportation Allowance. The SEA shall be given at prescribed standard rates, subsuming the Additional Compensation (ADCOM) and Personnel Economic Relief Allowance (PERA), among others.
- (b) Representation and Transportation Allowance – the monthly commutable allowance given to specified employees in the actual performance of duties, made payable from programmed appropriations, which shall be at prescribed standard rates. Transportation allowance shall not be given to employees who are assigned government motor transportation.
- (c) Uniform or Clothing Allowance – amounts or items given to sustain the provision of the required uniform to employees, which shall be given at prescribed standard rates or items.
- (d) Year-End Bonus – an amount equivalent to one (1) month Base Pay and cash gift of Five Thousand Pesos (P5,000) provided under Republic Act No. 6686, as amended by Republic Act No. 8441.
- (e) Overtime Pay – the consideration paid for work, whether in cash or compensatory time off, performed by an employee beyond his regular working hours in a day, and those performed on rest days, holidays, and non-working days, which shall be given at prescribed standard rates.
- (f) Night Differential – the remuneration premium given to an employee whose regular working hours fall wholly or partially within six o'clock in the evening or six o'clock in the morning of the following day, which shall be given at prescribed standard rates.

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

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

### C.3 Incentives

**SEC. 21. Incentives** – Incentives shall be limited to:

- (a) Productivity Incentive, Collective Negotiation Agreement (CNA) Incentive, and Other Benefits – that amount given to enhance employee productivity, subject to the accomplishment of agency performance targets and the generation of savings.
- (b) Longevity Incentive – that amount given on milestone years to recognize the employee's length of service with at least satisfactory performance, or to recognize

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

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

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

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

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

(c) Staple Food Benefit – benefits given to employees to assist them in countering the rising cost of the basic constituents of ordinary diet.

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

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

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

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

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

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

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

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

## ARTICLE IV CONVERSION TO THE OMNIBUS SYSTEM

### **A. Existing Allowances and Other Benefits of Incumbents**

#### **SEC. 25. Treatment of existing allowances and other benefits of incumbents –**

The Department shall classify and/or re-classify all existing allowances, incentives and other benefits currently being received by all government employees, including incumbents, into Base Pay, Allowances and Other Pay, or Incentives, pursuant to the Total Compensation Framework, and pursuant to the true nature of such, notwithstanding its existing nomenclature.

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

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

### **B. Non-Diminution of Pay**

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

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

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

- (a) Where the Previous Base Pay of an incumbent is greater than Step 1 of such Job Grade, the incumbent shall be assigned to the Step with the next higher Base Pay;
- (b) Where the Previous Base Pay of an incumbent is greater than the Base Pay for Step 5 of the prescribed Job Grade, the incumbent shall be assigned to Step 5 of that Job Grade, and continue to receive the Previous Base Pay. In this case, the incumbent shall receive no upward adjustment in Base Pay until such time as the incumbent is promoted to a higher Job Grade, the Base Pay of which is greater than his Previous Base Pay.

**SEC. 28. Other Pay --** (a) The principle of non-diminution shall not apply with respect to allowances, remuneration, and benefits being received by incumbents prior to the effectivity of this Act (i) for which no appropriation has been provided in the National

Budget; (ii) which are adhoc, provisional, tentative, or improvised benefits, in acknowledgement of the inadequacy of compensation in government, and are thus intended to provide some form of economic assistance; and (iii) otherwise for which no appropriate approval has been granted.

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

### **C. Retirement and Other Benefits**

**SEC. 29. Computation of Retirement and Other Benefits** – For purposes of retirement, only the Base Pay actually received by an employee at the date of retirement shall be included in the computation of retirement benefits.

### **D. Regulations**

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

## **ARTICLE V THE COMMISSION AND THE DEPARTMENT**

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

Decisions of the Commission on these matters shall be brought only to the Supreme Court via petition for certiorari pursuant to Section 7, Article IX of the Constitution, notwithstanding the provisions of Republic Act No. 7902. Notwithstanding the provision of any law to the contrary, the evaluation and approval of qualification standards for all jobs in government, including, but not limited to, those in constitutionally fiscally autonomous groups; Government-owned and controlled-corporations and financial institutions, whether or not exempt from the unified system under Presidential Decree No. 985, as amended, and/or the Omnibus System; local government units; and Uniformed Personnel, but excluding the Armed Forces of the Philippines, shall be made exclusively by the Commission.

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

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

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

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

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

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

**SEC. 35. Repeal of Special Salary and Related Laws and Regulations.** — The provision of all laws, decrees, executive orders, corporate charters, rules, regulations, circulars, approvals, and other issuances, or parts thereof, that exempt any and all agencies, or specific types of employees, from the coverage of the Compensation and Position Classification System prescribed under Presidential Decree No. 985, as amended; or that authorize and fix position classification, job classification, qualification standards, salaries, Base Pay, Allowances and Other Pay, and Incentives, of specified jobs, or groups of employees or of agencies, which are inconsistent with the Omnibus System; or that exempt the establishment and approval for position classification, job classification, qualification standards, salaries, Base Pay, Allowances and Other Pay, and Incentives, of specified jobs, or groups of employees or of agencies, from the jurisdiction and authority of the Commission and/or Department; including, but not limited to, Presidential Decree No. 1869; Republic Act No. 3591, as amended; Republic Act 6977, as amended; Republic Act No. 7227, as amended; Republic Act No. 7305; Republic Act No. 7306; Republic Act No. 7354; Republic Act No. 7400; Republic Act No. 7648; Republic Act No. 7653; Republic Act No. 7875, as amended; Republic Act No. 7907; Republic Act No. 7917; Republic Act No. 8041; Executive Order No. 286, series of 1995; Republic Act No. 8282; Republic Act No. 8289; Republic Act No. 8291; Republic Act No. 8293; Republic Act No. 8439; Republic Act No. 8494; Republic Act No. 8523; Republic Act No. 8748;

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

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

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

## **ARTICLE VII. APPROPRIATION**

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

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

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

(d) It is understood that any staggered implementation of this Act shall be fixed at a percentage uniformly and proportionately applied to all employees in such agency, such that no employee shall receive a percentage adjustment higher than that of any other employee in the 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; (ii) Allowances and Other Pay, and Incentives other than those enumerated under Sections 18 to 24; (iii) Increases in the standard rates prescribed by the Department for Allowances and Other Pay, and Incentives; and (iv) Increases in retirement pay and other separation benefits in violation of Section 29;
- (b) Granting, approving the grant, voting in favor of any decision granting or approving, or who otherwise affirmatively participate in the grant or approval of Productivity Incentive, CNA Incentive, and Other Benefits in violation of Section 23 and/or rules and regulations issued to implement Section 23; and
- (c) Soliciting additional compensation, for self or in behalf of other employees, from other agencies for services rendered in performance of regular functions.
- (d) Offering to give or actually giving additional compensation to employees of other agencies who render services in performance of regular functions, in violation of paragraphs (b) and (c) of Section 28.

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

## **ARTICLE IX. TRANSITORY PROVISIONS**

**SEC. 41. Separability Clause.** — If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

**SEC. 42. Effectivity.** — This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in a newspaper of general circulation. The Commission and the Department shall, within ninety (90) days after its approval, jointly allocate all jobs in the government to their appropriate job titles and Job Grades, assign each incumbent to the appropriate Step, and prepare and issue the necessary policy, rules, regulations, and guidelines to implement this Act. For this purpose, each agency covered by the Omnibus System shall submit to the Commission and the Department within thirty (30) days from the approval of this Act, all documents, data, and information necessary in the classification of jobs in their appropriate Job Grades and Step assignment of incumbents.

Approved,