



# *Updates on Government Compensation*

**Assistant Secretary Myrna S. Chua  
Department of Budget and Management**

2018 PAGBA 3<sup>rd</sup> Quarter Seminar & Meeting  
Waterfront Hotel, Lahug, Cebu City  
August 8-11, 2018

# Background: Constitutional Provision on Compensation Standardization

## **1987 Philippine Constitution Section 5, Article IX-B**

***"Section 5. 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."***

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# Salary Increases since 1989

**SSL 1**

**RA 6758, s. 1989**

**SSL 2**

**Congress JR No. 1, s. 1994  
- Implementation in 1994-1997**

**2001**

**5% Salary increase**

**2007**

**10% Salary increase**

**2008**

**10% Salary increase**

**SSL 3**

**Congress JR No. 4, s. 2009  
- Implementation in 2009-2012**

**SSL 4**

**EO No. 201, s. 2016  
- Implementation in 2016 - 2019**

# Congress JR No. 4, s. 2009 (SSL 3)

## Reform Measures

- **Veered away from the populist tones of across-the-board increases**
- **Range of 27%-138% increases in salaries; higher increase for positions of greater responsibility**
- **Gave reality to the principle of “equal pay for work of equal value”**
- **Eliminated salary overlaps which caused issues between superiors and subordinates in the past**
- **Established the Total Compensation Framework**



## Total Compensation Framework

**Basic  
Salary**

**Standard  
Allowances  
and  
Benefits**

**Specific-  
Purpose  
Allowances  
and  
Benefits**

**Incentives**

# Basic Salary, including Step Increment

- **Standard salary schedule**
  - ✓ **1-33 Salary Grades**
  - ✓ **1-8 Salary Steps**
- **Daily rate = monthly salary divided by 22 working days per month**
- **Step increment:**
  - ✓ **due to length of service**
  - ✓ **due to meritorious performance**



# Standard Allowances and Benefits

- **Given to all employees at prescribed rates and guidelines**
  - ✓ **PERA (P2,000/month)**
  - ✓ **Uniform/Clothing Allowance (P6,000)**
  - ✓ **Year-End Bonus (1 month salary)**
  - ✓ **Cash Gift (P5,000)**



# Specific Purpose Allowances and Benefits (1)

- **Given to employees under specific conditions and situations related to actual performance of work, at prescribed rates and guidelines**
  - ✓ **RATA – for officials down to division chief**
  - ✓ **Per Diem – for membership in collegial bodies**
  - ✓ **Honoraria**
    - **for resource persons**
    - **for special projects**
    - **for personnel in government procurement**





# Specific Purpose Allowances and Benefits (2)

- **Given to employees under specific conditions and situations related to actual performance of work, at prescribed rates and guidelines**
  - ✓ **Night Shift Differential**
  - ✓ **Overtime Pay**
  - ✓ **Subsistence Allowance**
  - ✓ **Hazard Pay**
  - ✓ **Special Counsel Allowance**
  - ✓ **Overseas Allowance for Personnel Assigned Abroad**



# Incentives

- **Given to reward loyalty to government service and contribution to performance**
  - ✓ **Loyalty Incentive**
  - ✓ **Anniversary Bonus**
  - ✓ **Productivity Enhancement Incentive**
  - ✓ **CNA Incentive**



# Periodic Review under Congress JR No. 4

**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.**

**DBM conducted the Study on Compensation and Benefits in the Public Sector in FY 2015**

# Highlights of Competitive Review

| Job Category                             | Sample Positions   | Market Position of Government Pay  |
|--|--|--|
| <b>Sub-Professional</b><br>(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><br>of market median   |
| <b>Professional</b><br>(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><br>of market median  |
| <b>Middle Manager</b><br>(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><br>of market median  |
| <b>Executive</b><br>(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><br>of market median<br>2018 PAGBA 3 <sup>rd</sup> Quarter Seminar & Meeting<br>Waterfront Hotel, Lahug, Cebu City<br>August 8-11, 2018 |

# Compensation Adjustment Strategy

## *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**



# Compensation Strategy

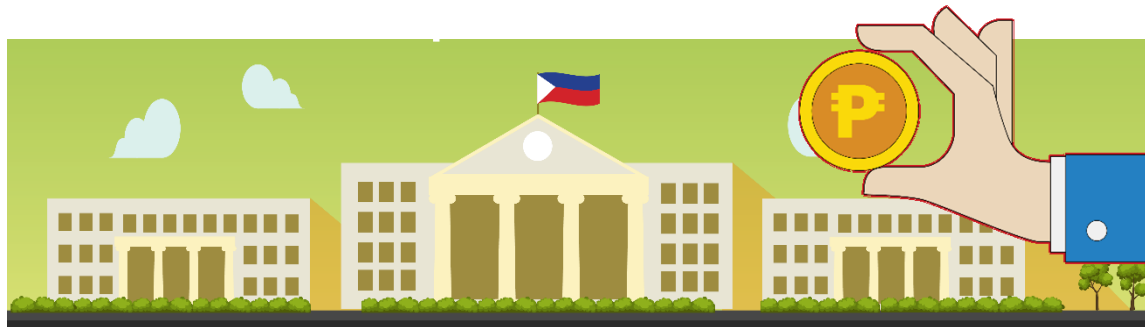
Basic Salary  
Increase

+

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

+

Enhanced  
Performance-  
Based Bonus  
(PBB)



# 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**



# Executive Order No. 201, s. 2016

**Title:** *Modifying the Salary Schedule for Civilian Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel*



## WHO WILL BENEFIT?



Executive,  
Legislative,  
and Judicial  
Branches



State  
Universities  
and Colleges  
(SUCs)



Local  
Government  
Units (LGUs)



Constitutional  
Commissions  
and Offices



Government-  
Owned or  
Controlled  
Corporations  
(GOCCs)<sup>1</sup>





# Executive Order No. 201, s. 2016

## Coverage

**All civilian personnel in the Executive, Legislative, and Judicial Branches, Constitutional Commissions and Constitutional Offices, GOCCs not covered by RA 10149, and LGUs**

## Exclusion

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



# Monthly Salary Schedule

## Tranches 1-4

(FYs 2016-2019)

| SG | Sample Positions  | SSL 3  | EO 201 |        |        |        |
|----|-------------------|--------|--------|--------|--------|--------|
|    |                   |        | 2016   | 2017   | 2018   | 2019   |
|    |                   |        | Step 1 | Step 1 | Step 1 | Step 1 |
| 1  | Utility Worker    | 9,000  | 9,478  | 9,981  | 10,510 | 11,068 |
| 2  | Messenger         | 9,675  | 10,159 | 10,667 | 11,200 | 11,761 |
| 3  | Clerk             | 10,401 | 10,883 | 11,387 | 11,914 | 12,466 |
| 4  | Driver II         | 11,181 | 11,658 | 12,155 | 12,674 | 13,214 |
| 5  | Carpenter         | 12,019 | 12,488 | 12,975 | 13,481 | 14,007 |
| 6  | Lab Technician    | 12,921 | 13,378 | 13,851 | 14,340 | 14,847 |
| 7  | Computer Operator | 13,890 | 14,331 | 14,785 | 15,254 | 15,738 |
| 8  | Engg Assistant    | 14,931 | 15,368 | 15,818 | 16,282 | 16,758 |
| 9  | Electrician       | 16,051 | 16,512 | 16,986 | 17,473 | 17,975 |
| 10 | Legal Assistant   | 17,255 | 17,730 | 18,217 | 18,718 | 19,233 |
| 11 | Teacher I         | 18,549 | 19,077 | 19,620 | 20,179 | 20,754 |
| 12 | Teacher II        | 19,940 | 20,651 | 21,387 | 22,149 | 22,938 |
| 13 | Teacher III       | 21,436 | 22,328 | 23,257 | 24,224 | 25,232 |
| 14 | Cashier II        | 23,044 | 24,141 | 25,290 | 26,494 | 27,755 |
| 15 | Geologist II      | 24,887 | 26,192 | 27,565 | 29,010 | 30,531 |
| 16 | Attorney I        | 26,878 | 28,417 | 30,044 | 31,765 | 33,584 |
| 17 | Info Sys Res III  | 29,028 | 30,831 | 32,747 | 34,781 | 36,912 |

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# Monthly Salary Schedule

## Tranches 1-4

(FYs 2016-2019)

| SG        | Sample Positions | SSL 3<br>Step 1 | EO 201         |                |                |                |
|-----------|------------------|-----------------|----------------|----------------|----------------|----------------|
|           |                  |                 | 2016<br>Step 1 | 2017<br>Step 1 | 2018<br>Step 1 | 2019<br>Step 1 |
|           |                  |                 | <b>18</b>      | Economist III  | 31,351         | 33,452         |
| <b>19</b> | IT Officer       | 33,859          | 36,409         | 39,151         | 42,099         | 45,269         |
| <b>20</b> | Board Sec III    | 36,567          | 39,768         | 43,250         | 47,037         | 51,155         |
| <b>21</b> | Attorney III     | 39,493          | 43,439         | 47,779         | 52,554         | 57,805         |
| <b>22</b> | Asst. Div Chief  | 42,652          | 47,448         | 52,783         | 58,717         | 65,319         |
| <b>23</b> | Court Atty II    | 46,064          | 51,826         | 58,310         | 65,604         | 73,811         |
| <b>24</b> | Division Chief   | 49,750          | 56,610         | 64,416         | 73,299         | 83,406         |
| <b>25</b> | Director I       | 53,730          | 61,971         | 71,476         | 82,439         | 95,083         |
| <b>26</b> | Director II      | 58,028          | 67,690         | 78,960         | 92,108         | 107,444        |
| <b>27</b> | Director III     | 62,670          | 73,937         | 87,229         | 102,910        | 121,411        |
| <b>28</b> | Bureau Director  | 67,684          | 80,760         | 96,363         | 114,981        | 137,195        |
| <b>29</b> | Asst. Secretary  | 73,099          | 88,214         | 106,454        | 128,467        | 155,030        |
| <b>30</b> | Undersecretary   | 78,946          | 96,354         | 117,601        | 143,534        | 175,184        |
| <b>31</b> | Secretary        | 90,000          | 117,086        | 152,325        | 198,168        | 257,809        |
| <b>32</b> | Vice President   | 103,000         | 135,376        | 177,929        | 233,857        | 307,365        |
| <b>33</b> | President        | 120,000         | 160,924        | 215,804        | 289,401        | 388,096        |



# Mid-Year Bonus

## Section 4, EO No. 201, s. 2016 Budget Circular No. 2017-2

- **Equivalent to one (1) month basic salary as of May 15**
- **To be given not earlier than May 15 of the current year**
- ***Conditions:***
  - **Employee is still in the service as of May 15 of the current year;**
  - **Have rendered at least a total or an aggregate of 4 months of service from July 1 of the immediately preceding year up to May 15 of the current year; and**
  - **At least a satisfactory performance rating in the immediately preceding rating period**

# Mid-Year Bonus

## Section 4, EO No. 201, s. 2016 Budget Circular No. 2017-2

- **Equivalent to one (1) month basic salary as of May 15**
- **To be given not earlier than May 15 of the current year**
- ***Conditions:***



Employee is still in the service as of May 15 of the current year;



Have rendered at least a total or an aggregate of 4 months of service from July 1 of the immediately preceding year up to May 15 of the current year; and



At least a satisfactory performance rating in the immediately preceding rating period

# Year-End Bonus (YEB) and Cash Gift (CG)

## Budget Circular No. 2016-4

- **YEB equivalent to one (1) month basic pay as of October 31**
- **CG equivalent to P5,000**
- **To be given not earlier than November 15**
- ***Conditions:***
  - ✓ **Employee is still in the service as of October 31**
  - ✓ **Have rendered at least a total or an aggregate of 4 months of service from January 1 to October 31 of the current year**



# Year-End Bonus (YEB) and Cash Gift (CG)

For those who have rendered at least 4 months of service from January 31 of the year but no longer in service as of October 31 due to *retirement or separation*, a *pro-rated share* of YEB and CG shall be granted, as follows:

| Length of Service                | Percentage of YEB and CG |
|----------------------------------|--------------------------|
| 4 months but less than 5 months  | 50%                      |
| 5 months but less than 6 months  | 60%                      |
| 6 months but less than 7 months  | 70%                      |
| 7 months but less than 8 months  | 80%                      |
| 8 months but less than 9 months  | 90%                      |
| 9 months but less than 10 months | 95%                      |



# Year-End Bonus (YEB) and Cash Gift (CG)

For those who have rendered **less than 4 months of service** from **January 31** of the same year and are still in government service as of **October 31** of the same year, a **pro-rated share** of CG shall be granted, as follows:

| <b>Length of Service</b>               | <b>Percentage of CG</b> | <b>Amount</b>  |
|--|-------------------------|----------------|
| <b>3 months but less than 4 months</b> | <b>40%</b>              | <b>P 2,000</b> |
| <b>2 months but less than 3 months</b> | <b>30%</b>              | <b>1,500</b>   |
| <b>1 month but less than 2 months</b>  | <b>20%</b>              | <b>1,000</b>   |
| <b>Less than 1 month</b>               | <b>10%</b>              | <b>500</b>     |





# Productivity Enhancement Incentive (PEI)

## Section 6, EO No. 201, s. 2016 Budget Circular No. 2017-4



- **P5,000 per qualified employee**
- **To be given not earlier than December 15**
- ***Conditions:***
  - ✓ **Employee is still in the service as of November 30**
  - ✓ **Have rendered at least a total or an aggregate of 4 months of service as of November 30, including leaves of absence with pay**



# Productivity Enhancement Incentive (PEI)

- **Pro-rated PEI for those with less than 4 months of service but still in the service as of November 30:**

| Length of Service                     | Percentage of the PEI |
|---------------------------------------|-----------------------|
| <b>3 months to less than 4 months</b> | <b>50%</b>            |
| <b>2 months to less than 3 months</b> | <b>40%</b>            |
| <b>1 month to less than 2 months</b>  | <b>30%</b>            |
| <b>Less than 1 month</b>              | <b>20%</b>            |

- **The PEI of an employee who transferred from one agency to another shall be granted by the new agency**
- **The PEI of an employee on detail shall be granted by the parent agency**
- **A compulsory retiree on service extension as of November 30 may be granted PEI, subject to BC No. 2017-4**



# Uniform/Clothing Allowance (U/CA)

## Section 50, FY 2018 General Appropriations Act Budget Circular No. 2018-1



- **Not to exceed P6,000 per annum, per qualified employee**
- **Covers civilian government personnel occupying regular, contractual, or casual positions; appointive or elective; rendering services on full-time or part-time basis**
- **Granted to defray expenses for uniforms or distinctive clothing which are the required appropriate attire for employees**



# Uniform/Clothing Allowance (U/CA)

- **Computation of U/CA for part-time employees:**

$$\begin{array}{l} \text{U/CA} \\ \text{(Part-Time Service in FY 2018)} \end{array} = \text{P6,000} \times \frac{\text{Hours of Part-Time Service/Day}}{\text{8 Hours of Full-Time Service}}$$

- **If funds in GOCC or LGU budgets are not sufficient to implement fully the U/CA authorized for the fiscal year, the U/CA may be granted at lower but at uniform rates for all qualified personnel.**



# Reclassification of Positions

## Budget Circular No. 2018-3

- **Reclassification shall apply only to *filled regular positions in NGAs***
- **Reclassification shall not apply to casual and contractual positions**
- **Reclassification of filled positions in LGUs is prohibited per Section 325(f) of the Local Government Code of 1991**



# Reclassification of Positions

***Definition of Reclassification*** – a form of staffing modification which is applied only when there is warranted substantial change in the regular duties and responsibilities of the incumbent of position

- **Involves a change in any or all of the ff.: position title, salary grade or position level**
  
- **A position may be reclassified only within the same class category:**
  - a. **Sub-professional**
  - b. **Professional**
  - c. **Executive**

# Reclassification of Positions

- **Reclassification may involve upward or downward change, but not to exceed 1 position level**
- **To preserve meritocracy and fitness in the civil service, a position may be reclassified only if the incumbent fully meets the qualification standards set by the CSC**
- **The reclassification shall not result in a distortion in the hierarchy and mix of positions in the staffing pattern or organizational structure**
- **Reclassification shall not apply to vacant regular positions. Instead, conversion of positions may be applied.**

Thank You  
and  
Good Day



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