



***Salary Standardization Law of 2015***  
***Proposed Adjustments in***  
***Salaries and Benefits for the***  
***Public Sector***



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

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*The review of the Public Sector Compensation and Benefits is mandated by Joint Resolution No. 4 (June 17, 2009), which states that “a periodic review of the government’s Compensation and Position Classification System shall be conducted every three (3) years” (i.e., 3 years after 2012, or 2015)*

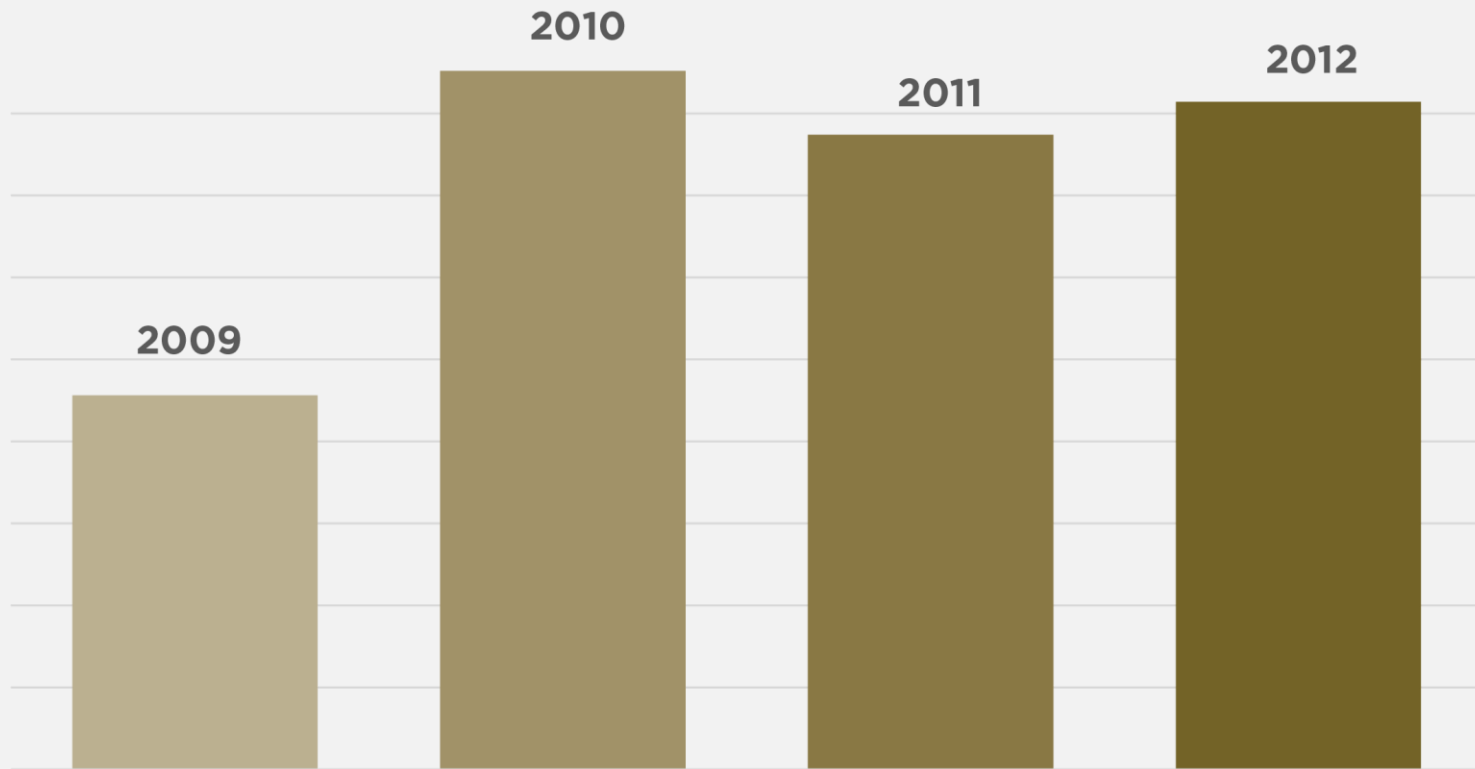
*To determine:*

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



# SSL 3 Salary Increase

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

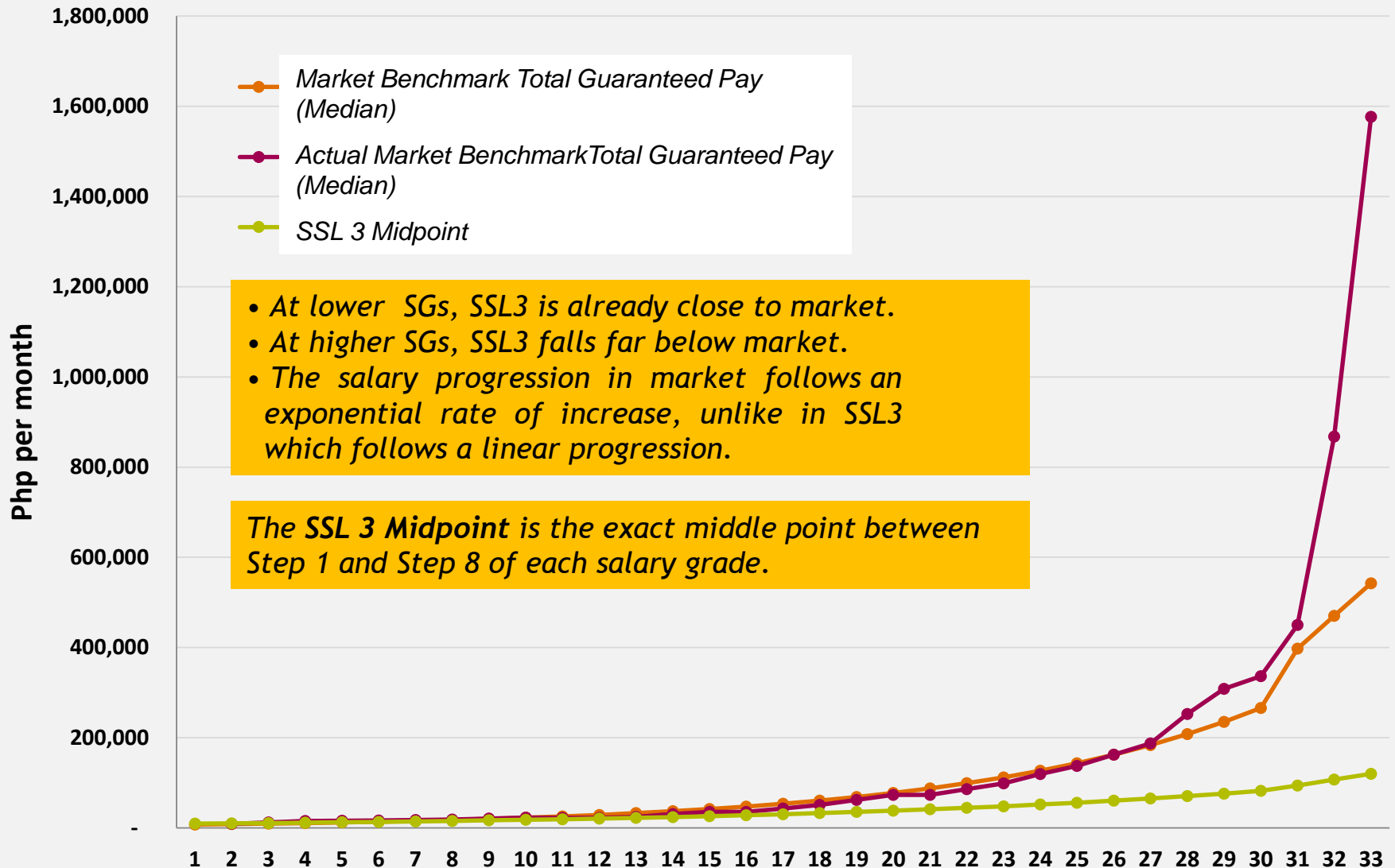


<b>COST</b>	<b>22.8 B</b>	<b>42.6 B</b>	<b>38.7 B</b>	<b>40.7 B</b>	<b>= 144.8 B</b>
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# Highlights of Competitiveness Review: *SSL 3 is Below Market*

## SSL Salary Grade (SG)



- At lower SGs, SSL3 is already close to market.
- At higher SGs, SSL3 falls far below market.
- The salary progression in market follows an exponential rate of increase, unlike in SSL3 which follows a linear progression.

The SSL 3 Midpoint is the exact middle point between Step 1 and Step 8 of each salary grade.



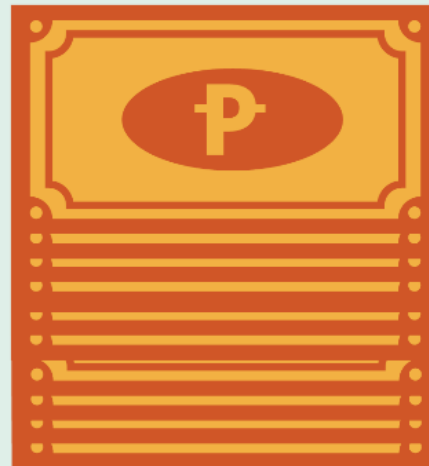
# Highlights of Competitive Review: *SSL 3 is 45% Below Market*

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
<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
<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
<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



# AVERAGE PAY UNDER SSL3

↓ 45%  
OF THE MARKET



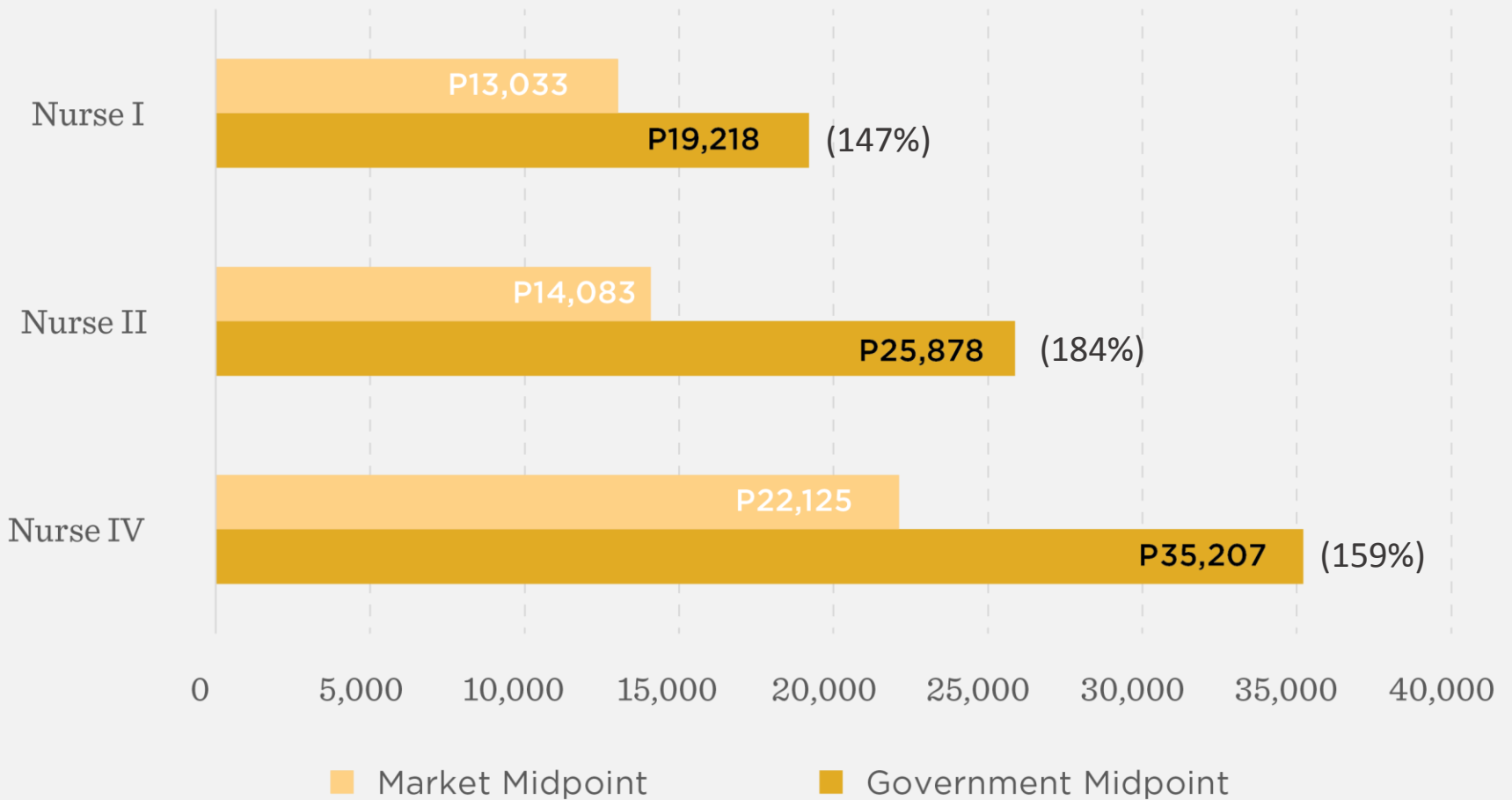
**PUBLIC SECTOR**



**PRIVATE SECTOR**

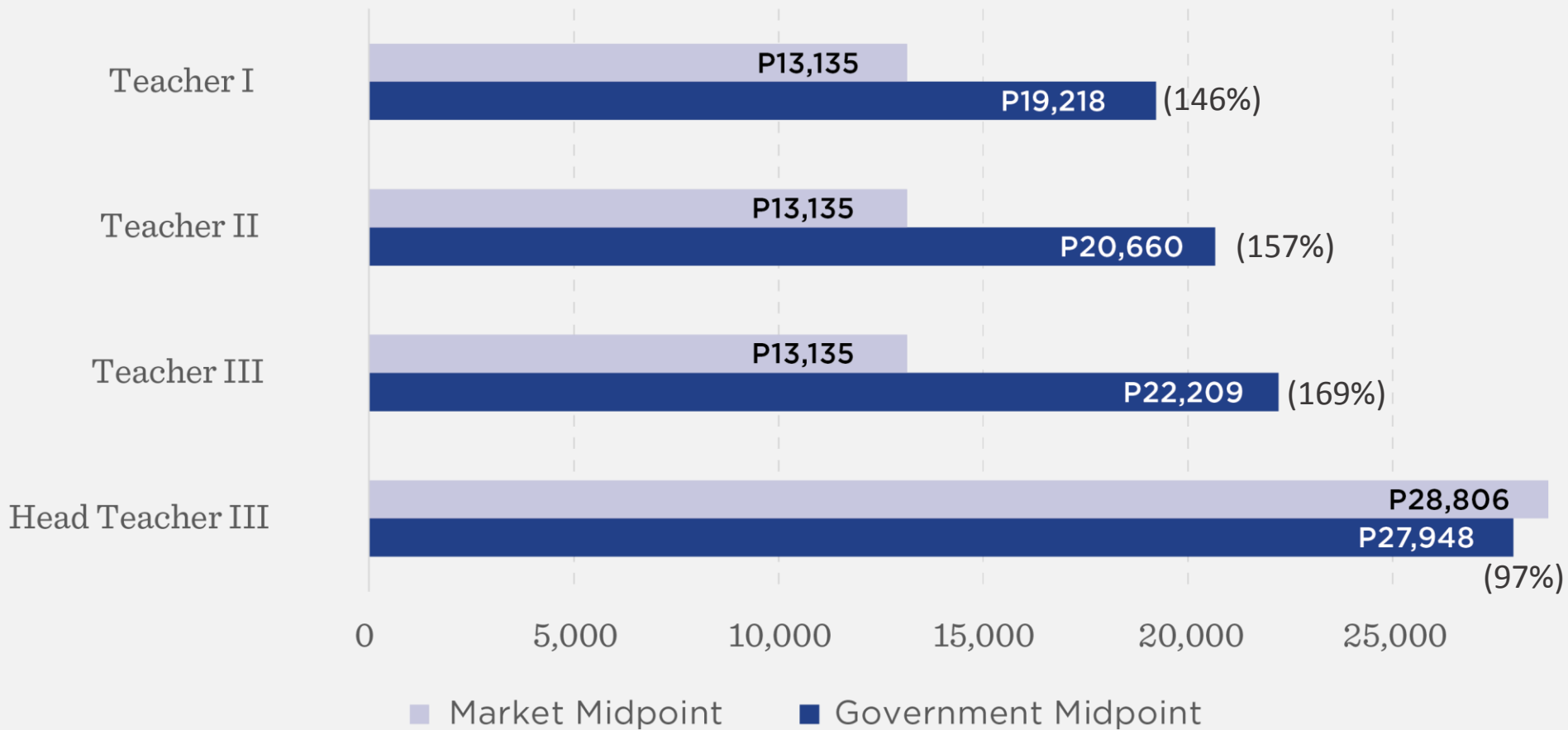


# SSL 3 vs. Market for Nurses (Basic Monthly Salary)



# SSL 3 vs. Market for Teachers

*(Basic Monthly Salary)*





# GUIDING PRINCIPLES *for* SSL 2015



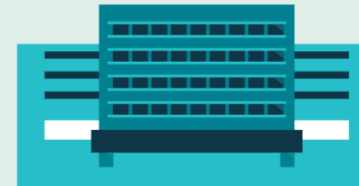
**PAYMENT OF JUST AND EQUITABLE COMPENSATION TO GOVERNMENT PERSONNEL IN ACCORDANCE WITH THE PRINCIPLE OF EQUAL PAY FOR WORK OF EQUAL VALUE**



**COMPARABILITY OF CIVILIAN GOVERNMENT PAY WITH THOSE IN THE PRIVATE SECTOR;**



**ADOPTION OF A PERFORMANCE-BASED INCENTIVE SCHEME**



**RATIONALIZED AND STANDARDIZED COMPENSATION ACROSS ALL GOVERNMENT AGENCIES**

# Compensation Adjustment Strategy

## *Parameters:*

- The minimum basic salary (SG 1) shall be raised **from P9,000 to P11,068** a month.
- To attract and retain talent, the compensation of government personnel shall be 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, especially for those in the higher salary grades.
- The structure of the adjustment should temper the cost of benefits (i.e. GSIS premiums and PhilHealth contributions) and allow for higher take home pay, especially for those in the lower salary grades

# COMPENSATION STRATEGY



**BASIC SALARY INCREASE**

**27%**



**14TH MONTH PAY (MID-YEAR)**

**8%**



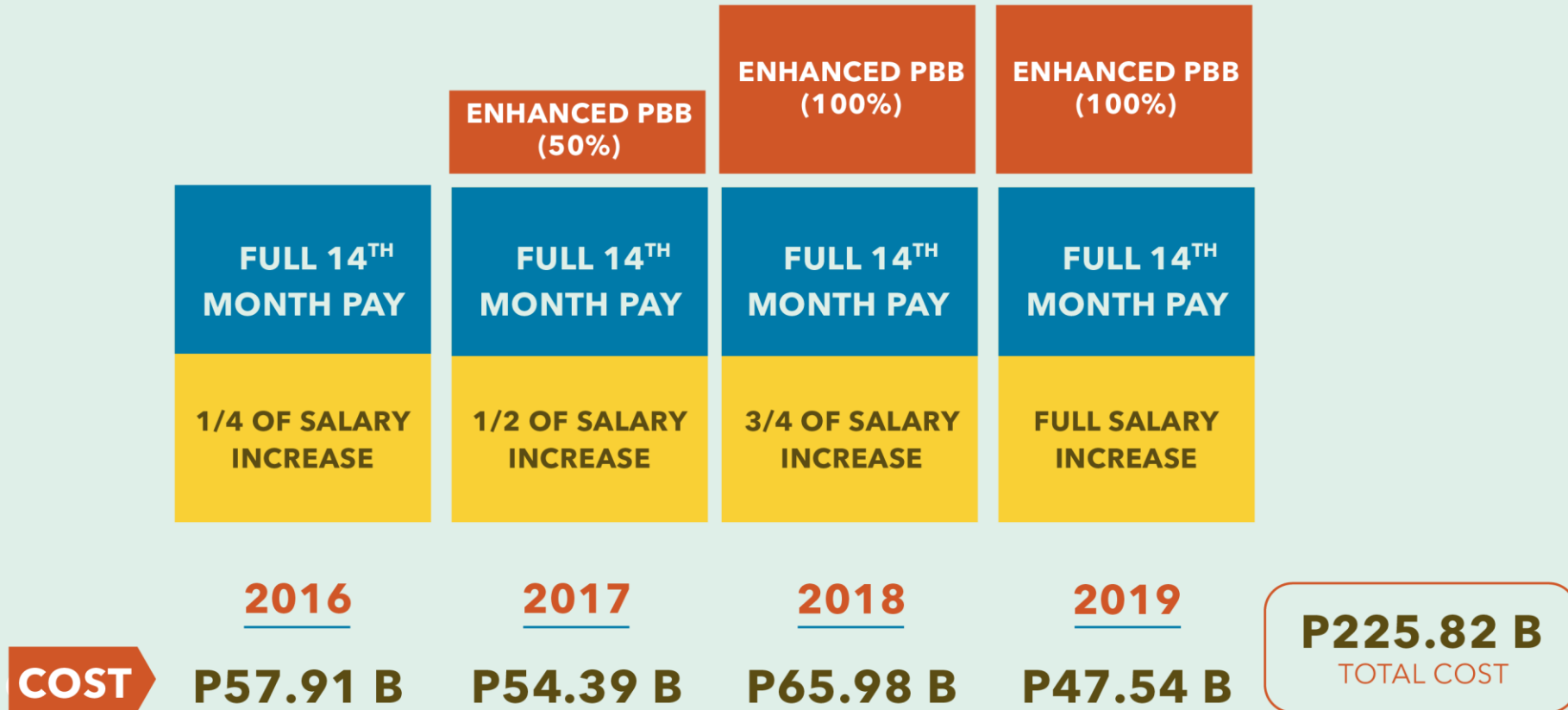
**ENHANCED PERFORMANCE-BASED BONUS (PBB)**

**10%**

**THE WEIGHTED AVERAGE INCREASE of COMPENSATION *for ALL SALARY GRADES is 45%.***

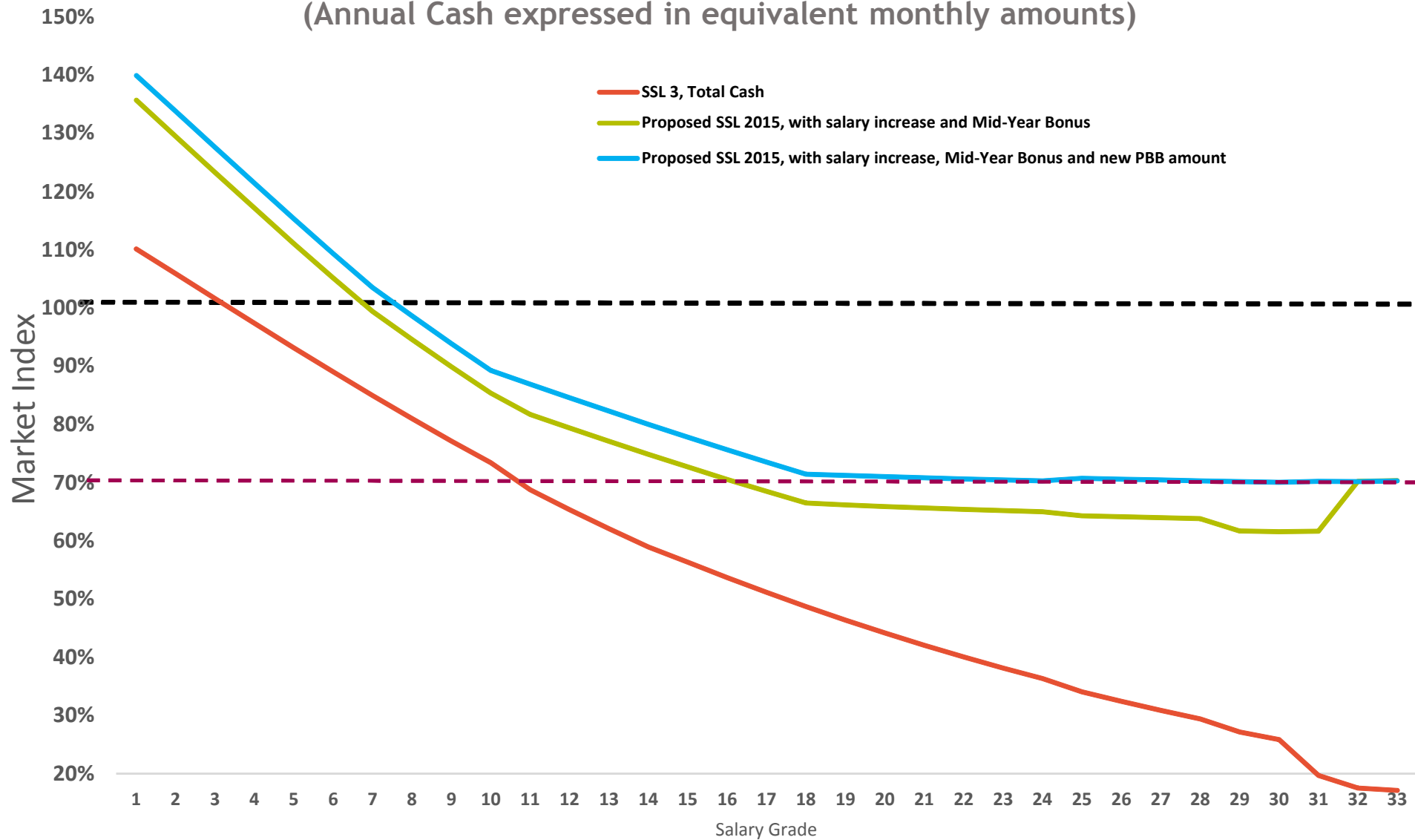
# COMPENSATION STRATEGY

## SCHEDULE OF IMPLEMENTATION/ANNUAL COST



# SSL 3 vs. SSL 2015 vs. Benchmark Market Rates

(Annual Cash expressed in equivalent monthly amounts)



- Total cash includes basic salary, and guaranteed allowances and bonuses, and existing minimum Performance-based Bonus (PBB)
- SGs 18-31 will reach 70% of regressed market only upon inclusion of new PBB rates

# Share of Increase by Category

Category	Sample Positions	No. of Authorized Positions	Total Cost (SSL 4)	% of Total Cost	Market Position*
<b>Sub-professional (SGs 1-10)</b>	Utility Worker I Driver II Carpenter Legal Assistant	179,879	8,247,008,643.69	<b>3.65%</b>	154% to 88% of market
<b>Professional** (SGs 11-24)</b>	Budget Officer II Attorney I Economist III Division Chief	949,996	139,439,131,453.00	<b>61.75%</b>	86% to 70% of market
<b>Middle Managers (SGs 25-28)</b>	Director I Director II Director III Bureau Director	31,301	17,027,994,416.41	<b>7.54%</b>	70% of market
<b>Executives (SGs 29-33)</b>	Assistant Secretary Secretary Senator President	4,735	8,636,618,360.16	<b>3.82%</b>	70% of market
<b>Military and Unformed Personnel</b>	Police Officer I Sergeant Captain General	346,899	52,468,167,322.50	<b>23.23%</b>	n/a
<b>TOTAL</b>		<b>1,527,810</b>	<b>225,818,920,194.00</b>	<b>100%</b>	

\*Weighted average in relation to market is 84%. This will be much higher if the pay of Teachers & Nurses are included in the computation.

\*\*A separate survey was conducted for Teachers and Nurses.



# Proposed SSL 2015 Salary Midpoints versus SSL 3 and Market

Salary Grade	No. of Authorized Positions	Sample Positions	Market Benchmark	Present (SSL 3)		Proposed (SSL 2015)		
				SSL 3 Midpoint	SSL 3/Market Benchmark (%)	SSL 2015 Midpoint	SSL 2015 Midpoint/Market Benchmark (%)	% Share to Total Cost
1	18,595	Utility Worker I	7,400	9,325	126	11,400	154	0.42%
2	4,591	Messenger	8,373	10,024	120	12,084	144	0.11%
3	17,250	Clerk I	9,474	10,776	114	12,809	135	0.40%
4	28,541	Driver II	10,719	11,584	108	13,578	127	0.66%
5	10,347	Carpenter II	12,129	12,453	103	14,392	119	0.25%
6	30,196	Lab Technician I	13,723	13,387	98	15,256	111	0.69%
7	11,180	Computer Operator I	15,528	14,391	93	16,171	104	0.24%
8	23,486	Engineering Asst.	17,569	15,470	88	17,303	98	0.57%
9	21,005	Electrician Foreman	19,879	16,630	84	18,514	93	0.54%
10	14,688	Legal Assistant I	22,492	17,878	79	19,810	88	0.39%
11	426,575	Economist I	25,450	19,218	76	21,791	86	15.04%
12	114,966	Accountant I	28,795	20,660	72	23,970	83	4.99%
13	159,409	Budget and Management Specialist I	32,581	22,209	68	26,368	81	8.16%
14	16,201	Cashier II	36,865	23,875	65	29,004	79	0.92%
15	40,044	Budget Officer II	41,711	25,878	62	31,905	76	3.83%
16	33,869	Attorney I	47,195	27,948	59	35,095	74	2.48%
17	6,072	Executive Assistant II	53,400	30,184	57	38,605	72	0.52%



# Proposed SSL 2015 Salary Midpoints versus SSL 3 and Market

Salary Grade	No. of Authorized Positions	Sample Positions	Present (SSL 3)			Proposed (SSL 2015)		
			Market Benchmark	SSL 3 Midpoint	SSL 3/Market Benchmark (%)	SSL 2015 Midpoint	SSL 2015 /Mkt Benchmark (%)	% Share to Total Cost
18	55,181	Economist III	60,421	32,599	54	42,465	70	5.51%
19	45,841	IT Officer I	68,364	35,207	51	47,986	70	5.40%
20	11,973	Board Secretary III	77,353	38,023	49	54,224	70	1.73%
21	11,405	Attorney III	87,522	41,065	47	61,273	70	1.88%
22	20,450	Asst. Division Chief	99,029	44,350	45	69,238	70	4.19%
23	8,010	Court Attorney II	112,049	47,898	43	78,239	70	1.90%
24	13,366	Division Chief	126,780	51,730	41	88,410	70	3.87%
25	4,566	Director I	143,448	55,868	39	100,788	70	1.66%
26	6,494	Director II	162,307	60,337	37	113,890	70	2.84%
27	4,345	Director III	183,646	65,169	35	128,696	70	2.24%
28	2,530	Bureau Director	207,790	70,378	34	145,427	70	1.52%
29	3,715	Assistant Secretary	235,109	76,008	32	164,332	70	2.77%
30	632	Undersecretary	266,019	82,088	31	185,695	70	0.54%
31	383	Secretary	397,440	93,582	24	276,500	70	0.57%
32	4	Vice President	469,924	107,099	22	330,418	70	0.01%
33	1	President	552,917	120,000	22	388,096	70	0.002%

**1,165,911 (Total Authorized Civilian Positions)**

**Weighted Average: 84%**

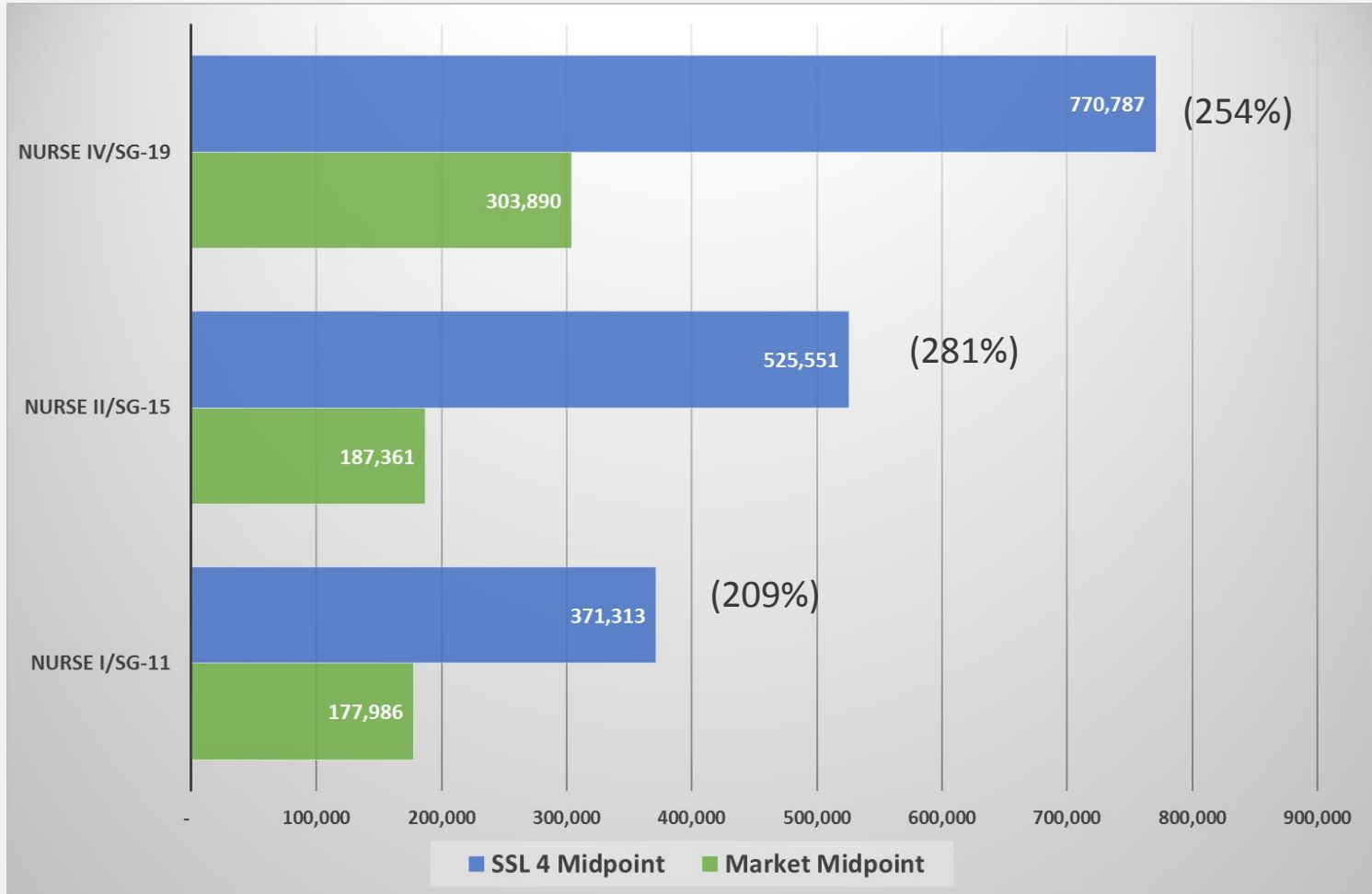






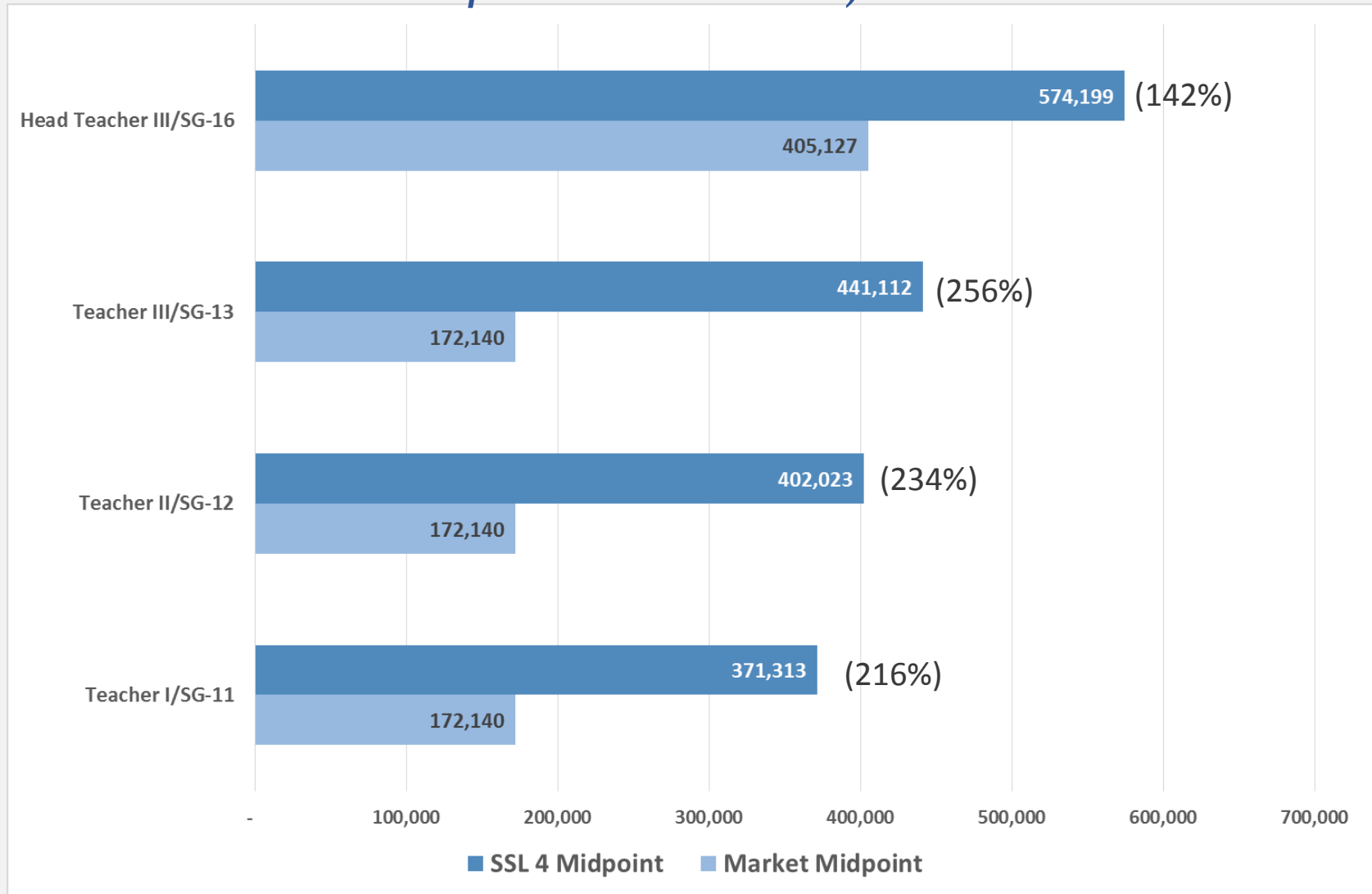
# SSL 2015 vs. Market for Nurses

*(Total Guaranteed Compensation + PBB)*



# SSL 2015 vs. Market for Teachers

(Total Guaranteed Compensation + PBB)



# Proposed Monthly Base Pay Schedule for MUPs

Sample Rank		Equivalent SG	Current Base Pay	Proposed Base Pay
DND	DILG (PNP)			
Candidate Soldier		7	11,265	12,764
Private	Police Officer I	11	14,834	16,597
Private First Class		12	15,952	18,351
Corporal	Police Officer II	13	16,934	19,933
Sergeant		14	17,744	21,372
Staff Sergeant	Police Officer III	15	18,665	22,898
Technical Sergeant		16	20,159	25,189
Master Sergeant	Sr. Police Officer I	17	21,771	27,707
Senior Master Sergeant	Sr. Police Officer II	18	23,513	30,477
Chief Master Sergeant	Sr. Police Officer III	19	25,394	33,952
First Chief Master Sergeant	Sr. Police Officer IV	20	27,425	38,366
Cadet	Cadet	20	27,425	38,366
Probationary Second Lieutenant		20	27,425	38,366
Second Lieutenant		21	29,945	43,829
First Lieutenant	Inspector	22	32,341	49,528
Captain	Senior Inspector	23	35,312	56,582
Major	Chief Inspector	24	37,313	62,555
Lieutenant Colonel	Superintendent	25	40,298	71,313
Colonel	Senior Superintendent	26	43,521	80,583
Brigadier General	Chief Superintendent	27	47,002	91,058
Major General	Director	28	50,763	102,896
Lieutenant General	Deputy Director General	29	59,210	116,272
General	Director General	30	67,500	131,389



## Proposed Monthly Base Pay and Longevity Pay for MUPs

Sample Rank		Equivalent SG	Current			Proposed			Increase (Proposed - Current)
DND	DILG (PNP)		Base Pay	Average Longevity Pay	Total	Base Pay	Average Longevity Pay	Total	
Candidate Soldier		7	11,265	-	11,265	12,764	-	12,764	1,499
Private	Police Officer I	11	14,834	1,483	16,317	16,597	1,660	18,257	1,939
Private First Class		12	15,952	1,595	17,547	18,351	1,835	20,186	2,639
Corporal	Police Officer II	13	16,934	3,556	20,490	19,933	4,186	24,119	3,629
Sergeant		14	17,744	5,856	23,600	21,372	7,053	28,425	4,825
Staff Sergeant	Police Officer III	15	18,665	8,661	27,326	22,898	10,625	33,523	6,197
Technical Sergeant		16	20,159	9,354	29,513	25,189	11,688	36,877	7,364
Master Sergeant	Sr. Police Officer I	17	21,771	10,886	32,657	27,707	13,854	41,561	8,904
Senior Master Sergeant	Sr. Police Officer II	18	23,513	11,757	35,270	30,477	15,239	45,716	10,446
Chief Master Sergeant	Sr. Police Officer III	19	25,394	12,697	38,091	33,952	16,976	50,928	12,837
First Chief Master Sergeant	Sr. Police Officer IV	20	27,425	13,713	41,138	38,366	19,183	57,549	16,412
Cadet	Cadet	20	27,425	-	27,425	38,366	-	38,366	10,941
Probationary Second Lieutenant		20	27,425	13,713	41,138	38,366	19,183	57,549	16,412
Second Lieutenant		21	29,945	2,995	32,940	43,829	4,383	48,212	15,272
First Lieutenant	Inspector	22	32,341	3,234	35,575	49,528	4,953	54,481	18,906
Captain	Senior Inspector	23	35,312	7,416	42,728	56,582	11,882	68,464	25,737
Major	Chief Inspector	24	37,313	12,313	49,626	62,555	20,643	83,198	33,572
Lieutenant Colonel	Superintendent	25	40,298	18,537	58,835	71,313	32,804	104,117	45,282
Colonel	Senior Superintendent	26	43,521	21,761	65,282	80,583	40,292	120,875	55,593
Brigadier General	Chief Superintendent	27	47,002	23,501	70,503	91,058	45,529	136,587	66,084
Major General	Director	28	50,763	25,382	76,145	102,896	51,448	154,344	78,200
Lieutenant General	Deputy Director General	29	59,210	29,605	88,815	116,272	58,136	174,408	85,593
General	Director General	30	67,500	33,750	101,250	131,389	65,695	197,084	95,834



# Civilian vs. MUP: Proposed Total Compensation

Components of Compensation		Civilian	DND	DILG
Rank		Teacher I/SG-11 <sup>/a</sup>	Private <sup>/b</sup>	Police Officer I <sup>/b</sup>
❖	<b>Basic Salary</b>			
	Basic Salary/ Base Pay	252,456	199,164	199,164
❖	<b>Allowances and Benefits</b>			
	Longevity Pay	-	19,916	19,916
	PERA	24,000	24,000	24,000
	Uniform/Clothing Allowance	5,000	2,400	2,400
	Cash Gift	5,000	5,000	5,000
	Mid-year Bonus	21,038	16,597	16,597
	Year-end Bonus	21,038	16,597	16,597
❖	<b>Specific-Purpose Allowance</b>			
	Subsistence Allowance	-	54,000	54,000
	Hazard Pay	-	2,880	2,880
	Laundry	-	360	360
	Quarters	-	4,800	4,800
❖	<b>Incentives</b>			
	PEI	5,000	5,000	5,000
	New PBB	26,298	20,746	20,746
	<b>Total Annual Compensation</b>	<b>359,830</b>	<b>371,460</b>	<b>371,460</b>

<sup>/a</sup> At Step 2

<sup>/b</sup> With at least five (5) years in service to be entitled to 10% longevity pay

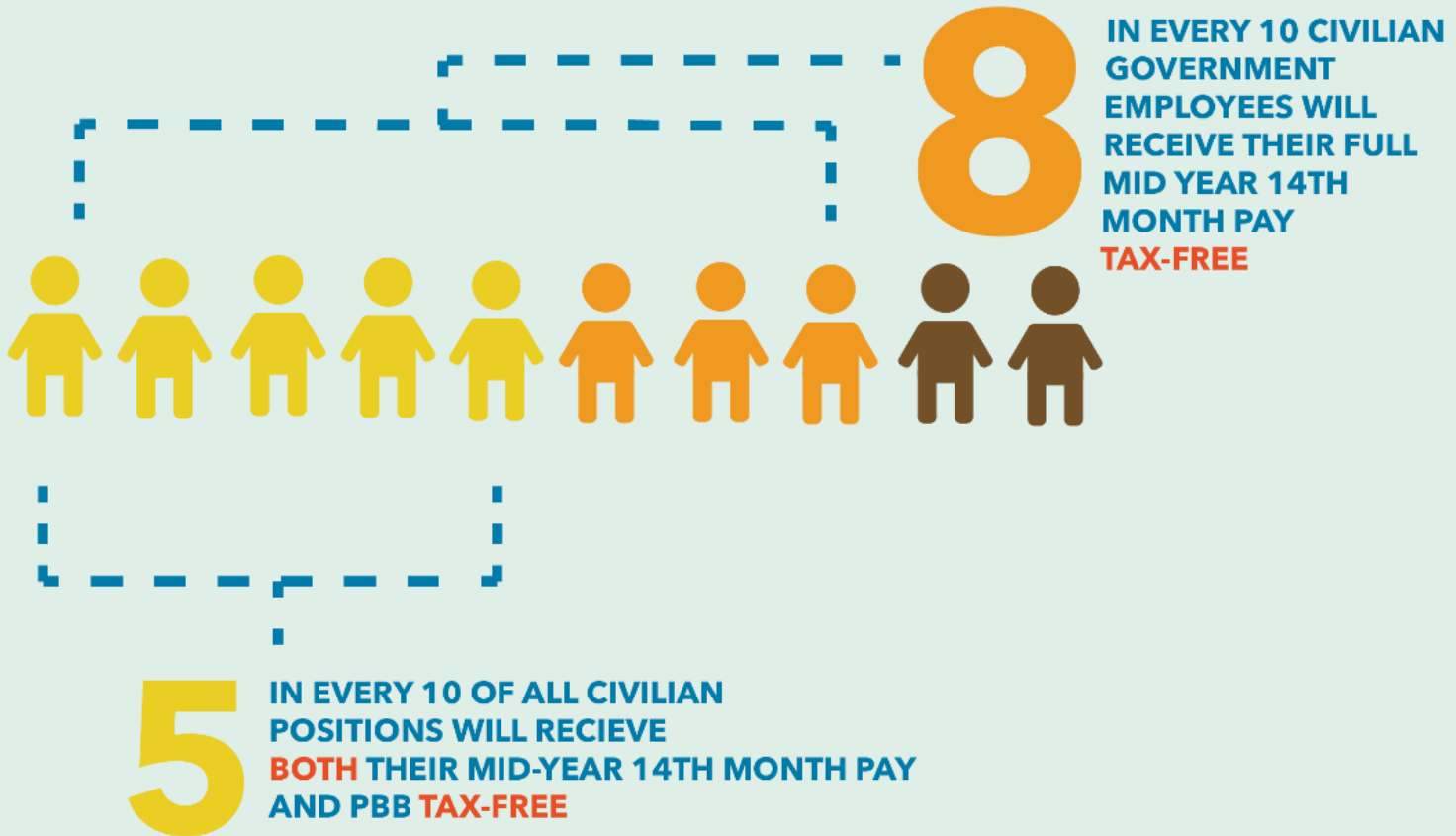


# Tax Implication on Compensation

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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. Thus, the majority\* of employees will enjoy a higher take-home pay as a result of adjustments under SSL 2015.
  - In effect, for SGs 1-11 employees who number 606,454 or 52% of all authorized civilian positions and who are only receiving the existing tax-exempt 13<sup>th</sup> month pay, cash gift and PEI, the full mid-year bonus and the full PBB shall also be exempt from tax.
  - For SGs 12-16 employees, who number 364,489 or 31% of all authorized civilian positions and who are only receiving the existing tax-exempt 13<sup>th</sup> month pay, cash gift and PEI, the full mid-year bonus shall also be exempt from tax.

# TAX EXEMPTIONS ON BENEFITS



# 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.**







***Salary Standardization Law of 2015***  
***Proposed Adjustments in***  
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