



# *Salaries and Benefits for the Public Sector*

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Department of Budget and Management**

PAGBA 3<sup>rd</sup> Quarter Seminar Nov. 16-19, 2016, Davao City



# Study on Compensation and Benefits in the Public Sector, FY 2015

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*Congress Joint Resolution No. 4 (June 17,2009), states that “a periodic review of the government’s Compensation and Position Classification System shall be conducted every three (3) years”*

*To determine:*

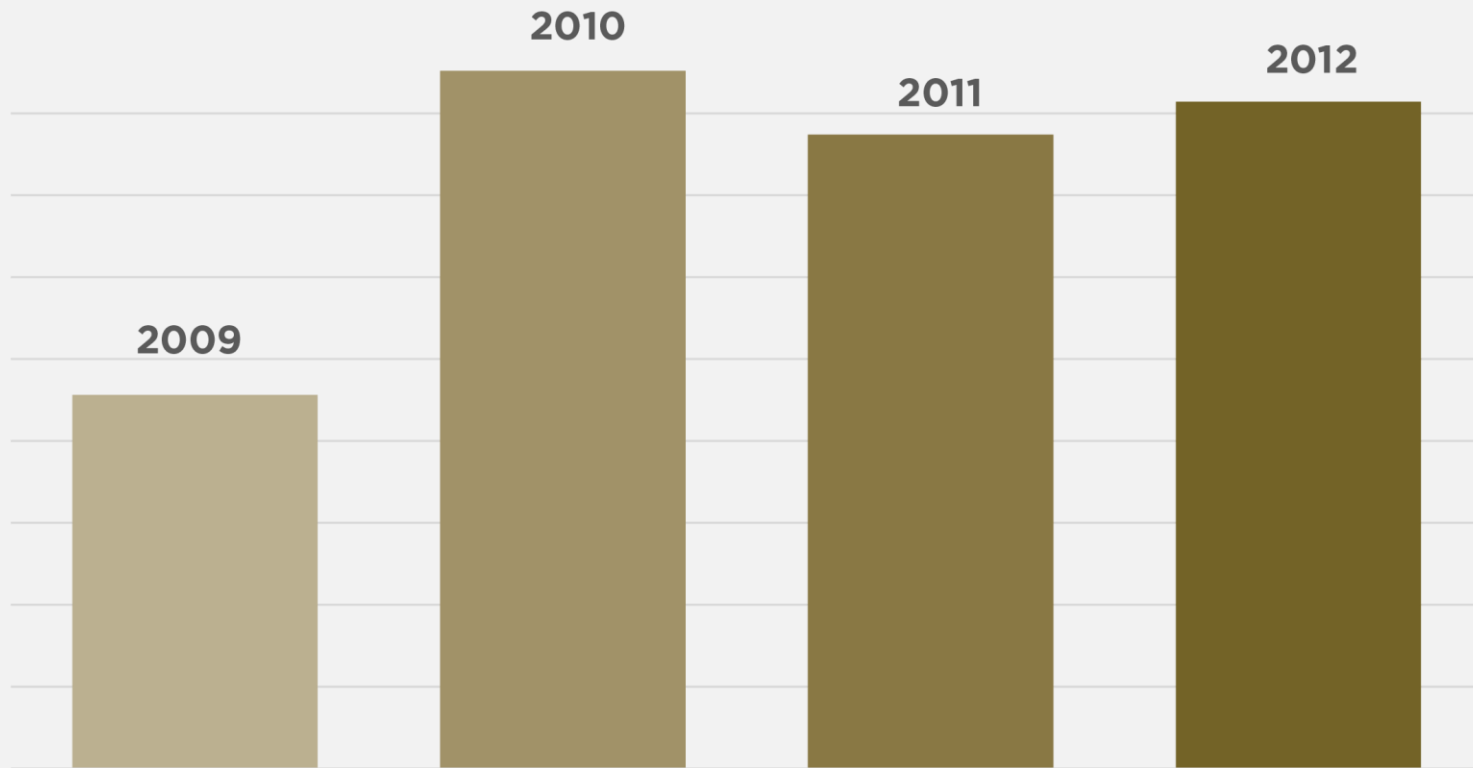
- The competitiveness of government pay in relation to the private sector; and,
- The compensation strategy to bring government pay closer to market rates.

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# SSL 3 Salary Increase

Per Congress Joint Resolution No. 4, s.2009  
(July 1, 2009-June 1, 2012)

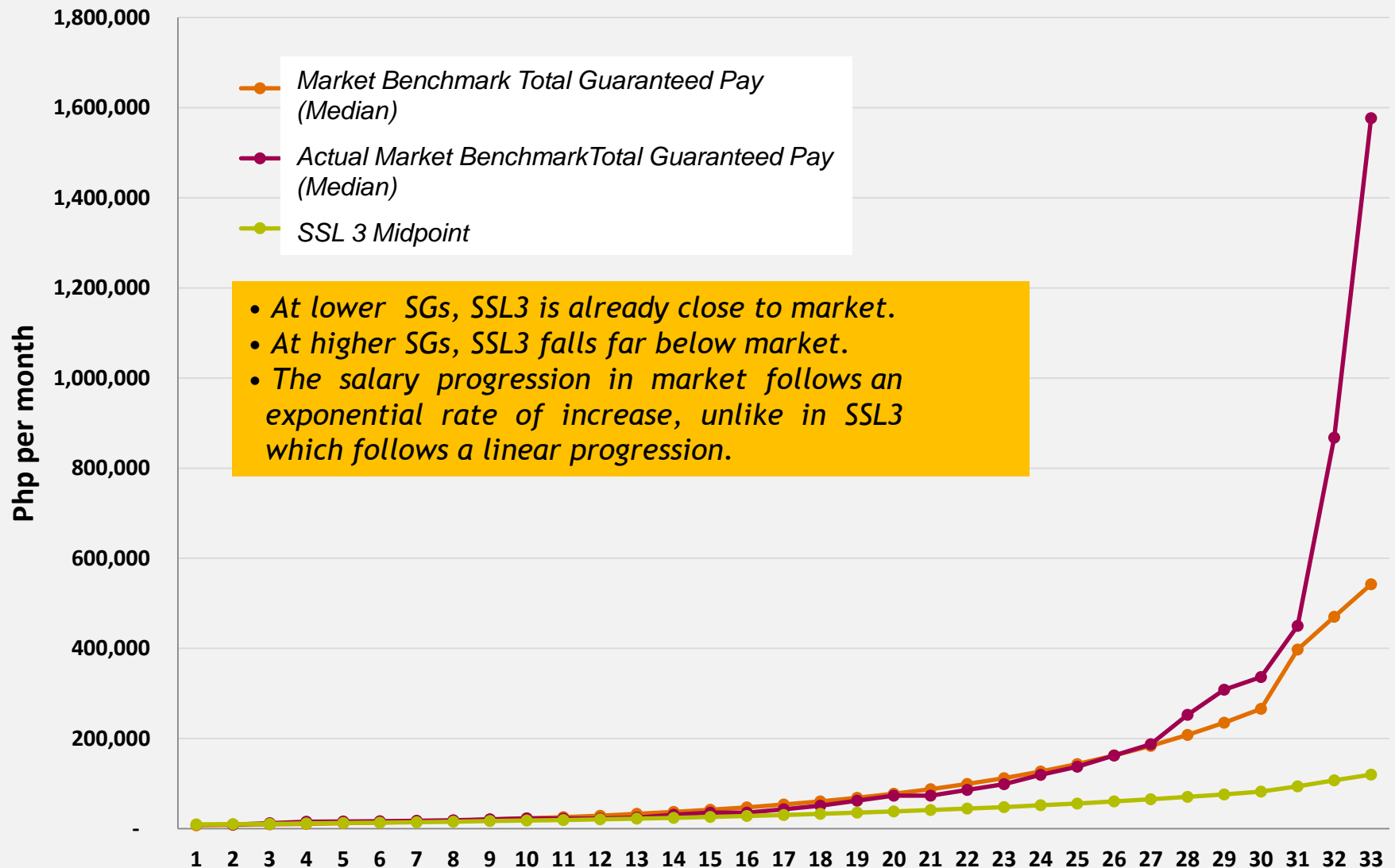


<b>COST</b>	<b>22.8 B</b>	<b>42.6 B</b>	<b>38.7 B</b>	<b>40.7 B</b>	<b>= 144.8 B</b>
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# Highlights of Market Study



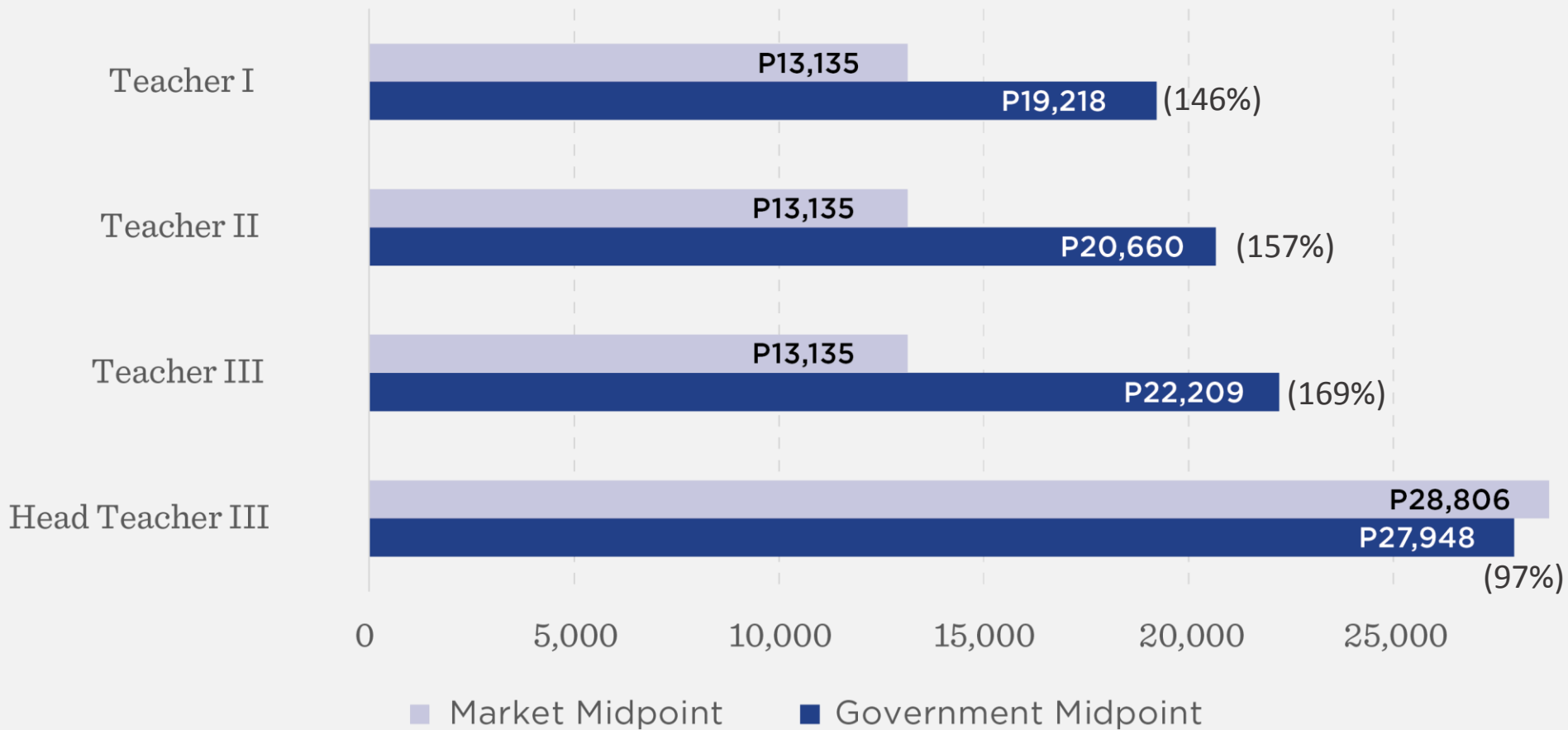
# Highlights of Competitive Review: *SSL 3 is 45% Below Market*

Job Category	Sample Positions	Market Position of Government Pay
<b>Sub-Professional</b> (SGs 1 to 10)	<ul style="list-style-type: none"> <li>• Utility Worker</li> <li>• Driver</li> <li>• Messenger</li> <li>• Clerk</li> <li>• Administrative Assistant</li> </ul>	<b>126% to 79%</b> of market median
<b>Professional</b> (SGs 11 to 24)	<ul style="list-style-type: none"> <li>• Economist</li> <li>• Agriculturist</li> <li>• Accountant</li> <li>• Engineer</li> <li>• Lawyer</li> </ul>	<b>76% to 41%</b> of market median
<b>Middle Manager</b> (SGs 25 to 28)	<ul style="list-style-type: none"> <li>• Director I</li> <li>• Director IV</li> <li>• Executive Director</li> </ul>	<b>39% to 34%</b> of market median
<b>Executive</b> (SGs 29 to 33)	<ul style="list-style-type: none"> <li>• Assistant Secretary</li> <li>• Undersecretary</li> <li>• Secretary</li> <li>• Senator</li> <li>• Vice - President</li> <li>• President</li> </ul>	<b>32% to 22%</b> of market median



# SSL 3 vs. Market for Teachers

*(Basic Monthly Salary)*

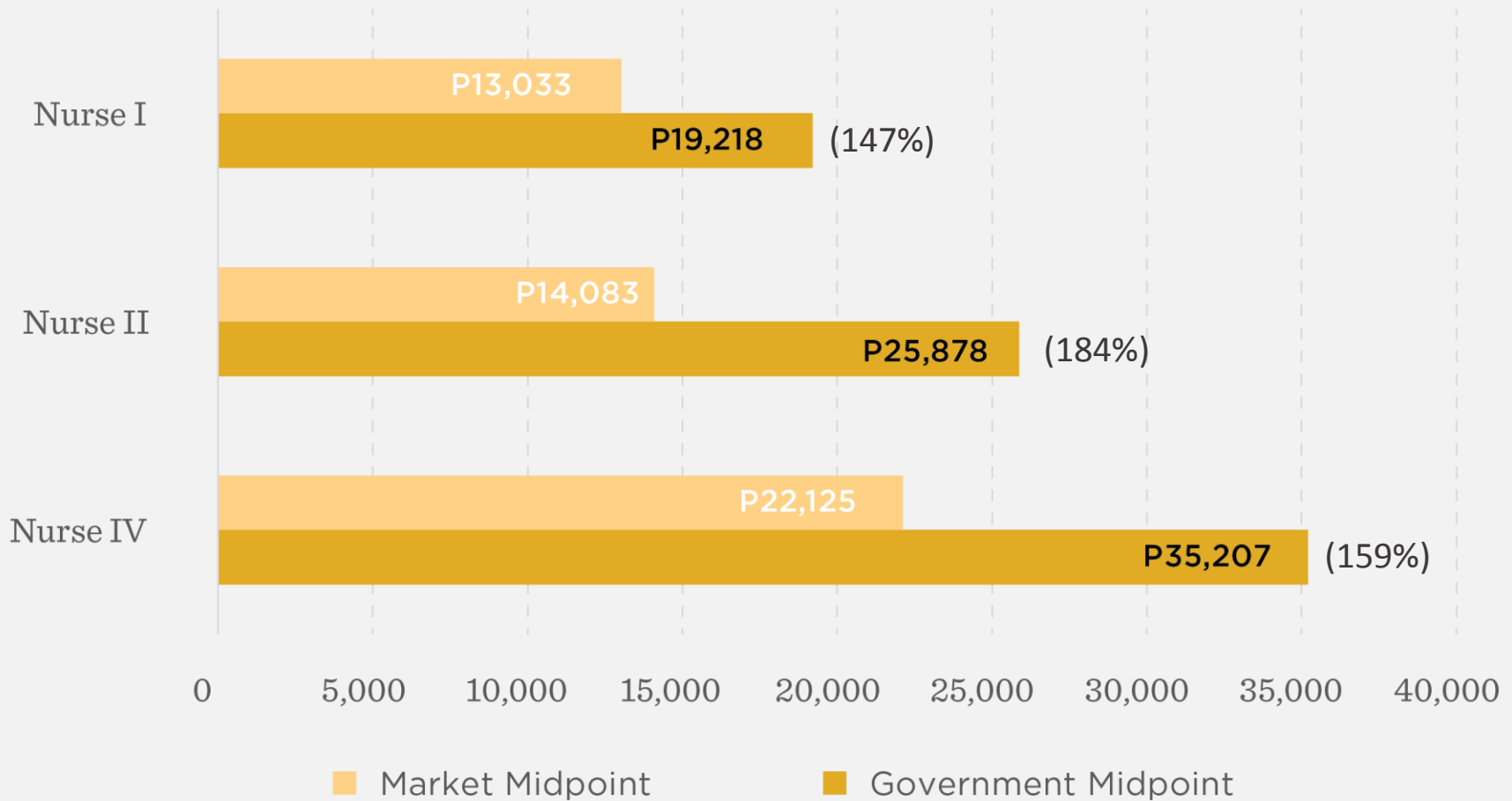


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# SSL 3 vs. Market for Nurses (Basic Monthly Salary)



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# Guiding Principles for SSL 2015

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- Payment of just and equitable compensation to government personnel in accordance with the principle of equal pay for work of equal value;
- Comparability of civilian government pay with those in the private sector;
- Rationalized and standardized compensation across all government agencies; and
- Adoption of a performance-based incentive scheme

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# Compensation Adjustment Strategy

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## *Parameters:*

- Minimum basic salary (SG 1) shall be raised **from P9,000 to P11,068** a month.
- Compensation shall be adjusted to at least 70% of the market for all salary grades.
- To recognize differences in duties and responsibilities, there shall be no salary overlaps.
- The link between pay and performance shall be strengthened.

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# Compensation Strategy



## *Objectives:*

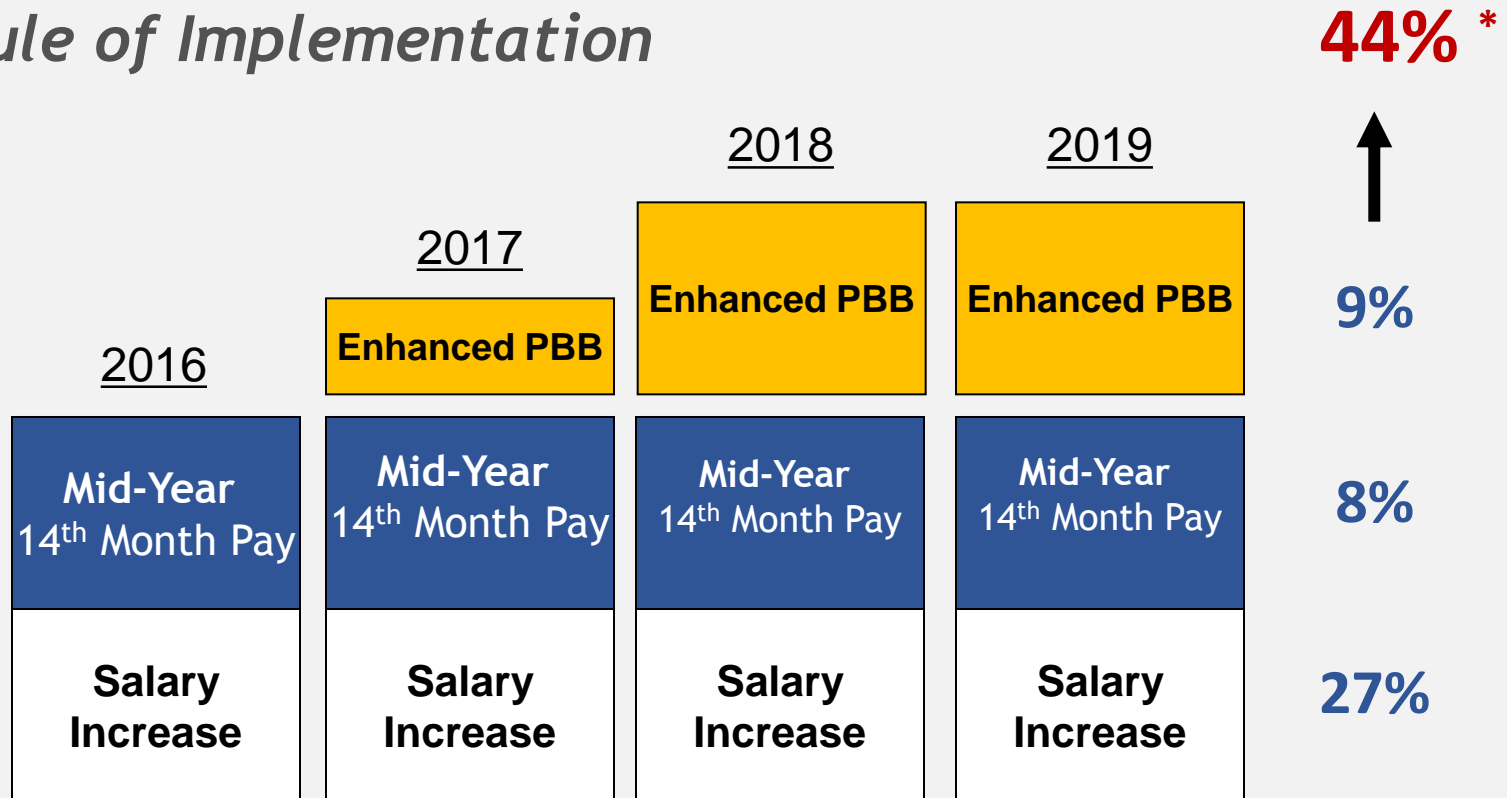
- To be competitive with the market thereby attract and retain talent
- Strengthen the link between pay and performance
- Temper costs of benefits (i.e. GSIS premiums and PhilHealth contributions) while maximizing the benefits to employees
- Allow higher take home pay, especially for government personnel belonging to lower salary grades

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# Compensation Strategy

## Schedule of Implementation



*\* Weighted average increase in compensation*



# Executive Order No. 201, s. 2016

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- **Title:** *Modifying the Salary Schedule for Civilian Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel*
- **Coverage**
  1. *All civilian personnel in the Executive, Legislative, and Judicial Branches, Constitutional Commissions and Constitutional Offices, GOCCs not covered by RA 10149, and LGUs*



# Executive Order No. 201, s. 2016

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- Coverage

2. *Military personnel* of the DND

3. *Uniformed personnel* of the DILG, PCG, and NAMRIA

- Exclusion

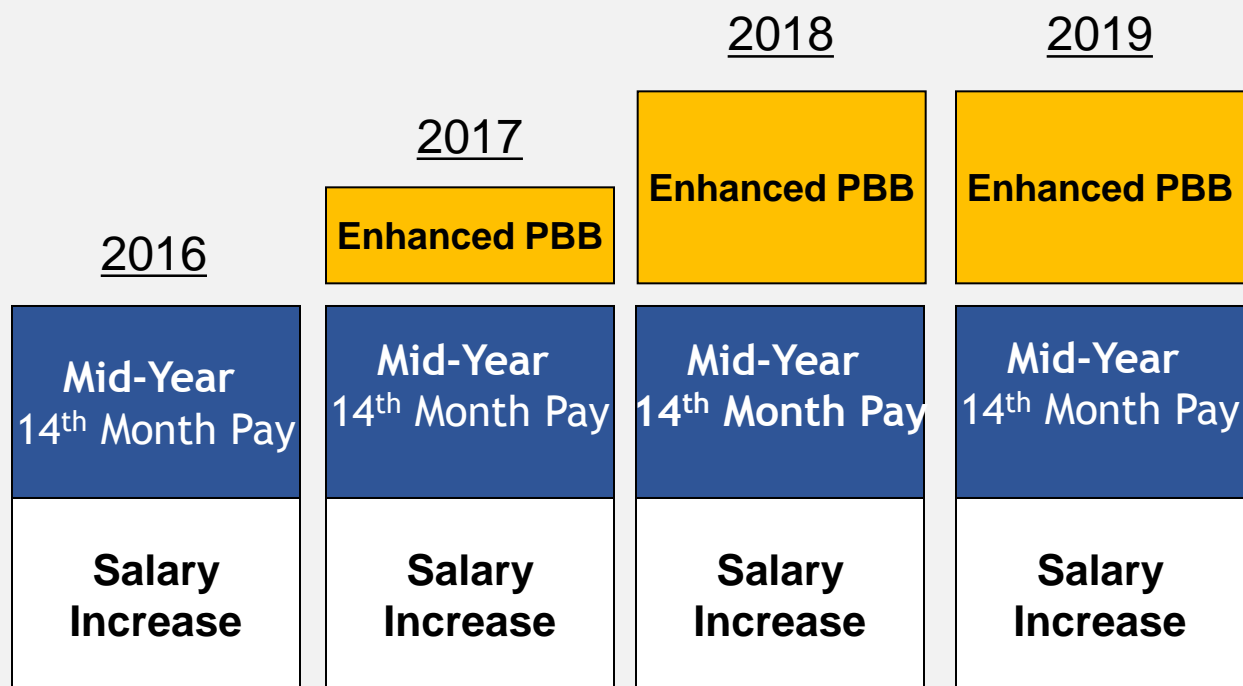
Those engaged thru job orders, contracts of service, consultancy contracts, service contracts with no employee-employer relationship

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# EO 201 Implementation Schedule

## Civilian Personnel



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# EO 201 Implementation Schedule

## Military and Uniformed Personnel (MUP)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
		Enhanced PBB	Enhanced PBB	Enhanced PBB
	Mid-Year 14 <sup>th</sup> Month Pay	Mid-Year 14 <sup>th</sup> Month Pay	Mid-Year 14 <sup>th</sup> Month Pay	Mid-Year 14 <sup>th</sup> Month Pay
	Officers' Allowance*	Officers' Allowance*	Officers' Allowance*	Officers' Allowance*
	Provisional Allowance	Provisional Allowance	Provisional Allowance	Provisional Allowance
	Hazard Pay Increase	Hazard Pay Increase	Hazard Pay Increase	Hazard Pay Increase

\* For certain ranks

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# Monthly Salary Schedule

## Four (4) Tranches

	Sample Positions	No. of Authorized Positions	SSL 3 Step 1	EO 201			
				1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
				Step 1	Step 1	Step 1	Step 1
1	Utility Worker I	18,595	9,000	9,478	9,981	10,510	11,068
2	Messenger	4,591	9,675	10,159	10,667	11,200	11,761
3	Clerk I	17,250	10,401	10,883	11,387	11,914	12,466
4	Driver II	28,541	11,181	11,658	12,155	12,674	13,214
5	Carpenter II	10,347	12,019	12,488	12,975	13,481	14,007
6	Lab Technician I	30,196	12,921	13,378	13,851	14,340	14,847
7	Computer Operator I	11,180	13,890	14,331	14,785	15,254	15,738
8	Engg Assistant	23,486	14,931	15,368	15,818	16,282	16,758
9	Electrician Foreman	21,005	16,051	16,512	16,986	17,473	17,975
10	Legal Assistant I	14,688	17,255	17,730	18,217	18,718	19,233
11	Teacher I	426,575	18,549	19,077	19,620	20,179	20,754
12	Teacher II	114,966	19,940	20,651	21,387	22,149	22,938
13	Teacher III	159,409	21,436	22,328	23,257	24,224	25,232
14	Cashier II	16,201	23,044	24,141	25,290	26,494	27,755
15	Budget Officer II	40,044	24,887	26,192	27,565	29,010	30,531
16	Attorney I	33,869	26,878	28,417	30,044	31,765	33,584
17	Executive Assistant II	6,072	29,028	30,831	32,747	34,781	36,942

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# Monthly Salary Schedule Four (4) Tranches

	Sample Positions	No. of Authorized Positions	SSL 3	EO 201			
				1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
				Step 1	Step 1	Step 1	Step 1
18	Economist III	55,181	31,351	33,452	35,693	38,085	40,637
19	IT Officer I	45,841	33,859	36,409	39,151	42,099	45,269
20	Board Sec III	11,973	36,567	39,768	43,250	47,037	51,155
21	Attorney III	11,405	39,493	43,439	47,779	52,554	57,805
22	Asst. Div Chief	20,450	42,652	47,448	52,783	58,717	65,319
23	Court Atty II	8,010	46,064	51,826	58,310	65,604	73,811
24	Division Chief	13,366	49,750	56,610	64,416	73,299	83,406
25	Director I	4,566	53,730	61,971	71,476	82,439	95,083
26	Director II	6,494	58,028	67,690	78,960	92,108	107,444
27	Director III	4,345	62,670	73,937	87,229	102,910	121,411
28	Bureau Director	2,530	67,684	80,760	96,363	114,981	137,195
29	Asst. Secretary	3,715	73,099	88,214	106,454	128,467	155,030
30	Undersecretary	632	78,946	96,354	117,601	143,534	175,184
31	Secretary	383	90,000	117,086	152,325	198,168	257,809
32	Vice President	4	103,000	135,376	177,929	233,857	307,365
33	President	1	120,000	160,250	214,000	285,778	381,632

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# Mid-Year Bonus (14<sup>th</sup> Month Pay)

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- Section 4, EO 201, s. 2016
- Guidelines in Budget Circular No. 2016-3 dated April 28, 2016
- Equivalent to **one (1) month basic pay** as of May 15 of the year

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# Mid-Year Bonus (14<sup>th</sup> Month Pay)

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## Conditions:

- At least four (4) months of service from July 1 of the immediately preceding year to May 15 of the current year
- Still in government service as of May 15 of the current year
- At least a satisfactory performance rating in the immediately preceding rating period

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# Enhanced Performance-based Bonus (PBB)

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- Section 5, EO 201, s. 2016
- To be implemented in two (2) phases
- Subject to the achievement by departments/agencies of *performance targets* and compliance with *good governance and other conditions*
- Based on a *progressive rate system* → as the position and responsibility goes higher, so does the amount of PBB



# Rates of the FY 2016 PBB

Performance Category	PBB as % of Monthly Basic Salary
Best Bureau/Office/Delivery Unit (10%)	65%
Better Bureau/Office/Delivery Unit (25%)	57.5%
Good Bureau/Office/Delivery Unit (65%)	50%

\*Not lower than P5,000



# Productivity Enhancement Incentive (PEI)

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- Section 6, EO 201, s. 2016
- Equivalent to **P5,000** per employee
- To be given not earlier than **December 15** of every year
- To improve government employees' productivity
- DBM to issue guidelines

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# Compensation Adjustment for LGU Personnel

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- LGUs may implement the same compensation adjustment authorized for civilian personnel, subject to:
  - 1) authorization from the Sanggunian; and
  - 2) compliance with Personnel Services (PS) limitation
- Implementation shall be not earlier than the dates specified in the EO. Salary schedule shall correspond to the LGU's income classification

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# EO No. 3, s. 2016

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## *Combat Duty Pay:*

- For AFP: Increased from P500/month to **P3,000/month**
- For PNP: Increased from P340/month to **P3,000/month**

For officers and enlisted personnel of the AFP performing **combat duties/activities** and uniformed personnel of the PNP engaged in **actual police operations** as defined by the Secretary of the DND and Director General of the PNP

\*Effective September 1, 2016

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# EO No. 3, s. 2016

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## *Combat Incentive Pay:*

- For AFP: Increased from P150/day of actual combat (max of P3,000/month) to **P300/day** of actual combat (max of **P3,000/month**)
- For PNP: **P300/day** of actual combat (max of **P3,000/month**)

For the AFP and uniformed personnel of the PNP who figure directly in actual combat against members of various insurgent, terrorist and lawless elements

\*Effective September 1, 2016

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# Funding Source

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- For National Government Agencies funded in the GAA
  - FY 2016 - charged against FY 2016 MPBF
  - FYs 2017 to 2019 - to be proposed annually under the National Expenditure Program
- For GOCCs
  - Charged against their respective corporate funds
- For LGUs
  - Charged against LGU funds, consistent with RA 7160



# Applicability to Certain Officials

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## *1987 Philippine Constitution*

### Section 10 of Article VI

The salaries of Senators and Members of the House of Representatives shall be determined by law. ***No increase in said compensation shall take effect until after the expiration of the full term of all the Members of the Senate and the House of Representatives approving such increase.***

### Section 6 of Article VII of the Constitution

The President shall have an official residence. The salaries of the President and Vice-President shall be determined by law and shall not be decreased during their tenure. ***No increase in said compensation shall take effect until after the expiration of the term of the incumbent during which such increase was approved.*** They shall not receive during their tenure any other emolument from the Government or any other source.

### SSL 2015

For members of the Cabinet, compensation adjustment shall **take effect only on July 1, 2016.**



# Tax Implication on Compensation

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- Under RA 10653, gross benefits, such as 13<sup>th</sup> month pay and other benefits not exceeding P82,000 shall be tax exempt.
  - In effect, for employees with **SGs 1-12** who are only receiving the existing tax-exempt Year-end Bonus, Cash Gift and PEI, the **full Mid-year Bonus and the full PBB** shall also be exempt from tax.
  - For employees with **SGs 13-16** who are only receiving the existing tax-exempt Year-end Bonus, Cash Gift and PEI, the **full Mid-year Bonus** shall also be exempt from tax.

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# Tax Implication on Compensation

SG	No. of Authorized Positions	Monthly Salary (A)	Benefits Subject to P82,000 Tax Exemption						
			Year-end (B)	Cash Gift (C)	PEI (D)	Mid-Year (D)	Subtotal (E) = B+C+D	PBB (F)	Total (H) = F + G
1	18,595	11,068	11,068.00	5,000.00	5,000.00	11,068.00	32,136.00	11,068.00	43,204.00
2	4,591	11,761	11,761.00	5,000.00	5,000.00	11,761.00	33,522.00	11,761.00	45,283.00
3	17,250	12,466	12,466.00	5,000.00	5,000.00	12,466.00	34,932.00	12,466.00	47,398.00
4	28,541	13,214	13,214.00	5,000.00	5,000.00	13,214.00	36,428.00	13,214.00	49,642.00
5	10,347	14,007	14,007.00	5,000.00	5,000.00	14,007.00	38,014.00	14,007.00	52,021.00
6	30,196	14,847	14,847.00	5,000.00	5,000.00	14,847.00	39,694.00	14,847.00	54,541.00
7	11,180	15,738	15,738.00	5,000.00	5,000.00	15,738.00	41,476.00	15,738.00	57,214.00
8	23,486	16,758	16,758.00	5,000.00	5,000.00	16,758.00	43,516.00	16,758.00	60,274.00
9	21,005	17,975	17,975.00	5,000.00	5,000.00	17,975.00	45,950.00	17,975.00	63,925.00
10	14,688	19,233	19,233.00	5,000.00	5,000.00	19,233.00	48,466.00	19,233.00	67,699.00
11	426,575	20,754	20,754.00	5,000.00	5,000.00	20,754.00	51,508.00	20,754.00	72,262.00
12	114,966	22,938	22,938.00	5,000.00	5,000.00	22,938.00	55,876.00	22,938.00	78,814.00
13	159,409	25,232	25,232.00	5,000.00	5,000.00	25,232.00	60,464.00	25,232.00	85,696.00
14	16,201	27,755	27,755.00	5,000.00	5,000.00	27,755.00	65,510.00	27,755.00	93,265.00
15	40,044	30,531	30,531.00	5,000.00	5,000.00	30,531.00	71,062.00	30,531.00	101,593.00
16	33,869	33,584	33,584.00	5,000.00	5,000.00	33,584.00	77,168.00	33,584.00	110,752.00
17	6,072	36,942	36,942.00	5,000.00	5,000.00	36,942.00	83,884.00	36,942.00	120,826.00

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# Implementing Guidelines

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- For first tranche salary/compensation increase:  
National Budget Circular No. 562  
Local Budget Circular No. 108  
(February 24, 2016)
- For Mid-Year Bonus: Budget Circular No. 2016-3 (April 28, 2016)
- For Combat Duty Pay and Combat Incentive Pay:  
Budget Circular No. 2016-6 (October 3, 2016)

[http://www.dbm.gov.ph/wp-content/uploads/Issuances/2016/National%20Budget%20Circular/NBC\\_562%20s%202016.pdf](http://www.dbm.gov.ph/wp-content/uploads/Issuances/2016/National%20Budget%20Circular/NBC_562%20s%202016.pdf)

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# Year-End Bonus and Cash Gift

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- Budget Circular No. 2016-4 (April 28, 2016)
- At one month salary + P5,000
- To be given not earlier than November 15, 2016

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# Thank You

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