



# *Updates on Compensation Matters and Executive Order No. 77, s. 2019*

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**Department of Budget and Management**

PAGBA 2019 4th Quarterly Seminar & Meeting  
Bohol Tropics Resort, Tagbilaran City  
November 6-9, 2019

# Outline of Presentation

## **I. Government Compensation**

- a. Constitutional Provision on Government Compensation**
- b. Congress Joint Resolution No. 4, s.2009**
- c. Executive Order No. 201, s. 2016**
- d. Updates on the Proposed Salary Standardization Law 5**

## **II. Guidelines on the Engagement of Job Order/Contract of Service Workers**

## **III. Provisions of Executive Order No. 77, s. 2019**



# 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."***

# 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**
- **Gave reality to the principle of “equal pay for work of equal value”**
- **Eliminated salary overlaps which caused issues between superiors and subordinates**
- **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)**
  - ✓ **Mid-Year Bonus (1 month salary)**
  - ✓ **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**



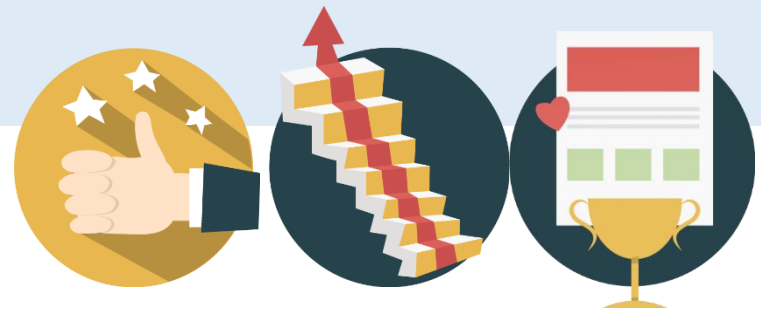
# Specific Purpose Allowances and Benefits (2)

- **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**



# Compensation Strategy

## Objectives:

- ✓ **To be competitive with the market thereby attract and retain talent**
- ✓ **Strengthen the link between pay and performance**
- ✓ **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**



# Updates on the Proposed SSL 5

- **DBM and the Governance Commission for GOCCs, with the help of an independent firm, conducted a compensation study to benchmark the pay of civilian government personnel with private sector workers doing comparable jobs**
- **Based on said study and other factors, such as Presidential pronouncements, DBM submitted a proposal for salary adjustment to OP for the President's approval**
- **Once approved by the President, the proposal will be transmitted to Congress for enactment into law**





# Updates on the Proposed SSL 5

- **As agreed upon in the Cabinet and as cited by the President in his last SONA, the salary adjustment will cover all civilian personnel, including teachers and nurses**
- **P31.1 Billion has been included under the Miscellaneous Personnel Benefits Fund in the proposed 2020 Budget for implementation of the first tranche salary increase**
- **Per latest coordination with OP, said SSL proposal of DBM is still under consideration of the President**





# *Contract of Service and Job Order Workers in Government*

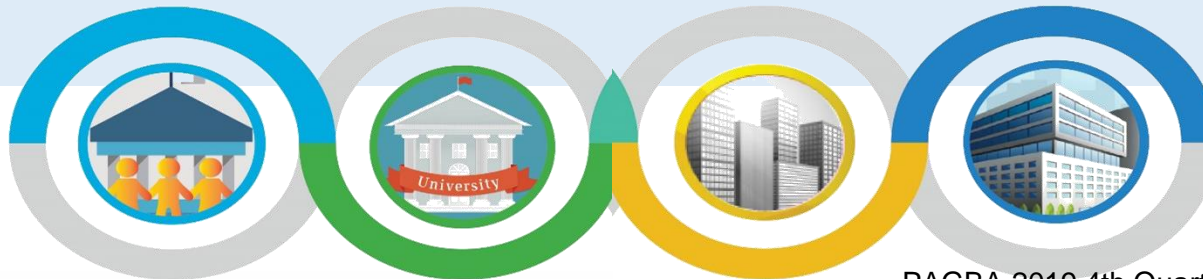
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November 18-19, 2019

# Rules and Regulations on Contract of Service (COS) and Job Order (JO) Workers

## ***CSC-COA-DBM Joint Circular No. 1, s. 2017 dated June 15, 2017***

### ***Coverage***

- ***National Government Agencies***
- ***Government–Owned or –Controlled Corporations with original charters***
- ***State Universities and Colleges***
- ***Constitutional Bodies***



# Definition of Terms

## **Contract of Service**

***Engagement of services of an individual, private firm, other government agency, non-government agency or international organization as consultant, learning service provider or technical expert to undertake a special project or job within a specific period***

## **Job Order**

***A piece work (pakyaw) or intermittent or emergency jobs such as clearing of debris, canals, waterways, etc., other manual, trades and crafts services such as carpentry, plumbing, electrical. These jobs are of short duration and for a specific piece of work***



# Engagement of COS/JO Workers

- **Hiring under COS shall be limited to consultants, learning service providers, or other technical experts to undertake special project or job within a specific period**
- **Project or job is not part of the regular functions of the agency, or the expertise is not available in the agency, or it is impractical or more expensive for the agency to directly undertake the service provided by the individual or institutional contractor**



# Engagement of COS/JO Workers

- **Hiring of JO workers shall be limited to emergency or intermittent work, such as clearing of debris after disasters/occurrences, other trades and crafts, and manual tasks such as carpentry, plumbing, painting, electrical, and the like which are not part of the regular functions of the agency**
- **COS and JO workers should not be designated to positions exercising control or supervision over regular and career employees**



# Engagement of COS/JO Workers

- **Services of COS and JO workers are not covered by Civil Service law and rules, thus, are not creditable as government service**
- **They do not receive benefits such leave, PERA, RATA and thirteenth month pay**



# Amendment to CSC-COA-DBM JC No. 1, s. 2017

## ***CSC-COA-DBM JC No. 1, s. 2018 dated November 9, 2018***



- **Amends Section 11 (Transitory Provisions) of previous circular**
- **Amended Section 11 now provides that:**
  - ✓ **Agencies may engage the services of new COS and JO workers through individual contract and renew existing individual contracts until December 31, 2020.**
  - ✓ **Thereafter, the engagement of COS and JO workers shall be in accordance with the provisions of JC No. 1, s. 2017**





# Amendment to CSC-COA-DBM JC No. 1, s. 2017

- ✓ **Services of individual COS or JO shall be paid salary/wage equivalent to the daily salary/wage of comparable positions in government and a premium of up to 20% of such salary/wage effective January 1, 2019**
- ✓ **The premium of 20% may be paid monthly, in lump sum or in tranches (i.e., mid-year and year-end payments) as may be stated in the contract.**
- ✓ **Charged to MOOE in the approved budget**



# Amendment to CSC-COA-DBM JC No. 1, s. 2017



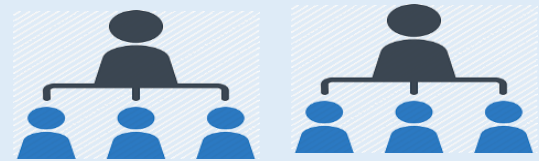
**The institutional contract of an agency with a contractor or service provider shall include a provision that existing qualified COS or JO workers may be considered in the hiring by the contractor or service provider**

- ✓ **The existing qualified COS and JO workers shall be considered for appointment to vacant positions subject to Civil Service law and rules and agency CSC-approved Merit Selection Plan**



# Amendment to CSC-COA-DBM JC No. 1, s. 2017

- ✓ **Agencies shall review their functions, systems and procedures, organizational structure and staffing to determine the appropriate human resource complement for their programs/activities/ projects**



- ✓ **The creation of permanent positions may be considered for regular functions, while the hiring of casual or contractual personnel may be considered for projects and activities that are temporary in nature, subject to evaluation of DBM or GCG**





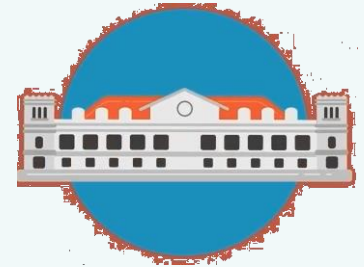
# *Travel Allowances and Expenses for Official Local and Foreign Travels of Government Personnel*

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Bohol Tropics Resort, Tagbilaran City  
November 6-9, 2019

# President's Authority to Set Travel Rates

## **EO No. 292, Administrative Code of 1987**

(Section 72, Chapter 7, Book VI)



- **The rates of per diem and other allowances for official travel shall be determined by the President**
- **The rates may be changed from time to time upon recommendation of the Travel Rates Committee (TRC)**

# President's Authority to Set Travel Rates

## EO No. 292, Administrative Code of 1987

(Section 72, Chapter 7, Book VI)

- **The TRC is composed of the Secretary of Budget as Chairman and the Secretary of Foreign Affairs, the Secretary of Tourism and the Chairman, Commission on Audit, or their representatives, as members**



# EO No. 77

## **EO No. 77 issued on March 15, 2019:**

- **Consolidates, updates and rationalizes the rules and regulations and rates of travel expenses under the category of conferences, special missions and other non-study trips**
- **Repeals EO Nos. 248, 248-A, 298, and 459**
- **Modifies MC No. 35 and other related Presidential issuances**

# Coverage

*EO No. 77 dated March 15, 2019*

## **Official local and foreign travels of personnel in the:**

- ✓ **Executive Department, including SUCs, GOCCs, and GFIs**
- ✓ **Congress of the Philippines**
- ✓ **Judiciary**
- ✓ **Constitutional Commissions**
- ✓ **Office of the Ombudsman**
- ✓ **LGUs**





# Authorized Official Travel

**Official local and foreign travels should meet the following criteria:**

- ✓ **Essential to effective performance of mandates and functions**
- ✓ **Is required to meet the needs of the agency**
- ✓ **The presence of the official/employee is critical to the outcome of the conference, seminar or similar activity**
- ✓ **Expenses are not excessive**

# Travel Beyond 50-Km Radius

## **Allowable Expenses:**

- **Transportation and Miscellaneous Expenses from the permanent official station to the destination (Transportation expense not allowed if government vehicle is used)**
- **Daily Travel Expenses (DTE)**

# Daily Travel Expenses (DTE)

*Section 5(b)(i) of EO Np. 77*

## Maximum allowable DTE

Destination				Maximum DTE
<b>Cluster I</b>	Region I	Region V	Region XII	<b>P1,500</b>
	Region II	Region VIII	Region XIII	
	Region III	Region IX	ARMM	
<b>Cluster II</b>	CAR	Region VII	Region XI	<b>P1,800</b>
	Region VI	Region X		
<b>Cluster III</b>	NCR	Region IV-A	Region IV-B	<b>P2,200</b>

# Apportioned Travel Expenses

## ***Section 5(c)***

- ❖ **The allowable DTE shall be based on the following apportionment:**

Particulars	Percentage	To Cover
Day of arrival at destination (regardless of time) and succeeding day/s	100%	Hotel/Lodging (50%) Meals (30%) Incidental Expenses (20%)
Day of departure for official station (regardless of time) if other than date of arrival	50%	Meals (30%) Incidental Expenses (20%)

# Travel Expenses in Excess of Authorized Rates

## ***Section 5(c)***

*Claims for reimbursement of actual accommodation expenses in excess of the accommodation component of the DTE (50%) may be allowed; the difference not to exceed 100% of such component, and only upon:*

- Submission of certification by the agency head as absolutely necessary***
- Presentation of bills and receipts. A certification or affidavit of loss shall not be considered as appropriate replacement for lost bills and receipts***

# Travel Within 50-Km Radius

## **Allowable expenses:**

- **Actual transportation expenses**
- **DTE provided the personnel stays in the place of assignment and does not commute daily to and from residence and place of assignment**
- **Claim for hotel expense shall be substantiated by a bill or invoice.**



# ***OFFICIAL FOREIGN TRAVEL OF GOVERNMENT PERSONNEL***

PAGBA 2019 4th Quarterly Seminar & Meeting  
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# Pre-departure Expenses

## *Section 11(a)*

- **Pre-departure expenses not exceeding **P3,500** to cover miscellaneous expenses for taxi, passport processing, immunization and medical laboratory fees, photographs, porterage, airport terminal fees, etc.**





# Transportation Expenses



## *Section 12*

- ❖ **If not provided by a sponsor, transportation expenses allowed for the economy class (does not include premium economy class)**
- ❖ **For long haul trips (more than 4 hours, without counting lay-overs) of Secretaries, Undersecretaries and Assistant Secretaries, business class may be allowed, subject to OP approval**

# Clothing Allowance

## ***Section 13(a)***

***Foreign travel for more than one month to tropical or temperate countries coinciding with the summer and spring seasons***

<b>Duration</b>	<b>Rate</b>
<b>More than 1 month but less than 3 months</b>	<b>US\$200</b>
<b>3 Months and more but less than 6 months</b>	<b>US\$300</b>
<b>6 months and more</b>	<b>US\$400</b>

# Clothing Allowance

## ***Section 13(b)***

***Foreign travel to temperate countries  
coinciding with the autumn or winter seasons***

<b>Duration</b>	<b>Rate</b>
<b>2 weeks or less</b>	<b>US\$200</b>
<b>More than 2 weeks but less than 1 month</b>	<b>US\$300</b>
<b>1 month or more</b>	<b>US\$400</b>

# Clothing Allowance

## *Section 13(e)*

- ❖ **The clothing allowance may be granted more than once in every 24 months.**
- ❖ **Total clothing allowance shall not exceed US\$400 within a 24-month period.**



# Daily Subsistence Allowance (DSA)

## *Section 14(a)*

- ❖ **DSA shall be based on the daily rates established by the International Civil Service Commission of the United Nations.**
- ❖ **If destination is not listed therein, the DSA for the nearest country shall be adopted.**
- ❖ **If city of destination is not listed therein, the “elsewhere” rate for the country shall be adopted.**

# Daily Subsistence Allowance (DSA)

## ***Section 14(b)***

❖ ***The DSA shall be apportioned as follows:***

Particulars	Percentage	To Cover
Day of arrival at destination (regardless of time) and succeeding day/s	100%	Hotel/Lodging (50%) Meals (30%) Incidental Expenses (20%)
Day of departure for official station (regardless of time) if other than date of arrival	50%	Meals (30%) Incidental Expenses (20%)

# Daily Subsistence Allowance (DSA)

## *Section 14(c), (d)*

- ❖ **If hotel/lodging, meals and incidental expenses are provided by host country or donor institution, DSA shall not be allowed.**
- ❖ **Claims for DSA under Section 14(a) and (b) shall not require presentation of bills and receipts**

# Daily Subsistence Allowance (DSA)

## *Section 14(e)*

- ❖ **Subject to the approval of appropriate authorities, claims for reimbursement of actual accommodation expenses in excess of the accommodation component of DSA may be allowed, but not to exceed 30% of such component of DSA**





# Daily Subsistence Allowance (DSA)

## ***Section 14(e)***

### ***Reimbursement of actual expenses:***

- ❖ ***Only upon certification by agency head as absolutely necessary, and presentation of bills and receipts***
- ❖ ***Affidavit of loss not considered appropriate replacement for receipts/bills***



# Reimbursement of Representation Expenses

## *Section 16(a)*

- **Reimbursement of actual representation expenses not exceeding the prescribed rates, subject to approval of authorities, based on justifications presented and presentation of bills and receipts**
- **May be allowed for officials authorized to attend conferences or meetings, or undertake official missions or assignments in the exigency of the service**

# Reimbursement of Representation Expenses

Particulars	Representation Rates
<b>Cabinet Members and those of equivalent rank</b>	<b>US \$1,000</b>
<b>Department Undersecretaries and those of equivalent rank, if designated as head of delegation</b>	<b>US \$700</b>
<b>Department Assistant Secretaries and those of equivalent rank, if designated as head of delegation</b>	<b>US \$500</b>
<b>Positions lower than Assistant Secretary level, if designated as head of delegation</b>	<b>US \$300</b>

# Reimbursement of Representation Expenses

## *Section 16(a), (b)*

- **Such expenses may cover necessary entertainment, contributions, flowers, wreaths, and the like, when justified by circumstances and in conformity with generally accepted customs, and practices**
- **Officials on travel abroad for speaking engagements, or for scholarships, fellowships, trainings, workshops and studies, or whose travels are fully funded by donors or sponsoring organizations, shall not be allowed reimbursement of representation expenses**

# Insurance


## *Section 18*

- **Personnel on foreign travel pursuant to EO No. 77 may be entitled to travel insurance at the minimum amount required by the country of destination, or a travel coverage of P500,000 if there is no minimum coverage set by a country**



# Miscellaneous Provisions

## *Section 19*

- **All forms of travel junkets are strictly prohibited.**
  - **Strategic planning workshops or team building activities abroad are not allowed.**
  - **The taking of personal leave immediately before or after the official activity is highly discouraged.**
  - **If travel circumstances indicate that the trip is mainly for personal purposes, no part thereof shall be considered as official.**
- 

# Miscellaneous Provisions

## *Section 20*

- **Official foreign trips partially or fully funded by private corporations or individuals shall be fully disclosed.**
- **No official or personal travel shall be funded directly or indirectly, fully or partially, by private individuals, including suppliers or contractors.**

# Miscellaneous Provisions

## *Section 21a(i), a(ii)*

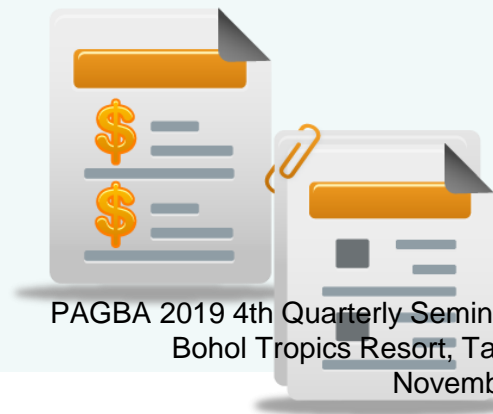
- **Department Secretaries and those of equivalent ranks shall cause the preparation and issuance of internal guidelines on local and foreign travels of personnel in NGAs, including SUCs, GOCCs, and GFIs under/attached to their respective departments/agencies**
- **The Secretary of the Department of the Interior and Local Government shall cause the preparation and issuance of the rules and regulations governing official local and foreign travels of LGU personnel**



# Miscellaneous Provisions

## *Section 22(a)*

- **Within 2 calendar months after return to the Philippines (official foreign travel), or within 1 calendar month of return to permanent official station (official local travel), personnel shall render an account of cash advance received in accordance with existing applicable rules and regulations.**



Thank You  
and  
Good Day



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