

H. No. 10054
S. No. 862

Republic of the Philippines
Congress of the Philippines
Metro Manila

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-fourth day of July, nineteen hundred and eighty-nine

[REPUBLIC ACT No. 6758]

AN ACT PRESCRIBING A REVISED COMPENSATION
AND POSITION CLASSIFICATION SYSTEM IN
THE GOVERNMENT AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives
of the Philippines in Congress assembled:*

SECTION 1. *Title.*—This Act shall be known as the “Compensation and Position Classification Act of 1989.”

SEC. 2. *Statement of Policy.*—It is hereby declared the policy of the State to provide equal pay for substantially equal work and to base differences in pay upon substantive differences in duties and responsibilities, and qualification requirements of the positions. In determining rates of pay, due regard shall be given to, among others, prevailing rates in the private sector for comparable work. For this purpose, the Department of Budget and Management (DBM) is hereby directed to establish and administer a unified Compensation and Position Classification System, hereinafter referred to as the System, as provided for in Presidential Decree No. 985, as amended, that shall be applied

for all government entities, as mandated by the Constitution.

SEC. 3. *General Provisions.*—The following principles shall govern the Compensation and Position Classification System of the government:

(a) All government personnel shall be paid just and equitable wages; and while pay distinctions must necessarily exist in keeping with work distinctions, the ratio of compensation for those occupying higher ranks to those at lower ranks should be maintained at equitable levels, giving due consideration to higher percentages of increases to lower level positions and lower percentage increases to higher level positions;

(b) Basic compensation for all personnel in the government and government-owned or controlled corporations and financial institutions shall generally be comparable with those in the private sector doing comparable work, and must be in accordance with prevailing laws on minimum wages;

(c) The total compensation provided for government personnel must be maintained at a reasonable level in proportion to the national budget;

(d) A review of government compensation rates, taking into account possible erosion in purchasing power due to inflation and other factors, shall be conducted periodically.

SEC. 4. *Coverage.*—The Compensation and Position Classification System herein provided shall apply to all positions, appointive or elective, on full or part-time basis, now existing or hereafter created in the government, including government-owned or controlled corporations and government financial institutions.

The term "government" refers to the Executive, the Legislative and the Judicial Branches and the Constitutional Commissions and shall include all, but shall not be limited to, departments, bureaus, offices, boards, commissions, courts, tribunals, councils, authorities, administrations, centers, institutes, state colleges and universities,

local government units, and the armed forces. The term "government-owned or controlled corporations and financial institutions" shall include all corporations and financial institutions owned or controlled by the National Government, whether such corporations and financial institutions perform governmental or proprietary functions.

SEC. 5. *Position Classification System.*—The Position Classification System shall consist of classes of positions grouped into four main categories, namely: professional supervisory, professional non-supervisory, sub-professional supervisory, and sub-professional non-supervisory, and the rules and regulations for its implementation.

Categorization of these classes of positions shall be guided by the following considerations:

(a) *Professional Supervisory Category*—This category includes responsible positions of a managerial character involving the exercise of management functions such as planning, organizing, directing, coordinating, controlling and overseeing within delegated authority the activities of an organization, a unit thereof or of a group, requiring some degree of professional, technical or scientific knowledge and experience, application of managerial or supervisory skills required to carry out their basic duties and responsibilities involving functional guidance and control, leadership, as well as line supervision. These positions require intensive and thorough knowledge of a specialized field usually acquired from completion of a bachelor's degree or higher degree courses.

The positions in this category are assigned Salary Grade 9 to Salary Grade 33.

(b) *Professional Non-Supervisory Category*—This category includes positions performing task which usually require the exercise of a particular profession or application of knowledge acquired through formal training in a particular field or just the exercise of a natural, creative and artistic ability or talent in literature, drama, music and other branches of arts and letters. Also included are positions involved in research and application of professional

knowledge and methods to a variety of technological, economic, social, industrial and governmental functions; the performance of technical tasks auxiliary to scientific research and development; and in the performance of religious, educational, legal, artistic or literary functions. These positions require thorough knowledge in the field of arts and sciences or learning acquired through completion of at least four (4) years of college studies.

The positions in this category are assigned Salary Grade 8 to Salary Grade 30.

(c) *Sub-Professional Supervisory Category*—This category includes positions performing supervisory functions over a group of employees engaged in responsible work along technical, manual or clerical lines of work which are short of professional work, requiring training and moderate experience or lower training but considerable experience and knowledge of a limited subject matter or skills in arts, crafts or trades. These positions require knowledge acquired from secondary or vocational education or completion of up to two (2) years of college education.

The positions in this category are assigned Salary Grade 4 to Salary Grade 18.

(d) *Sub-Professional Non-Supervisory Category*—This category includes positions involved in structured work in support of office or fiscal operations or those engaged in crafts, trades or manual work. These positions usually require skills acquired through training and experience or completion of elementary education, secondary or vocational education or completion of up to two (2) years of college education.

The positions in this category are assigned Salary Grade 1 to Salary Grade 10.

SEC. 6. *Index of Occupational Services, Position Titles and Salary Grades of the Compensation and Position Classification System*.—All positions in the government covered under Section 4 hereof shall be allocated to their proper position titles and salary grades in accordance with the Index of Occupational Services, Position Titles and Salary

Grades of the Compensation and Position Classification System which shall be prepared by the DBM.

SEC. 7. *Salary Schedule*.—The Department of Budget and Management is hereby directed to implement the Salary Schedule prescribed below:

Salary Schedule

Grade	1st	2nd	3rd	4th	5th	6th	7th	8th
1—	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144
2—	2,073	2,094	2,115	2,136	2,158	2,179	2,201	2,223
3—	2,156	2,178	2,200	2,222	2,244	2,266	2,289	2,312
4—	2,250	2,272	2,295	2,318	2,341	2,364	2,388	2,412
5—	2,355	2,378	2,402	2,426	2,450	2,475	2,500	2,525
6—	2,473	2,497	2,522	2,547	2,573	2,599	2,625	2,651
7—	2,604	2,630	2,657	2,683	2,710	2,737	2,765	2,793
8—	2,752	2,779	2,807	2,835	2,864	2,892	2,921	2,950
9—	2,917	2,946	2,976	3,005	3,036	3,066	3,097	3,127
10—	3,102	3,133	3,164	3,196	3,228	3,260	3,293	3,325
11—	3,309	3,342	3,375	3,409	3,443	3,477	3,512	3,547
12—	3,540	3,576	3,611	3,647	3,684	3,721	3,758	3,796
13—	3,800	3,838	3,876	3,915	3,954	3,994	4,033	4,074
14—	4,091	4,132	4,173	4,215	4,257	4,300	4,343	4,386
15—	4,418	4,463	4,507	4,552	4,598	4,644	4,690	4,737
16—	4,786	4,834	4,883	4,932	4,981	5,031	5,081	5,132
17—	5,201	5,253	5,306	5,359	5,413	5,467	5,521	5,577
18—	5,670	5,726	5,784	5,841	5,900	5,959	6,018	6,079
19—	6,199	6,261	6,323	6,386	6,450	6,515	6,580	6,646
20—	6,798	6,866	6,935	7,004	7,074	7,145	7,216	7,283
21—	7,478	7,553	7,628	7,704	7,781	7,859	7,938	8,017
22—	8,250	8,333	8,416	8,500	8,585	8,671	8,758	8,845
23—	9,131	9,222	9,314	9,407	9,501	9,596	9,692	9,789
24—	10,135	10,236	10,339	10,442	10,546	10,652	10,758	10,866
25—	11,385	11,499	11,614	11,730	11,847	11,966	12,085	12,206
26—	12,650	12,777	12,904	13,033	13,164	13,295	13,428	13,563
27—	13,915	14,054	14,195	14,337	14,480	14,625	14,771	14,919
28—	15,180	15,332	15,485	15,640	15,796	15,954	16,114	16,275
29—	17,075	17,246	17,418	17,592	17,768	17,946	18,125	18,307
30—	18,975							
31—	19,550							
32—	22,000							
33—	25,000							

The above Salary Schedule shall be used for positions that are paid on the annual or monthly rate basis. All salaries in the Salary Schedule expressed as monthly rates in pesos shall represent full compensation for full-time employment, regardless of where the work is performed. Salaries for services rendered on a part-time basis shall be adjusted proportionately.

The Department of Budget and Management shall update the above Schedule whenever there are across-the-board salary adjustments as may be provided by law.

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

SEC. 8. *Salaries of Constitutional Officials and their Equivalent.*—Pursuant to Section 17, Article XVIII of the Constitution, the salary of the following officials shall be in accordance with the Salary Grades indicated hereunder:

	Salary Grade
President of the Philippines	33
Vice-President of the Philippines	32
President of the Senate	32
Speaker of the House of Representatives	32
Chief Justice of the Supreme Court	32
Senator	31
Member of the House of Representatives	31
Associate Justices of the Supreme Court	31
Chairman of a Constitutional Commission under Article IX, 1987 Constitution	31
Member of a Constitutional Commission under Article IX, 1987 Constitution	30

The Department of Budget and Management is hereby authorized to determine the officials who are of equivalent rank to the foregoing Officials, where applicable, and may be assigned the same Salary Grades based on the following guidelines:

GRADE 33—This Grade is assigned to the President of the Republic of the Philippines as the highest position in

the government. No other position in the government service is considered to be of equivalent rank.

GRADE 32—This Grade is limited to the Vice-President of the Republic of the Philippines and those positions which head the Legislative and Judicial Branches of the government, namely: the Senate President, Speaker of the House of Representatives and Chief Justice of the Supreme Court. No other positions in the government service are considered to be of equivalent rank.

GRADE 31—This Grade is assigned to Senators and Members of the House of Representatives and those with equivalent rank as follows: the Executive Secretary, Department Secretary, Presidential Spokesman, Ombudsman, Press Secretary, Presidential Assistant with Cabinet Rank, Presidential Adviser, National Economic and Development Authority Director General, Court of Appeals Presiding Justice, Sandiganbayan Presiding Justice, Secretary of the Senate, Secretary of the House of Representatives, and President of the University of the Philippines.

An entity with a broad functional scope of operations and wide area of coverage ranging from top level policy formulation to the provision of technical and administrative support to the units under it, with functions comparable to the aforesaid positions in the preceding paragraph, can be considered organizationally equivalent to a Department, and its head to that of a Department Secretary.

GRADE 30—Positions included are those of Department Undersecretary, Cabinet Undersecretary, Presidential Assistant, Solicitor General, Government Corporate Counsel, Court Administrator of the Supreme Court, Chief of Staff of the Office of the Vice-President, National Economic and Development Authority Deputy Director General, Presidential Management Staff Executive Director, Deputy Ombudsman, Associate Justices of the Court of Appeals, Associate Justices of the Sandiganbayan, Special Prosecutor, University of the Philippines Executive Vice-President, Mindanao State University President, Polytechnic University of the Philippines President and President of other state universities and colleges of the same class.

Heads of councils, commissions, boards and similar entities whose operations cut across offices or departments or are serving a sizeable portion of the general public and whose coverage is nationwide or whose functions are comparable to the aforesaid positions in the preceding paragraph, may be placed at this level.

The equivalent rank of positions not mentioned herein or those that may be created hereafter shall be determined based on these guidelines.

The provisions of this Act as far as they upgrade the compensation of Constitutional Officials and their equivalent under this section shall, however, take effect only in accordance with the Constitution: *Provided*, That with respect to the President and Vice-President of the Republic of the Philippines, the President of the Senate, the Speaker of the House of Representatives, the Senators, and the Members of the House of Representatives, no increase in salary shall take effect even beyond 1992, until this Act is amended: *Provided, further*, That the implementation of this Act with respect to Assistant Secretaries and Undersecretaries shall be deferred for one (1) year from the effectivity of this Act and for Secretaries, until July 1, 1992: *Provided, finally*, That in the case of Assistant Secretaries, Undersecretaries and Secretaries, the salary rates authorized herein shall be used in the computation of the retirement benefits for those who retire under the existing retirement laws within the aforesaid period.

SEC. 9. Salary Grade Assignments for Other Positions.— For positions below the Officials mentioned under Section 8 hereof and their equivalent, whether in the National Government, local government units, government-owned or controlled corporations or financial institutions, the Department of Budget and Management is hereby directed to prepare the Index of Occupational Services to be guided by the Benchmark Position Schedule prescribed hereunder and the following factors: (1) the education and experience required to perform the duties and responsibilities

of the position; (2) the nature and complexity of the work to be performed; (3) the kind of supervision received; (4) mental and/or physical strain required in the completion of the work; (5) nature and extent of internal and external relationships; (6) kind of supervision exercised; (7) decision-making responsibility; (8) responsibility for accuracy of records and reports; (9) accountability for funds, properties and equipment; and (10) hardship, hazard and personal risk involved in the job.

Benchmark Position Schedule

Position Title	Salary Grade
Laborer I	1
Messenger	2
Clerk I	3
Driver I	3
Stenographer I	4
Mechanic I	4
Carpenter II	5
Electrician II	6
Secretary I	7
Bookkeeper	8
Administrative Assistant	8
Education Research Assistant I	9
Cashier I	10
Nurse I	10
Teacher I	10
Agrarian Reform Program Technologist	10
Budget Officer I	11
Chemist I	11
Agriculturist I	11
Social Welfare Officer I	11
Engineer I	12
Veterinarian I	13
Legal Officer I	14
Administrative Officer II	15
Dentist II	16

Postmaster IV	17
Forester III	18
Associate Professor I	19
Rural Health Physician	20

In no case shall the salary of the chairman, president, general manager or administrator, and the board of directors of government-owned or controlled corporations and financial institutions exceed Salary Grade 30: *Provided*, That the President may, in truly exceptional cases, approve higher compensation for the aforesaid officials.

SEC. 10. *Local Government Units (LGUs).*—The rates of pay in LGUs shall be determined on the basis of the class and financial capability of each LGU: *Provided*, That such rates of pay shall not exceed the following percentages of the rates in the salary schedule prescribed under Section 7 hereof:

	For Provinces/Cities	For Municipalities
Special Cities	100%	
1st Class	100%	90%
2nd Class	95%	85%
3rd Class	90%	80%
4th Class	85%	75%
5th Class	80%	70%
6th Class	75%	65%

SEC. 11. *Military and Police Personnel.*—The base pay of uniformed personnel of the Armed Forces of the Philippines and the Integrated National Police shall be as prescribed in the salary schedule for these personnel in R.A. No. 6638 and R.A. No. 6648. The longevity pay of these personnel shall be as prescribed under R.A. No. 6638, and R.A. No. 1134 as amended by R.A. No. 3725 and R.A. No. 6648: *Provided, however*, That the longevity pay of uniformed personnel of the Integrated National Police

shall include those services rendered as uniformed members of the police, jail and fire departments of the local government units prior to the police integration.

All existing types of allowances authorized for uniformed personnel of the Armed Forces of the Philippines and Integrated National Police such as cost of living allowance, longevity pay, quarters allowance, subsistence allowance, clothing allowance, hazard pay and other allowances shall continue to be authorized.

SEC. 12. *Consolidation of Allowances and Compensation.*—All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.

Existing additional compensation of any national government official or employee paid from local funds of a local government unit shall be absorbed into the basic salary of said official or employee and shall be paid by the National Government.

SEC. 13. *Pay Adjustments.*—Paragraphs (b) and (c), Section 15 of Presidential Decree No. 985 are hereby amended to read as follows:

"(b) *Pay Reduction*—If an employee is moved from a higher to a lower class, he shall not suffer a reduction in salary: *Provided*, That such movement is not the result of a disciplinary action or voluntary demotion.

"(c) *Step Increments*—Effective January 1, 1990 step increments shall be granted based on merit and/or length of service in accordance with rules and regulations that will be promulgated jointly by the DBM and the Civil Service Commission."

✓ SEC. 14. *Administration of Compensation and Position Classification System*.—Subparagraph (a), Section 17 of Presidential Decree No. 985 is hereby amended to read as follows:

"(a) Administer the compensation and position classification system established herein and revise it as necessary."

SEC. 15. *Reference to Offices and Positions*.—All references to the "Commissioner of the Budget," "Budget Commission" or "Commission" and "Office of Compensation and Position Classification" or "OCPC" in Presidential Decree No. 985 and Presidential Decree No. 1597 shall read to mean the Secretary of Budget and Management, the Department of Budget and Management or DBM, and the Compensation and Position Classification Bureau or CPCB, respectively.

SEC. 16. *Repeal of Special Salary Laws and Regulations*.—All laws, decrees, executive orders, corporate charters, and other issuances or parts thereof, that exempt agencies from the coverage of the System, or that authorize and fix position classification, salaries, pay rates or allowances of specified positions, or groups of officials and employees or of agencies, which are inconsistent with the System, including the proviso under Section 2, and Section 16 of Presidential Decree No. 985 are hereby repealed.

SEC. 17. *Salaries of Incumbents*.—Incumbents of positions presently receiving salaries and additional compensation/fringe benefits including those absorbed from local government units and other emoluments, the aggregate of which exceeds the standardized salary rate as herein

prescribed, shall continue to receive such excess compensation, which shall be referred to as transition allowance. The transition allowance shall be reduced by the amount of salary adjustment that the incumbent shall receive in the future.

The transition allowance referred to herein shall be treated as part of the basic salary for purposes of computing retirement pay, year-end bonus and other similar benefits.

As basis for computation of the first across-the-board salary adjustment of incumbents with transition allowance, no incumbent who is receiving compensation exceeding the standardized salary rate at the time of the effectivity of this Act, shall be assigned a salary lower than ninety percent (90%) of his present compensation or the standardized salary rate, whichever is higher. Subsequent increases shall be based on the resultant adjusted salary.

SEC. 18. *Additional Compensation of Commission on Audit Personnel and of Other Agencies*.—In order to preserve the independence and integrity of the Commission on Audit (COA), its officials and employees are prohibited from receiving salaries, honoraria, bonuses, allowances or other emoluments from any government entity, local government unit, and government-owned and controlled corporations, and government financial institution, except those compensation paid directly by the COA out of its appropriations and contributions.

Government entities, including government-owned or controlled corporations including financial institutions and local government units are hereby prohibited from assessing or billing other government entities, government-owned or controlled corporations including financial institutions or local government units for services rendered by its officials and employees as part of their regular functions for purposes of paying additional compensation to said officials and employees.

SEC. 19. *Funding Source.*—The funding sources for the amounts necessary to implement this Act shall be as follows:

(a) For national government entities, the amount shall be charged against the appropriations set aside for the purpose in the 1989 General Appropriations Act and from savings generated from the different departments, bureaus, offices and agencies. Thereafter, such amounts as are needed shall be included in the annual General Appropriations Act.

(b) For local government units, the amount shall be charged against their respective funds. Local government units which do not have adequate or sufficient funds shall only partially implement the established rates as may be approved by the Joint Commission under Section 3 of Presidential Decree No. 1136: *Provided*, That any partial implementation shall be uniform and proportionate for all positions in each local government unit: *Provided, further*, That savings from National Assistance to Local Government Units (NALGU) funds may be used for this purpose.

(c) For government corporations, the amount shall come from their respective corporate funds.

SEC. 20. *Separability Clause.*—If for any reason any section or provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

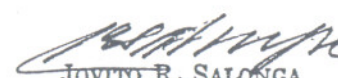
SEC. 21. *Applicability of Presidential Decree No. 985 as Amended by Presidential Decree No. 1597.*—All provisions of Presidential Decree No. 985, as amended by Presidential Decree No. 1597, which are not inconsistent with this Act and are not expressly modified, revoked or repealed in this Act shall continue to be in full force and effect.

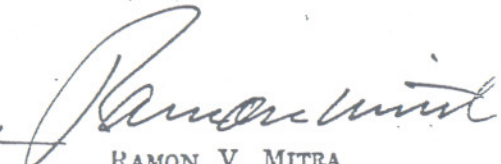
SEC. 22. *Repealing Clause.*—All laws, decrees, orders, rules or regulations or parts thereof inconsistent with the

provisions of this Act are hereby repealed, amended, or modified accordingly.

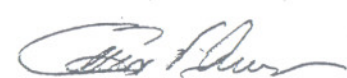
SEC. 23. *Effectivity.*—This Act shall take effect July 1, 1989. The DBM shall within sixty (60) days after its approval allocate all positions in their appropriate position titles and salary grades and prepare and issue the necessary guidelines to implement the same.


Approved,


JOVITO R. SALONGA
President of the Senate

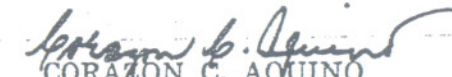

RAMON V. MITRA
Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 10054 and Senate Bill No. 862 was finally passed by both the House of Representatives and the Senate on August 9, 1989.


EDWIN P. ACOPA
Secretary of the Senate


QUIRINO D. ABAD SANTOS, JR.
Secretary of the House of Representatives

Approved: August 21, 1989


CORASON C. AQUINO
President of the Philippines