

Chapter 3

The Compensation Plan

3.1 The Compensation Plan

The Compensation Plan (CP) under RA No. 6758 is an orderly scheme for determining rates of compensation of government personnel. It was crafted to attract, motivate and retain good and qualified people to accomplish the Philippine Government's mission and mandates, to encourage personal and career growth, and to reward good performance and length of service. To achieve these goals, the CP has a mix of compensation components, namely; basic pay or salaries, fringe benefits, incentives and non-financial rewards which provide reasonable levels of compensation packages within existing government resources, and are administered equitably and fairly.

3.2 Concepts of Compensation

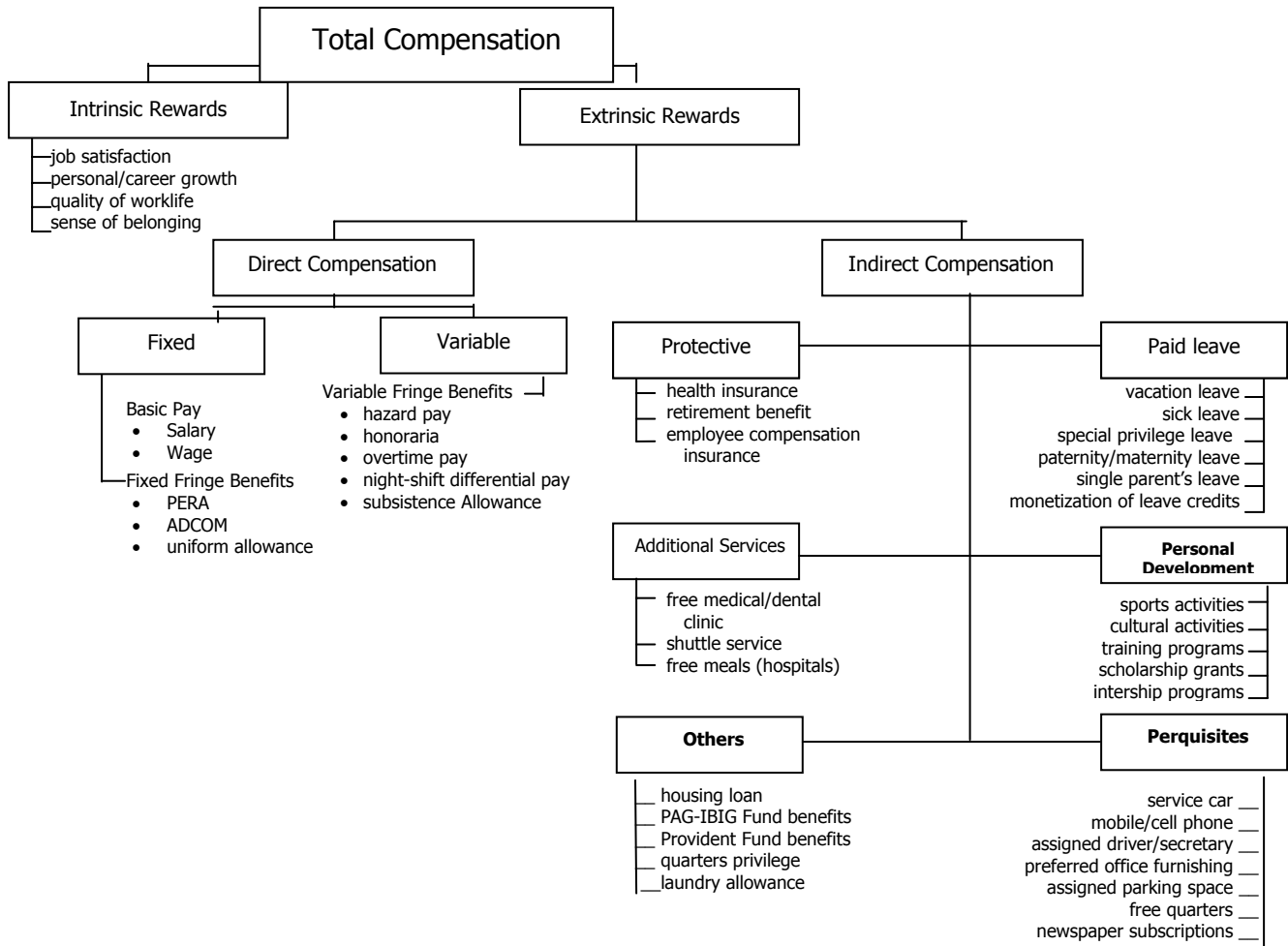
- 3.2.1 **Total Compensation** – This represents all financial and non-financial rewards and entitlements arising from employment relationship.
- 3.2.2 **Intrinsic Rewards** - These are derived from the work environment, which are valued internally by an individual, like quality of worklife, job satisfaction, challenge, personal and professional growth opportunities, feeling of belonging, freedom to act, visionary leadership, and the like.
- 3.2.3 **Extrinsic Rewards/Entitlements** – These comprise all compensation benefits, both monetary and non-monetary, and received directly or indirectly by the employee.
- 3.2.4 **Direct Compensation** - These are cash compensation items which are either fixed or variable and are paid to an employee for the performance of work. These include basic pay, cash allowances and fringe benefits.
- 3.2.5 **Indirect Compensation** - These are usually non-cash or in-kind benefit items that contribute to the employee's welfare, standard of living and personal development. These include protection programs such as insurances, paid leaves, perquisites and training programs.

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- 3.2.6 **Fixed Compensation** – These are cash compensation items which are regularly granted to all employees. Examples are: basic salaries, Personnel Economic Relief Allowance (PERA), and Additional Compensation (ADCOM).
- 3.2.7 **Variable Compensation** - These are cash compensation items which are granted to employees based on certain qualifications or rendition of special services. Examples are, hazard pay, honoraria, night-shift differential pay, and overtime pay.
- 3.2.8 **Basic Pay** - This is the primary cash compensation for work performed, excluding any other payments, allowances and fringe benefits.
- 3.2.9 **Salary** - This refers to the basic pay for work performed by an employee paid on a monthly basis.
- 3.2.10 **Wage** – This refers to the basic pay for work performed by an employee paid on a daily or hourly basis.
- 3.2.11 **Fringe Benefits** - These refer to cash compensation benefits given to an employee to supplement the basic pay. These include cash allowances, bonuses, premium payments, etc.

The chart on page 3-3 shows the Concept of Total Compensation and what comprises it under the existing Compensation Plan of the Philippine Government.

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3.3 Policy of the State

Section 2 of RA No. 6758 provides the compensation policy of the State, to wit:

"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. "

3.4 Governing Principles of the Compensation Plan

Pursuant to RA No. 6758, the CP is based on the following principles:

3.4.1 All government personnel shall be paid just and equitable salaries

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- 3.4.2 The basic pay for all personnel in the government shall generally be comparable with those in the private sector.
- 3.4.3 The total compensation program of government personnel shall be maintained at a reasonable level in proportion to the national budget.
- 3.4.4 Government compensation rates shall be reviewed periodically taking into account possible erosion in purchasing power due to inflation and other economic factors.

3.5 General Guidelines on Government Compensation

Government compensation shall be governed by the following general guidelines:

- 3.5.1 Each class of positions in the Position Classification Plan shall be assigned a salary grade.
- 3.5.2 Compensation for part-time services rendered shall be computed proportionately.
- 3.5.3 Across-the-board salary or wage adjustment shall be granted to all employees.
- 3.5.4 Salary and other compensation adjustments including the grant of new benefits shall be covered by appropriate legal basis or authority.
- 3.5.5 As a general rule, no official or employee shall receive a salary equal to or higher than the salary of his/her immediate supervisor, except when otherwise authorized by law, rules and regulations.
- 3.5.6 Unless otherwise specifically approved by the President, no person shall be appointed in the government under the guise of voluntary service, with compensation below the hiring rate for the position, provided that, the application of this provision may be waived to authorize voluntary service in the Armed Forces of the Philippines or in connection with relief operations.

3.6 Contents of the Compensation Plan

The CP contains the following:

- Salary schedule;

- Salary rules; and
- Policies, rules and regulations related to other compensation such as allowances and other benefits.

3.7 The Salary Schedule

- The salary schedule under the CP is a table of salary grades with each salary grade consisting of several salary steps with corresponding money values.
- A salary grade represents a level of difficulty and responsibility of work. The present Salary Schedule consists of 33 salary grades.
- Each of Salary Grades 1 to 32 consists of 8 salary steps which are used to provide incentives for length of service in the position. Salary Grade 33 has only 1 salary step.
- The 1st salary step is the minimum or hiring rate. The 2nd to 7th salary steps are the intermediate salary rates. The 8th step is the maximum salary rate.
- All rates in the Salary Schedule represent full compensation for full-time employment in a 40-hour work week regardless of where the work is performed.
- The daily wage represents full compensation for full-time employment in an 8-hour work day regardless of where the work is performed. The daily rate shall be computed based on the authorized/actual monthly rate for the position divided by 22 days.

3.8 Salary Rules

The rules governing the implementation of the salary schedule are as follows:

3.8.1 Hiring Rate

- 3.8.1.1 The first step in the salary grade for a given class of positions shall be the hiring rate for new employees.
- 3.8.1.2 No employee shall receive a salary less than the hiring rate for the position.

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3.8.2 Promotion – This is a movement from a lower level position to a higher level position within the same or in another organizational unit in the same department or agency.

3.8.2.1 If the actual salary of the employee at the time of his/her promotion is below the hiring rate of the new position, he/she shall be allowed the hiring rate or 1st step of the salary grade of the new position.

3.8.2.2 If the present salary falls between steps, he shall be allowed the next higher step, i.e., the immediately succeeding step to an off-step salary rate. Hence, if the salary rate falls between steps 3 and 4, the next higher step is step 4.

3.8.2.3 If the present salary is equal to any of the steps of the new position, he/she shall be allowed the next higher step. However, if it is equal to the maximum or 8th step, he/she shall only continue to receive the same salary rate.

3.8.2.4 If the present salary is over the maximum or 8th step of the new position, he/she shall continue to receive his/her present salary. Any excess over the 8th step shall be treated as transition allowance which shall be considered as advanced implementation of future salary increase/s.

3.8.3 Demotion – This is a movement from a higher level position to a lower level position within the same or in another organizational unit in the same department or agency.

3.8.3.1 If the demotion is due to the exigency of the service, the employee shall be allowed to continue to receive his/her present salary in the higher level position.

3.8.3.2 If the demotion is voluntary or at the instance of the employee or a result of disciplinary action, he/she shall be allowed only the hiring rate of the lower level position.

3.8.4 Transfer – This is a movement from one position to another from one department or agency to another, or from one organizational unit to another within the same department or agency.

3.8.4.1 If the transfer is to a higher level position, the salary rules on promotion shall apply.

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3.8.4.2 If the transfer is to a position of equivalent rank or of the same salary grade as the previous position, the employee shall continue to receive his/her present salary.

3.8.4.3 If the transfer is to a lower level position, the salary rules on demotion shall apply.

3.8.5 Reclassification of Position – This is a form of position classification action which may result in a change in position title or position level, and may or may not involve a change in salary grade.

3.8.5.1 An employee whose position was reclassified to another position at the same salary grade shall continue to be paid his/her present salary rate.

3.8.5.2 If reclassified to a position with a higher salary grade, the salary rules on promotion shall apply.

3.8.5.3 If reclassified to a position with a lower salary grade, the employee shall be allowed to continue to receive his/her present salary.

3.8.6 Reorganization – This involves the restructuring of the organization and staffing of government agencies for the efficient conduct of their functions, services and activities.

3.8.6.1 An employee who holds a permanent position in the old organization's staffing pattern and is reappointed to a lower level position in the new staffing pattern shall continue to receive his/her actual salary at the time of reorganization.

3.8.6.2 If an employee is reappointed to the same position or to a position at the same salary grade, he/she shall continue to receive his/her present salary.

3.8.6.3 If an employee is reappointed to a higher level position, the salary rules on promotion shall apply.

3.8.7 Reemployment - An employee who was separated from the service because of reduction in force, reorganization, voluntary resignation or any non-disciplinary action such as dropping from the rolls and is reemployed, shall be paid the hiring rate or the 1st step of the salary grade of the position.

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3.8.8 Reinstatement - An employee who was charged and terminated from government service but was subsequently exonerated and reinstated shall continue to receive his/her previous salary.

3.9 Other Compensation, Allowances and Benefits

3.9.1 Step Increment

Step increment is the increase in salary from step to step within the salary grade of a position.

The grant of step increments to government personnel based on their lengths of service is pursuant to Item 8 of Joint Senate-House of Representatives Resolution No. 1, s. 1994, as adopted under Executive Order No. 164 (Adopting a Revised Compensation and Classification System in the Government), dated March 8, 1994.

3.9.1.1 Coverage

Officials and employees of national government agencies (NGAs) including state universities and colleges (SUCs), government-owned or -controlled corporations (GOCCs), government financial institutions (GFIs) and local government units (LGUs) who are appointed in the career service under permanent status and in the non-career service whose positions are found in the regular plantillas of agencies

3.9.1.2 Not Covered

- 3.9.1.2.1 Career and non-career officials and employees who are occupying positions in agencies exempted from or not following RA No. 6758;
- 3.9.1.2.2 Career Executive Service Officers whose step increments are governed by Career Executive Service Board Circulars;
- 3.9.1.2.3 Military personnel under the Armed Forces of the Philippines, and uniformed personnel under the Department of the Interior and Local Government, Philippine Coast Guard under the Department of Transportation and Communications and National Mapping and Resource Information Authority under the Department of Environment and National Resources; and

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3.9.1.2.4 Elective officials

3.9.1.3 Rules and Regulations

3.9.1.3.1 A one (1) step increment shall be granted to officials and employees for every 3 years of continuous satisfactory service in their present positions.

3.9.1.3.2 The length of service in the present positions shall include the following:

3.9.1.3.2.1 Those rendered by incumbents before their positions were:

- reclassified to classes with lower or the same salary grades, as in Illustrative Example 1, Annex "A;"
- allocated to lower or the same salary grades in a reorganization, whether or not the position titles were changed as in Illustrative Example 2, Annex "A;" and
- upgraded, i.e., with upward change in the salary grade allocation of a class of positions without change in the position title, as in Illustrative Example 3, Annex "A."

3.9.1.3.2.2 Those rendered by incumbents before they were:

- transferred to other positions within the same NGA, SUC, GOCC or GFI, transferred to another agency or transferred/devolved to an LGU or vice versa, without change in position titles and in salary grades, as in

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Illustrative Example 4,
Annex "A;"

- separated due to phase-out of position during reorganization but subsequently re-appointed to the same positions or to other positions with the same or lower salary grades in view of the decisions of judicial/quasi-judicial bodies, as in Illustrative Example 5, Annex "A;" and
- placed under preventive suspension without pay but subsequently exonerated by appropriate judicial/quasi-judicial bodies, as in Illustrative Example 6, Annex "A;"

3.9.1.3.2.3 Those rendered by incumbents appointed to regular positions on a temporary/provisional status who have been subsequently appointed to the same positions in permanent status, as in Illustrative Example 7, Annex "A."

3.9.1.3.3 Services rendered by incumbents under the following instances shall not be considered in the computation of their lengths of service:

- Those rendered before their promotion;
- Those rendered before the upward reclassification of their positions; and
- Those rendered before voluntary demotion or demotion as a result of disciplinary action.

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- 3.9.1.3.4 Step increments shall be limited to the maximum step of the salary grades of positions.
- 3.9.1.3.5 Authorized vacation leave without pay for an aggregate of 15 days or less, inclusive of Saturdays, Sundays and holidays, shall not interrupt the continuity of the 3 years service requirement for the grant of a step increment. When the total number of authorized vacation leave without pay incurred within the 3- year period exceeds 15 days, the date of the grant of step increments shall be moved or adjusted accordingly.
- 3.9.1.3.6 In case of downward reclassification of a position due to the exigency of the service or in case of involuntary demotion, in which case the actual salary of the incumbent falls in between steps, e.g., between step 4 and step 5 of the salary grade of the position, the salary of the incumbent which is off-step shall only be adjusted to the next higher step, or step 5 after completing 3 years of service in the previous higher position.
- 3.9.1.3.7 Public Health Workers shall either be granted step increments or longevity pay, but not both benefits as the grant of both for the same purpose and period constitutes double recovery of the same benefit which is contrary to Section 36 of RA No. 7305 (Magna Carta of Public Health Workers).

3.9.1.4 Applicability of Personal Services Cap

The step increment forms part of the implementation of RA No. 6758, hence, the personal services cap under the Local Government Code shall not be applicable to the grant thereof to appointive LGU employees, provided that the prescribed salary schedule for the LGUs' income classes are being implemented.

3.9.1.5 Notice of Step Increment

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Heads of agencies shall notify the officials and employees entitled thereto through a Notice of Step Increment as

shown in Annex "B" hereof, copy furnished the Government Service Insurance System (GSIS).

3.9.1.6 Funding Source

- 3.9.1.6.1 For NGAs including SUCs, the amounts shall be charged against agency savings from appropriations.
- 3.9.1.6.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.
- 3.9.1.6.3 For LGUs, the amounts shall be charged against their respective local government funds.

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Annex "A"

ILLUSTRATIVE EXAMPLES

Illustrative Example 1 – Reclassification of Position

Geologic Aide	SG-4	6,522	July 1, 2004 (Date of appointment)
Science Aide	SG-4	6,522	January 1, 2005 (Effectivity date of reclassification of the position)

The computation of the length of service shall start from July 1, 2004. The salary adjustment to Step 2 in the position of Science Aide, SG-4, shall be on July 1, 2007.

Illustrative Example 2 – Involuntary Demotion

Information Officer II	SG-15	13,300	May 15, 2002 (Date of promotion)
Information Officer I	SG-11	13,300	January 1, 2005 (Effectivity of reorganization)

The computation of the length of service shall start from May 15, 2002. The resultant salary due to involuntary demotion on January 1, 2005 shall be P13,300 which is already beyond Step 8 of SG-11. The employee is no longer entitled to step increment in the position of Information Officer I.

Illustrative Example 3 – Upgrading of Position

Legislative Staff Employee I	SG-2	P4,796	February 1, 1999 (Date of appointment)
Legislative Staff Employee I	SG-4	6,211	March 1, 2000 (Date of upgrading of the position)

The computation of the length of service shall start from February 1, 1999. The salary adjustment to Step 2 in the position of Legislative Staff Employee I, SG-4, shall be on February 1, 2002; to Step 3 on February 1, 2005.

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Illustrative Example 4 - Transfer

Dental Aide	SG-4	P6,522	March 1, 2003 (Date of appointment)
Dental Aide	SG-4	P6,522	October 1, 2004 (Date of transfer)

The computation of the length of service shall start from March 1, 2003. The salary adjustment to Step 2, shall be on March 1, 2006, and succeeding step increments shall be every 3 years thereafter, if the incumbent remains in the same position.

Illustrative Example 5 – Reappointment to a Position with Lower Salary Grade

Engineer IV	SG-22	P16,667	December 1, 1997 (Date of promotion)
			July 1, 2000 (The position was phased-out due to agency reorganization.)
			July 1, 2002 (Date of court's decision)
Engineer III	SG-19	P18,334 (adjusted salary in the previous position of Engineer IV; falls between the step 6 and step 7 of SG-19)	July 1, 2000 (Date of re-appointment without diminution in salary)

The computation of the length of service shall start from December 1, 1997. The salary adjustment to Step 7 in the position of Engineer III, SG-19, shall be on December 1, 2000; to Step 8 on December 1, 2003.

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Illustrative Example 6 – Exoneration of an Employee Placed under Preventive Suspension

Nurse I	SG-10	P9,466	November 15, 2000 (Date of appointment)
			December 15, 2003 (Placed under preventive suspension without pay)
			June 15, 2004 (Date of exoneration)

The computation of the length of service shall start from November 15, 2000. The salary adjustment to Step 2 shall be on November 15, 2003, and succeeding step increments shall be every 3 years thereafter, if the incumbent remains in the same position.

Illustrative Example 7 – Change of Status of Appointment

Ticket Checker (Temporary status)	SG-3	P6,039	April 1, 1996 (Date of appointment)
Ticket Checker (Permanent status)	SG-3	P6,039	August 15, 2004 (Date of change of status of appointment)

The salary of the incumbent is adjusted to Step 4 on April 1, 2005.

Name of Agency

NOTICE OF STEP INCREMENT

Date

Mr./Ms. _____

Sir/Madam:

Pursuant to CSC and DBM Joint Circular No. 1, s. 1990, as amended, implementing Paragraph 8 of the Senate and House of Representatives Joint Resolution No. 1, s. 1994, as adopted under Executive Order No. 164 (Adopting a Revised Compensation and Position Classification System in the Government), dated March 8, 1994, your salary as _____, is hereby adjusted effective _____, as follows:

Basic Monthly Salary as of
_____ (Step _____)

P _____
Add: Step Increment (_____ Step)

Adjusted Salary Effective

P _____

This step increment is subject to post-audit by the Department of Budget and Management and to appropriate re-adjustment and refund if found not in order.

Very truly yours,

Head of Agency

3.9.2 Personnel Economic Relief Allowance

The Personnel Economic Relief Allowance (PERA) is a P500 monthly allowance authorized under the pertinent general provision in the annual General Appropriations Act (GAA). It is granted to augment a government employee's pay due to the rising cost of living.

3.9.2.1 Coverage

- 3.9.2.1.1 Appointive government personnel occupying regular plantilla positions;
- 3.9.2.1.2 Casual or contractual employees; and
- 3.9.2.1.3 Military personnel of the Armed Forces of the Philippines, and uniformed personnel of the Department of the Interior and Local Government, Philippine Coast Guard under the Department of Transportation and Communications, and the National Mapping and Resource Information Authority under the Department of Environment and Natural Resources.

3.9.2.2 Not Covered

- 3.9.2.2.1 Elective officials;
- 3.9.2.2.2 Government personnel stationed abroad and others similarly situated;
- 3.9.2.2.3 Those declared by the authorities concerned as absent without leave during the month; and
- 3.9.2.2.4 Consultants, experts, student laborers, apprentices, laborers of contracted projects ("pakyaw"), mail contractors, those paid on piecework bases; and others similarly situated.

3.9.2.3 Rules and Regulations

- 3.9.2.3.1 Government personnel who are paid salaries on monthly basis shall be granted PERA of

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P500 each per month.

- 3.9.2.3.2 The PERA of government personnel paid on daily or part-time basis shall be computed as follows, based on the actual services rendered during the month but not to exceed P500 per month:

$$\text{PERA for the Month} = \left[\frac{\text{P500/Month}}{\text{xx Work Days/Month}} \right] \left[\text{Number of Days Worked During the Month} \right]$$

- 3.9.2.3.3 Actual services rendered during the month for which PERA is to be paid shall include leaves of absences with pay.
- 3.9.2.3.4 Government personnel who are on full-time or part-time detail with another government agency shall receive the PERA from their mother agencies, or from the same source where they draw their basic pay. No one shall receive PERA from more than one source.
- 3.9.2.3.5 The rules and regulations relative to the PERA for LGU personnel are covered by Chapter 9 of this Manual.

3.9.2.4 Funding Source

- 3.9.2.4.1 For NGAs including SUCs, the PERA for personnel occupying regular positions shall be charged against the appropriations for the purpose in the annual GAA. The PERA for casual and contractual personnel shall be charged against their respective lump-sum appropriations.
- 3.9.2.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

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3.9.3 Additional Compensation

The Additional Compensation (ADCOM) of P500 per month authorized under Administrative Order (AO) No. 53, dated May 17, 1993, is granted as a supplement to basic pay. AO No. 144 dated February 28, 2006, authorized the increase in the existing P500 per month ADCOM by P1,000 per month, resulting to a total of P1,500 per month.

3.9.3.1 Coverage

- 3.9.3.1.1 Civilian appointive personnel under permanent, temporary, contractual, casual or substitute status, on full-time or part-time basis, in national government agencies (NGAs), including state universities and colleges, government-owned and/or controlled corporations (GOCCs) and government financial institutions (GFIs) created by law, which are covered by or following RA No. 6758 (Compensation and Position Classification Act of 1989), as amended;
- 3.9.3.1.2 Military personnel of the Armed Forces of the Philippines and uniformed personnel of the Department of the Interior and Local Government, Philippine Coast Guard under the Department of Transportation and Communications and the National Mapping and Resource Information Authority under the Department of Environment and Natural Resources; and
- 3.9.3.1.3 Officials and employees of local government units (LGUs)

3.9.3.2 Not Covered

- 3.9.3.2.1 Government officials and employees in NGAs and GOCCs/GFIs exempt from the coverage of RA No. 6758; and
- 3.9.3.2.2 Consultants, experts, student laborers, apprentices, laborers of contracted projects ("pakyaw"), mail contractors, those paid on

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piecework basis and others similarly situated

3.9.3.3 Rules and Regulations

- 3.9.3.3.1 Government personnel who are paid salaries on monthly basis shall be granted ADCOM of P1,500 each per month.
- 3.9.3.3.2 The ADCOM of government personnel paid on hourly, daily or part-time basis shall be computed on the basis of actual services rendered on an eight-hour work day, 22 work days per month, regardless of the number of work days in a month but not to exceed P1,500 per month.
- 3.9.3.3.3 The ADCOM of government personnel on absence without leave and/or on leave without pay during the month shall be computed on the basis of actual services rendered with pay during the month.
- 3.9.3.3.4 Government personnel on full-time or part-time detail with other government agencies shall be paid the ADCOM by their mother agencies. Those on full-time or part-time detail with projects shall be paid ADCOM from project funds if they draw their basic salaries therefrom. No one shall receive ADCOM from more than one (1) fund source.
- 3.9.3.3.5 The ADCOM of government personnel with pending cases shall continue to be paid for as long as they render services and are paid their basic salaries.
- 3.9.3.3.6 The ADCOM of government personnel under preventive suspension shall not be paid during the period of their suspension. If they are exonerated and if decided upon by the authorities concerned, they shall be entitled to the full amount of the ADCOM starting from the day of suspension. If they were meted penalties and not paid their salaries, they shall not be entitled to the ADCOM until they have served their penalties.

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3.9.3.3.6.1 If the penalty meted out is only a reprimand, such penalty shall not be a basis for the disqualification to receive said benefit.

3.9.3.3.7 The rules and regulations relative to the payment of ADCOM to LGU personnel are provided in Chapter 9 of this Manual.

3.9.3.4 Funding Source

3.9.3.4.1 For NGAs including SUCs, the ADCOM for personnel occupying regular positions shall be charged against the appropriations in the annual GAA. The ADCOM for casual and contractual personnel shall be charged against their respective lump-sum appropriations.

3.9.3.4.2 For GOCCs and GFIs, the amount shall be charged against their respective corporate funds.

3.9.3.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.4 Uniform/Clothing Allowance

The Uniform/Clothing Allowance (UCA) authorized under the pertinent general provision of the annual GAA is granted to cover the cost of uniform/clothing of government employees to identify them with their mother agency/office.

3.9.4.1 Coverage

All government personnel regardless of status of employment

3.9.4.2 Not Covered

- 3.9.4.2.1 Military personnel of the Armed Forces of the Philippines and uniformed personnel of the Department of the Interior and Local Government and the Philippine Coast Guard under the Department of Transportation and Communications;
- 3.9.4.2.2 Foreign service personnel of the Department of Foreign Affairs and of other departments and agencies who are stationed abroad;
- 3.9.4.2.3 Government personnel who are on leave without pay for more than 6 consecutive months in a particular year;
- 3.9.4.2.4 Government personnel whose U/CA rates are specifically provided for by law; and
- 3.9.4.2.5 Those who are hired as consultants, experts, student laborers, laborers of contracted projects ("pakyaw"), mail contractors, those paid on piecework bases, and others similarly situated

3.9.4.3 Rules and Regulations

- 3.9.4.3.1 The U/CA, which rate shall be as prescribed in the pertinent general provision of the annual GAA, may be given in cash or in kind subject to the discretion of the agency head.

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- 3.9.4.3.2 Government personnel who are expected to render at least 6 consecutive months of service in a particular year including leaves of absence with pay shall be entitled to U/CA.
- 3.9.4.3.3 Newly hired government personnel shall be entitled to U/CA after they have rendered 6 consecutive months of service, or in the next grant thereof, whichever comes later.
- 3.9.4.3.4 Part-time government personnel shall not be entitled to U/CA except medical personnel who shall be entitled to U/CA equivalent to 1/2 of the amount authorized in the GAA.
- 3.9.4.3.5 The U/CA for special police, security guards, prison guards, firefighters and other similar positions shall be inclusive of other articles of clothing like regulation caps, belts, and coats.
- 3.9.4.3.6 The U/CA of government personnel who are on detail with other government agencies shall be borne by the mother agency.
- 3.9.4.3.7 Government personnel who transferred to other agencies during the first 6 months of a particular year and were not granted U/CA by their former agencies, whether in cash or in kind, shall be granted U/CA by their new agencies. If they transferred to other agencies within the last 6 months of a particular year, they shall no longer be granted U/CA by their new agencies as by then they are deemed to have been granted U/CA by their former agencies.
- 3.9.4.3.8 Government personnel who are required to wear uniforms at all times in the performance of their functions such as security guards, prison guards, firefighters, teachers, those which are in direct contact with patients, and others occupying similar positions, shall be granted U/CA whether or not they meet the service requirement.

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- 3.9.4.3.9 Government personnel who transferred to other agencies and who are required to wear uniforms at all times like the positions cited under item 3.9.4.3.8 hereof, may be granted U/CA by their new agencies even if they have received U/CA from their former agencies, subject to the discretion of the agency head concerned.
- 3.9.4.3.10 The guidelines on the wearing of the uniform, e.g. for those in mourning, on maternity leave, during wash days, etc. shall be at the discretion of the agency head.

3.9.4.4 Funding Source

- 3.9.4.4.1 For NGAs including SUCs, the amounts shall be charged against the appropriations for the purpose under the annual GAA. The U/CA of casual or contractual personnel shall be charged against the lump-sum appropriations where their salaries are drawn.
- 3.9.4.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.
- 3.9.4.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

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3.9.5 Representation and Transportation Allowances

The pertinent general provisions of the General Appropriations Acts (GAAs) prior to FY 1993 and in the FY 1999 GAA provided that the officials listed therein and those of equivalent ranks as may be determined by the Department of Budget and Management (DBM) are to be granted monthly commutable RATA. Hence, prior to FY 1993 and in FY 1999, RATA were allowances attached to the position.

The pertinent general provisions of the FYs 1993 to 1998 GAAs and in the FY 2000 GAA provided that the officials listed therein and those of equivalent ranks as may be determined by the DBM while in the actual performance of their respective functions are to be granted monthly commutable RATA. This provision was reiterated in the pertinent general provisions of subsequent GAAs. Hence, in FYs 1993 to 1998 and beginning FY 2000 and up to the present, the actual performance of an official's duties and responsibilities was a pre-requisite to the grant of RATA.

The rationale behind the qualifying phrase, "while in the actual performance of their respective functions," is to provide the official concerned with additional funds to meet necessary expenses incidental to and connected with the exercise or the discharge of the functions of the office. Thus, if the official is out of office, whether voluntary or involuntary, the official does not and is not supposed to incur expenses. There being no expenses incurred, there is nothing to reimburse.

Since RATA are privileges or benefits in the form of reimbursement of expenses, they are not salaries or part of basic salaries. Forfeiture or non-grant of the RATA does not constitute diminution in pay.

RATA may be spent in variable amounts per work day depending on the situation. Entitlement thereto should not be proportionate to the number of work days in a month, inclusive of regular and special holidays falling on work days.

3.9.5.1 Coverage

- 3.9.5.1.1 Officials enumerated in the pertinent general provision of the annual GAA;

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- 3.9.5.1.2 Those whose positions were determined by the DBM to be of equivalent ranks with the officials enumerated under item 3.9.5.2.1 hereof, including those in GOCCs, local water districts (LWDs) and GFIs;
- 3.9.5.1.3 Those duly designated by competent authorities to perform the full-time duties and responsibilities, whether or not in concurrent capacities, as Officers-In-Charge (OICs) of positions in items 3.9.5.1.1 and 3.9.5.1.2 hereof; and
- 3.9.5.1.4 Those hired on full-time contractual basis as part of agency organizations and whose positions were determined by the DBM as equivalent in ranks with the officials enumerated under item 3.9.5.2.1 hereof.

3.9.5.2 Rules and Regulations

3.9.5.2.1 RATA Rates

Officials and those of equivalent ranks as may be determined by the DBM who actually perform the regular duties and responsibilities of their positions are authorized to collect monthly commutable RATA at rates prescribed under the pertinent general provision of the annual GAA.

Pursuant to Section 45 of the General Provisions of RA No. 9336, the FY 2005 GAA, re-enacted in FY 2006, and as implemented by National Budget Circular No. 498 dated April 1, 2005, the following are the RATA rates:

<u>Officials</u>	<u>Monthly Rate for Each Type of Allowance</u>
Department Secretaries and those of equivalent ranks	P 7,500

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Department Undersecretaries and those of equivalent ranks	6,000
Department Assistant Secretaries and those of equivalent ranks	5,500
Bureau Directors, Department Regional Directors and those of equivalent ranks	5,000
Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, Department Service Chiefs and those of equivalent ranks	4,500
Assistant Bureau Regional Directors and those of equivalent ranks	4,000
Chiefs of Division identified as such in the Personal Services Itemization and Plantilla of Personnel and those of equivalent ranks	3,000

Revised RATA rates may be implemented in future years if authorized in the GAA, subject to the provisions of implementing circulars.

3.9.5.2.2 Officials and employees enumerated under item 3.9.5.1 hereof shall no longer be authorized to continue to collect RATA if they are in the following instances for one (1) full calendar month or more:

3.9.5.2.2.1 When on full-time detail with other government agencies or on reassignment within the same government agencies, except when the duties and responsibilities they perform are comparable with those of their regular positions, in which case, they may be authorized to continue to collect RATA on a reimbursable basis, subject to the availability of funds; and

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- 3.9.5.2.2.2 When on vacation, sick or maternity leave of absence with or without pay.
- 3.9.5.2.3 Officials and employees whose detail or reassignment has been found by appropriate judicial bodies to be not in accordance with existing laws, rules and regulations, shall be authorized to collect RATA on reimbursable bases for the duration of such detail or reassignment.
- 3.9.5.2.4 Officials and employees who are on authorized attendance at a training course/scholarship grant/seminar or any other similar activity, which is tantamount to the performance of their regular duties and responsibilities, may be authorized to continue to collect RATA on a reimbursable basis, subject to the availability of funds.
- 3.9.5.2.5 Officials and employees designated as Officers-In-Charge of positions entitled to commutable RATA may be authorized to collect reimbursable RATA for the positions if provided in the office orders designating them as such, except in the following instances:
 - 3.9.5.2.5.1 When designated in concurrent capacities and the officials and employees so designated are already entitled to commutable RATA in their permanent positions, in which case they may be authorized to collect the difference only, if any, between the RATA of the two positions; and
 - 3.9.5.2.5.2 When on full-time or part-time detail with another government agency or on reassignment in an organizational unit of the same government agency; attending a training course/

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scholarship grant/seminar or any other similar activity; or on

vacation, sick or maternity leave of absence, for one (1) full calendar month or more.

- 3.9.5.2.6 The Transportation Allowance (TA) shall not be granted to officials who are assigned or who use government service vehicles in the performance of their duties and responsibilities.
- 3.9.5.2.7 Officials whose service vehicles could not be used for at least one (1) week since these are out of order or are undergoing repair shall be allowed to claim the proportionate monthly cash equivalent of their TAs until such service vehicles are ready for use.
- 3.9.5.2.8 Full-time contractual employees whose positions were determined by the DBM to be of equivalent ranks to the officials enumerated under item 3.9.5.2.1 hereof are entitled to commutable RATA at rates indicated therein. The grant of RATA shall be indicated in the terms of the contracts of service.

3.9.5.3 Funding Source

- 3.9.5.3.1 NGAs Including SUCs
 - 3.9.5.3.1.1 The commutable RATA for officials in NGAs and SUCs who occupy regular positions shall be charged against the appropriations for the purpose in the annual GAA. Deficiencies shall be charged against savings in agencies' appropriations for personal services.
 - 3.9.5.3.1.2 The reimbursable RATA for duly designated Officers-In-Charge of funded vacant positions shall be charged against the RATA appropriated for the positions.

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If the positions are unfunded, the reimbursable RATA shall be

charged against savings from appropriations for maintenance and other operating expenses.

3.9.5.3.1.3 The RATA for contractual officials shall be charged against the corresponding lump sum appropriations.

3.9.5.3.2 GOCCs, GFIs and LWDs

The RATA shall be charged against their respective corporate funds.

In all cases, no one shall be allowed to collect RATA from more than one source.

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3.9.6 Year-End Bonus and Cash Gift

The Year-End Bonus and Cash Gift are intended as year-end premiums to government personnel for satisfactory and dedicated service. They are collectively referred to as the Year-end Benefit (YEB), authorized under Republic Act (RA) No. 6686, as amended by RA No. 8441. The liberalization of the grant thereof is authorized pursuant to the pertinent general provision in the annual GAA.

3.9.6.1 Coverage

3.9.6.1.1 All government personnel in NGAs including SUCs, GOCCs, GFIs and LGUs, whether appointive or elective, under permanent, temporary or casual status, and those issued contractual appointments who are under the following instances from January 1 to October 31 of each year:

- those who have rendered at least a total or an aggregate of 4 months of service including leaves of absence with pay;
- those who are on approved leave of absence without pay but have rendered at least a total or an aggregate of 4 months of service provided they are not yet dropped from the rolls; and
- those who have rendered less than 4 months of service

The aggregate service requirement for purposes of the grant of YEB shall include such services

□ before the termination of the employment during the year under the following modes:

- ♣ resignation;
- ♣ separation not for cause;

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- ♣ termination of contract/ appointment; or

- ♣ termination of term in office

- from the date they were rehired/reappointed during the year to the same or another position in the same or another agency.

3.9.6.1.2 All "punong barangay," "sangguniang barangay" members, "barangay" secretaries and "barangay" treasurers

3.9.6.2 Not Covered

All government personnel under the following instances shall not be entitled to the one-half (1/2) YEB or the full YEB:

3.9.6.2.1 those on absence without leave (AWOL);

3.9.6.2.2 consultants, experts, student laborers, apprentices, laborers of contracted projects ("pakyaw"), mail contractors, those paid on piecework bases, and others similarly situated; and

3.9.6.2.3 those who are formally charged administrative cases as well as criminal cases which relate to acts or omissions in connection with their official duties and functions and found guilty and/or meted penalties, subject to conditions stipulated in item 3.9.6.3.6 hereof.

3.9.6.3 Rules and Regulations

3.9.6.3.1 Payment of the YEB

3.9.6.3.1.1 Government personnel who have rendered at least a total of 4 months service including leaves of absence with pay from January 1 to October 31 of a particular year, and who are in the service as of October 31 of

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the same year, shall be entitled to the full YEB based on the

basic monthly salaries as of October 31.

- 3.9.6.3.1.2 One-half ($\frac{1}{2}$) of the YEBs may be paid to government personnel not earlier than May 1 and not later than May 31 of a particular year, based on the basic monthly salaries as of April 30, provided that they have rendered at least 4 months of service including leaves of absence with pay from January 1 to April 30 of the same year, regardless of whether or not they will still be in the service as of October 31 of the same year.
- 3.9.6.3.1.3 The remaining half or the balance of the full YEBs (due to step increments or promotions) or full YEBs (for those not granted $\frac{1}{2}$ YEBs in May for lack of service requirement) shall be paid not earlier than November 15 and not later than November 30 of each year, provided that the conditions stipulated under item 3.9.6.3.1.1 are satisfied.
- 3.9.6.3.1.4 Those who have rendered more than 4 months of service in a given year and are to retire or are to be separated before October 31 of the year may receive the proportionate shares of the remaining balances of their cash gifts in addition to their $\frac{1}{2}$ YEBs, based on the following scheme, to be paid within the month of retirement/separation of the employees concerned:

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Month of Retirement/ Separation from the Service	Percentage of P5.000	Corresponding Amount
May	0%	P 0
June	20%	500
July	40%	1,000
August	60%	1,500
September	80%	2,000
October	100%	2,500

3.9.6.3.1.5 Government personnel who have rendered less than 4 months of service as of October 31 of the same year shall be entitled solely to the cash gift pro-rated as follows:

Length of Service	Percentage of P5,000	Corresponding Amount
3 months but less than 4 months	40%	P2,000
2 months but less than 3 months	30%	1,500
1 month but less than 2 months	20%	1,000
Less than 1 month	10%	500

3.9.6.3.2 Personnel on Part-Time Service

Provided that the conditions stipulated in item 3.9.6.3.1.1 are satisfied, the YEBs for employees on part-time service are as follows;

3.9.6.3.2.1 Those who are employed on part-time bases are entitled to the YEBs corresponding to their basic monthly salaries and to the proportionate amounts of their cash gifts.

3.9.6.3.2.2 Those who render part-time services in 2 or more different agencies shall be entitled to the

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YEBs corresponding to each of their total basic monthly salaries

provided that each of their total cash gifts shall not exceed P5,000.

3.9.6.3.3 Personnel on Full-Time or Part-Time Detail

The YEBs of government personnel on full-time or part-time detail with other agencies shall be paid by their respective mother agencies.

3.9.6.3.4 Transferred Personnel

The YEBs of government personnel who transferred from one agency to another shall be granted by the new offices. If they were granted their ½ YEBs in their former offices, only the remaining balances of their YEBs shall be paid by their new offices. Certifications from the former offices of the availment of the ½ YEBs are necessary.

3.9.6.3.5 Personnel Charged with Administrative Cases

3.9.6.3.5.1 Government personnel formally charged administrative and/or criminal cases and whose cases are still pending for resolution shall be entitled to the YEBs until found guilty and meted penalties.

3.9.6.3.5.2 Those found guilty shall not be entitled to the YEBs in the year the decisions were handed down. If the penalties meted out are only reprimands, such penalties should not be made the bases of disqualification to receive the YEBs.

3.9.6.3.5.3 Those found guilty and later on exonerated by competent authorities upon appeal of the

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cases shall be entitled to the back YEBs unless decided otherwise by said authorities.

3.9.6.3.6 "Barangay" Officials

3.9.6.3.6.1 "Barangay" officials under item 3.9.6.1.2 hereof shall be entitled only to cash gifts of P5,000 each, provided the conditions stipulated in item 3.9.6.3.1.1 are satisfied.

3.9.6.3.6.2 One-half ($\frac{1}{2}$) of the cash gift may be paid to each of them not earlier than May 1 and not later than May 31 of a particular year, provided that the conditions stipulated in item 3.9.6.3.1.2 are satisfied.

3.9.6.3.6.3 The remaining half of the cash gifts shall be paid to each of them not earlier than November 15 and not later than November 30 of each year, provided that they are still in the service as of October 31.

3.9.6.3.6.4 Those who have rendered more than 4 months of service in a given year and are to be separated before October 31 of the year may each receive the remaining balance of the cash gift in addition to $\frac{1}{2}$ of the cash gift, based on the scheme in item 3.9.6.3.1.4, to be paid within the month of separation of the barangay officials concerned.

3.9.6.3.7 Prohibition Against Payment of Additional Bonuses

Agencies are prohibited from granting additional bonuses in any form other than the YEB.

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3.9.6.4 Funding Source

- 3.9.6.4.1 For NGAs including SUCs, the amounts shall be charged against the appropriations for the purpose in the annual GAA. Deficiencies in appropriations shall be charged against available savings of agencies. The YEBs for casual and contractual personnel shall be charged against their respective lump-sum appropriations.
- 3.9.6.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.
- 3.9.6.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.7 Productivity Incentive Benefit

The Productivity Incentive Benefit (PIB) is a cash award authorized under Administrative Order (AO) No. 161, dated December 6, 1994, to recognize individual personnel productivity and performance which contributed to attainment of agency goals and targets. Performance includes conduct and behavior in the discharge of the duties of a public office.

3.9.7.1 Coverage

- 3.9.7.1.1 Appointive personnel of NGAs including SUCs, GOCCs, GFIs and LGUs on permanent or temporary status; and
- 3.9.7.1.2 Those issued casual and contractual appointments, even if their services have been terminated effective December 31 of the year for which the PIBs are granted

3.9.7.2 Not Covered

- 3.9.7.2.1 Those who were suspended either preventively or as a penalty as a result of an administrative charge within the year for which PIBs are granted, regardless of the duration of the suspension;
- 3.9.7.2.2 Those who were dismissed within the year for which PIBs are granted;
- 3.9.7.2.3 Those who have been absent without official leave within the year for which PIBs are granted;
- 3.9.7.2.4 Those hired not as part of the organic manpower of agencies but as consultants, experts, student laborers, apprentices, laborers of contracted projects ("pakyaw"), those paid on piecework bases, and others similarly situated;
- 3.9.7.2.5 Elective national government officials and local government officials down to the

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municipal level in the absence of an objective system of evaluating their individual

productivity and performance, unless AO No. 161 is amended; and

- 3.9.7.2.6 Elective and appointive barangay personnel paid honoraria

3.9.7.3 Rules and Regulations

- 3.9.7.3.1 Basis of Grant of PIB

- 3.9.7.3.1.1 The grant of the PIB shall be based on individual personnel productivity and performance as evaluated and determined by the agency authorities concerned in accordance with the policies and standards set by the Civil Service Commission.

- 3.9.7.3.1.2 To be entitled to PIBs, government personnel shall have at least satisfactory performance ratings for the 2 semesters during the year for which PIBs are granted and shall have contributed to the productivity of the office.

- 3.9.7.3.1.3 The minimum appraisal period shall be at least 90 days or 3 months. No appraisal period shall be longer than 1 year. Should there be only one performance rating, it shall be understood to apply for the 2 semesters or 1 year covered by the rated performance.

- 3.9.7.3.2 Amount of PIBs

- 3.9.7.3.2.1 The amount of PIBs to be granted to deserving personnel in agencies may vary per individual, depending on the

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latter's productivity and performance appraisal. Agency

heads shall establish the internal guidelines for the grant thereof.

3.9.7.3.2.2 The total cost of the PIBs granted shall in no case exceed the average of P2,000 per filled position. This should not be construed to mean as prescribing an across-the-board grant of incentive.

3.9.7.3.3 PIBs for Transferred Personnel

3.9.7.3.3.1 The PIBs for personnel who transferred to other government agencies on or before the end of the calendar year for which the PIBs are granted shall be paid by the new agencies.

3.9.7.3.3.2 The PIBs of those who transferred after December 31 of the year for which the PIBs are granted shall be paid by the former agencies.

3.9.7.3.4 PIBs for Part-Time Personnel

The PIBs for personnel employed on part-time bases, whether employed on permanent, temporary or contractual status, shall be equivalent to ½ of the full amount received by full-time personnel with the same productivity and performance appraisals.

3.9.7.3.5 PIBs for Other Personnel

Cases concerning the PIBs of personnel who were newly-hired, retired, on leave of absence with or without pay, or on authorized attendance at a training course/scholarship grant or any other similar activity shall be referred to the Civil Service

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Commission for resolution. Other cases not covered by this

Manual shall be referred to the DBM for proper study and recommendation to the Office of the President.

3.9.7.3.6 Subject to the conditions stipulated in item 3.9.7.3.1.2 hereof,

- Personnel who were preventively suspended but later exonerated of the charges filed against them shall be entitled to PIBs.
- If the penalties are only reprimands, the personnel may be entitled to PIBs.

3.9.7.4 Funding Source

3.9.7.4.1 For NGAs including SUCs, the PIBs for personnel occupying regular positions shall be charged against the appropriations for the purpose in the annual GAA. The PIBs for casual and contractual personnel shall be charged against their respective lump-sum appropriations.

3.9.7.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.7.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.8 Overtime Pay

Government employees are required to render 40 hours of work in a week, subject to the work schedule adopted by the agencies concerned. Through adequate planning of work activities, overtime work could be avoided. Hence, overtime work should not be resorted to in the performance of regular work, except in cases when unforeseen events and emergency situations will result in any of the following:

- Cause financial loss to the government or its instrumentalities;
- Embarrass the government due to its inability to meet its commitments; or
- Negate the purposes for which the work or activity was conceived.

Should the need to render overtime services become very necessary, overtime pay may be paid pursuant to Section 63, Chapter 7, Book VI of Executive Order No. 292 (Administrative Code of 1987), dated July 25, 1987, as implemented by Budget Circular No. 10, dated March 29, 1996.

3.9.8.1 Coverage

3.9.8.1.1 Incumbents of positions of chiefs of division and below under permanent, temporary or casual status, and contractual personnel whose employments are in the nature of regular employees; and

3.9.8.1.2 Incumbents of positions of chiefs of division and below who are designated to positions higher than chiefs of division

3.9.8.2 Not Covered

3.9.8.2.1 Those occupying the following positions:

- Department Secretaries;
- Department Undersecretaries;

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- Department Assistant Secretaries;
- Bureau Directors and Regional Directors
- Assistant Bureau Directors and Assistant Regional Directors; and
- Department Service Chiefs and Assistant Department Service Chiefs

3.9.8.2.2 Incumbents of positions of equivalent category as those above-mentioned in SUCs, GOCCs, GFIs and LGUs;

3.9.8.2.3 Incumbents of intermediate positions to the above enumerated positions in the NGAs, SUCs, GOCCs, GFIs and LGUs;

3.9.8.2.4 Elective officials; and

3.9.8.2.5 Other appointive officials whose equivalent ranks are higher than chiefs of division

3.9.8.3 Rules and Regulations

3.9.8.3.1 Overtime services shall include:

- Those rendered beyond eight (8) work hours of regular work days;
- Those rendered on rest days, such as Saturdays and Sundays; and
- Those rendered on holidays or non-working days.

3.9.8.3.2 Personnel who rendered overtime services shall be granted overtime pay by the hour which shall be based on his/her actual hourly rate derived as follows:

$$\text{Actual Hourly Rate (HR)} = \frac{\text{Actual Salary/Month}}{\text{(22 Days/Month) (8 Hours/Day)}}$$

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3.9.8.3.3 Overtime pay shall be computed as follows:

- For ordinary work days: Plus 25% of the hourly rate (0.25 x HR)

Overtime Pay = 1.25 x HR x Number of Hours of Overtime Services Rendered

- For rest days, holidays and non-work days: Plus 50% of the hourly rate (0.50 x HR)

Overtime Pay = 1.50 x HR x Number of Hours of Overtime Services Rendered

3.9.8.3.4 The total overtime pay of an employee for the year shall not exceed 50% of his/her annual basic salary.

3.9.8.4 Funding Source

3.9.8.4.1 For NGAs including SUCs, the overtime pay shall be charged against:

3.9.8.4.1.1 The amounts specifically appropriated for the purpose in agency budgets; and/or

3.9.8.4.1.2 Savings from released allotments for current operating expenditures, provided that:

- All mandatory expenses as authorized by law have been paid; and
- Total overtime payments made in a given calendar year shall not exceed 5% of the total salaries of authorized positions of the agency.

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Such savings may be used without need for prior authority from the DBM, provided that the

aforestated conditions are fully satisfied.

3.9.8.4.2 For GOCCs, and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.8.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.9 Compensatory Time-Off

Section 1 (d) of Administrative Order No. 103 (Directing the Continued Adoption of Austerity Measures in the Government) dated August 31, 2004, provides for the adoption of a scheme that will allow employees to be compensated through time/days off in lieu of overtime pay. Thus, Civil Service Commission and DBM Joint Circular No. 2, s. 2004, was issued to implement said provision.

Said Joint Circular refers to the Compensatory time-Off (CTO) as the number of hours or days an employee is excused from reporting for work with full pay and benefits. It is a non-monetary benefit provided to an employee in lieu of overtime pay.

3.9.9.1 Coverage

- 3.9.9.1.1 Incumbents of positions of chiefs of division and below under permanent, temporary or casual status, and contractual personnel whose employments are in the nature of regular employees
- 3.9.9.1.2 Incumbents of positions of chiefs of division and below who are designated to positions higher than chiefs of division

3.9.9.2 Not Covered

- 3.9.9.2.1 Those occupying positions whose equivalent ranks are higher than chiefs of division;
- 3.9.9.2.2 Elective officials; and
- 3.9.9.2.3 Military and uniformed personnel

3.9.9.3 Guidelines

- 3.9.9.3.1 Overtime services which may be compensated through CTO as may be authorized by heads of agencies for the following activities:

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- completion of infrastructure and other projects with set deadlines when due to unforeseen events the deadlines cannot

be met without resorting to overtime work;

- relief, rehabilitation, reconstruction and other related work or services during calamities and disasters;
- work related to school graduation/ registration where the additional work cannot be handled by existing personnel during regular work hours;
- work involving the preparation for and administration of government examinations, including the prompt correction and release of results thereof where existing personnel are not adequate to handle such work during regular work hours;
- seasonal work such as budget preparation and rendition of annual reports to meet scheduled deadlines;
- preparation of special/financial/ accountability reports required occasionally by central monitoring agencies like the Congress of the Philippines, Office of the President, Commission on Audit, DBM, and National Economic and Development Authority;
- the provision of essential public services during emergency situations, such as power and energy, water, distribution and control of basic staples, communication and transportation, medical and health services, peace and order, and security;
- implementation of special programs/projects embodied in Presidential directives and authorizations with specific dates of completion;

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- legal services to facilitate the dissolution of cases/resolutions/ decisions;
- services rendered by drivers and other immediate staff of officials when required to keep the same working hours as their superiors; and
- such other activities as may be determined by the head of agency.

3.9.9.3.2 Computation of Compensatory Overtime Credit

As a result of services rendered beyond regular work hours, and/or those rendered on Saturdays, Sundays, holidays or scheduled days off without the benefit of overtime pay, an employee earns accrued number of hours worked. These are collectively referred to as compensatory overtime credit (COC).

The COC is expressed in number of hours and computed as follows:

3.9.9.3.2.1 For overtime services rendered on weekdays or scheduled work days:

$$\text{COC} = \text{Number of Hours of Overtime Services} \times 1.0$$

The 1.0 multiplier is used since overtime services during weekdays or scheduled work days are considered as mere extension of regular work hours. The employees rendering overtime services are not expected to incur additional expenses.

3.9.9.3.2.2 For overtime services rendered on weekends, holidays or scheduled days off:

$$\text{COC} = \text{Number of Hours of Overtime Services} \times 1.5$$

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The 1.5 multiplier is used since the employees who render overtime services on weekends,

holidays or scheduled days off incur incidental expenses for transportation and meals.

3.9.9.3.3 Accrual and Use of COCs

3.9.9.3.3.1 Employees may accrue not more than 40 hours of COC in a month. In no instance, however, shall the total COC exceed 120 hours at any given time. COC in excess of the limit shall be forfeited. These measures are intended to ensure judicious use of regular work hours and to efficiently balance agency manpower with respect to the availment of the CTO.

3.9.9.3.3.2 The COC should be used as time-off within the year they are earned until the immediately succeeding year. Thereafter, any unutilized COCs are deemed forfeited.

3.9.9.3.3.3 The COCs shall be considered as official time for the following purposes:

3.9.9.3.3.3.1 compliance with compensation rules relative to the entitlement to PERA, Additional Compensation, year-end benefits, and other benefits received on regular bases; and

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3.9.9.3.3.2 computation of service hours for entitlement to sick and vacation leave credits, and step

increment due to length of service.

3.9.9.3.3.4 Limitation on the Use of COCs

3.9.9.3.3.4.1 The COCs cannot be used to offset undertime/s or tardiness incurred by the employee during regular work days.

3.9.9.3.3.4.2 The COCs cannot be converted to cash, hence, are non-commutative.

3.9.9.3.3.4.3 The COCs cannot be added to the regular leave credits of the employee. Hence, it is not part of the accumulated leave credits of the employee.

3.9.9.3.3.5 Effect on Personnel Movement

3.9.9.3.3.5.1 In cases of resignation, retirement, or separation from the service, the unutilized COCs are deemed forfeited.

3.9.9.3.3.5.2 In cases of detail, secondment or transfer to another

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agency, the COCs earned in one agency cannot be transferred to another agency,

nor could the employees receive the monetary equivalents thereof.

3.9.9.3.3.5.3 In cases of promotion, except when promoted to positions not qualified to receive overtime pay, the employees shall retain their accrued COCs.

3.9.9.3.3.6 Issuance of Certificate of COC Earned

An employee who has earned COC shall be granted a Certificate of COC Earned (Annex C) duly approved and signed by the agency head. The certificate shall indicate the employee's number of hours of earned COC in a month. The certificate should be issued at the end of each month.

3.9.9.3.3.7 Availment of CTO

3.9.9.3.3.7.1 To ease tracking of COCs and simplify CTO availment process, the CTO may be availed of in blocks of 4 or 8 hours. Agencies adopting alternative work

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schedules should make parallel adjustments in the availment blocks,

tantamount to either a half or full day leave from work.

3.9.9.3.3.7.2 The employee may use the CTO continuously up to a maximum of 5 consecutive days per single availment, or on staggered basis within the year.

3.9.9.3.3.7.3 The employee must first obtain approval from the agency head or authorized official regarding the schedule of availment of CTO. The management shall accommodate, to the extent practicable, all applications for availment of CTO at the time requested by the employee. In the exigency of the service, however, the schedule may be recalled and subsequently re-scheduled within the year by the

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agency head or
authorized official.

3.9.9.3.3.8 Procedure

The following procedure shall be observed in the rendition of overtime services and availment of CTO:

3.9.9.3.3.8.1 The agency head or authorized official issues an office order authorizing the rendition of overtime services and indicating the tasks to be completed and the expected time of completion.

3.9.9.3.3.8.2 The employee renders overtime services as stipulated in the office order.

3.9.9.3.3.8.3 The Administrative Officer concerned prepares a summary of overtime services rendered in a month, and computes the equivalent COC, for the purpose of the issuance of the COC Certificate.

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3.9.9.3.3.8.4 The agency head or authorized official issues the Certificate of COC, specifying the number of hours of COC earned in a month.

3.9.9.3.3.8.5 The employee requests approval from the agency head or authorized official on the schedule of CTO.

3.9.9.3.3.8.6 The employee avails of the CTO.

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Annex C

<table border="2" style="margin: auto;"><tr><td style="padding: 5px;">Certificate of COC Earned</td></tr></table>		Certificate of COC Earned
Certificate of COC Earned		
This certificate entitles Mr./Ms. _____ to		
_____ of Compensatory Overtime Credits.		
(number of hrs.)		
Head of Office		

Date Issued: _____		
Valid Until: _____		

Front

No. of Hours of COCs/Beginning Balance	Earned	Date of CTO	Used COC	Remaining COC	Remarks

Approved by:	Claimed:
Head of Office	HRMO

Back

3.9.10 Per Diem

Per diem is a compensation granted to a chairperson, vice-chairperson or member of a collegial body created by law for attendance in collegial meetings with quorum.

The guidelines on per diems granted to members of collegial bodies and members of the Board of Trustees of State Universities and Colleges (SUCs) are provided under Budget Circular (BC) No. 2003-6, dated September 29, 2003.

3.9.10.1 Coverage

- 3.9.10.1.1 Chairpersons, vice-chairpersons and members of collegial bodies in NGAs, GOCCs and GFIs; and
- 3.9.10.1.2 Chairpersons and members of the Board of Regents/Trustees of SUCs

3.9.10.2 Not Covered

- 3.9.10.2.1 Department Secretaries, Department Undersecretaries and Department Assistant Secretaries occupying ex-officio positions in governing boards, commissions, committees, councils and similar bodies, in view of the Supreme Court ruling in the case, Civil Liberties Union vs. Executive Secretary (G.R. No. 83896) dated February 22, 1991;
- 3.9.10.2.2 Appointed chairpersons, vice-chairpersons and members of collegial bodies who receive salaries and other compensation;
- 3.9.10.2.3 Chairpersons, vice-chairpersons and members of collegial bodies who are paid honoraria pursuant to existing laws and implementing rules and regulations; and

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3.9.10.2.4 Members of local regulatory boards, quasi-judicial bodies and similar bodies whose per diem and the rules and regulations on the grant thereof are included in Chapter 9 of this Manual.

3.9.10.3 Rules and Regulations

3.9.10.3.1 Per diems of members of collegial bodies

3.9.10.3.1.1 The chairpersons and members of collegial bodies shall be entitled to per diems at rates not exceeding the following:

Chairpersons	Amount equivalent to 25% of the monthly representation and transportation allowances (RATA) of the chief operating officer of the collegial body for every meeting actually attended but not to exceed 4 paid meetings in a month
Members	Amount equivalent to 25% of the monthly RATA of the second ranking official of the collegial body for every meeting actually attended but not to exceed 4 paid meetings in a month

3.9.10.3.2 Per diems of the members of Board of Regents/Trustees of SUCs

3.9.10.3.2.1 Chairpersons and members of the Boards of Regents/Trustees of SUCs shall be entitled to per diems at rates not exceeding the following:

Chairpersons	Amount equivalent to 25% of the monthly RATA of the SUC President for every meeting actually attended
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	but not to exceed 4 paid meetings in a month
Members	Amount equivalent to 25% of the monthly RATA of the SUC Vice- President for every meeting actually attended but not to exceed 4 paid meetings in a month

3.9.10.3.3 Duly authorized representatives of ex-officio and other members of collegial bodies and Boards of Regents/Trustees of SUCs who actually attended board meetings shall be entitled to per diems not exceeding the rates provided under item 3.9.10.3.1 and 3.9.10.3.2 hereof, respectively. In no case, however, shall a member and his/her representative be each entitled to per diem for the same meeting notwithstanding that they both attended said meeting.

3.9.10.3.4 Higher per diem rates and/or other benefits, whether commutable or reimbursable, in cash or in kind, shall not be allowed unless specifically authorized by law or by the President.

3.9.10.3.5 Board Secretaries who are already paid salaries for, among other functions, attendance in the meetings of the board shall not be entitled to per diem.

3.9.10.4 Funding Source

3.9.10.4.1 For NGAs, the per diem shall be charged against the appropriations for the purpose in the annual GAA. Deficiencies in appropriations shall be charged against agency savings.

3.9.10.4.2 For SUCs, the per diem shall be charged against the appropriations for the purpose in the annual GAA or against their incomes.

3.9.10.4.3 For GOCCs and GFIs, the per diem shall be charged against their respective corporate funds.

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3.9.11 Honoraria

Honoraria are token payments in recognition of incidental services rendered.

Since FY 2003, the grant of honoraria is limited only to the government personnel enumerated under Section 42, General Provisions, RA No. 9206, the FY 2003 GAA.

3.9.11.1 Coverage

The grant of honoraria shall apply to the following personnel in all NGAs, GOCCs, GFIs, and LGUs:

- 3.9.11.1.1 Teaching personnel of the Department of Education, Commission on Higher Education, Technical Education and Skills Development Authority, SUCs and other educational institutions engaged in actual classroom teaching whose teaching loads are outside of their regular office hours and/or in excess of their regular loads;
- 3.9.11.1.2 Those who act as lecturers, resource persons, coordinators and facilitators in seminars, training programs and other similar activities in training institutions, including those conducted by entitles for their officials and employees; and
- 3.9.11.1.3 Chairpersons and members of commissions, boards, councils and other similar entities which are hereinafter referred to as collegial bodies including the personnel thereof, who are neither paid salaries nor per diems but compensated in the form of honoraria as provided by law, rules and regulations.

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- 3.9.11.1.4 Those who are involved in science and technological activities who receive services beyond their regular work load.

3.9.11.2 Not Covered

- 3.9.11.2.1 Chairpersons and Members of the various Professional Regulatory Boards of the Professional Regulation Commission (PRC) who are compensated in the form of honoraria pursuant to DBM and PRC Joint Circular No. 2002-1, dated March 11, 2002;
- 3.9.11.2.2 Agency personnel who are designated as members of agency committees, boards, councils, or assigned to agency or inter-agency special projects; and
- 3.9.11.2.3 Personnel granted honoraria by LGUs pursuant to the pertinent provisions of RA No. 7160 (Local Government Code of 1991).

3.9.11.3 Definition of Terms

- 3.9.11.3.1 Coordinator – any government personnel who directs, supervises and/or participates in the organization, coordination and conduct of seminars, training programs and other similar activities
- 3.9.11.3.2 Facilitator – any government personnel who extends technical assistance to facilitate the conduct of seminars, training programs and similar activities by providing instructional materials such as charts, handouts, projectors, multi-media equipment and other devices, and to empower the participants to solve issues by bringing out quality of thinking and structuring the dynamic flow of discussions.
- 3.9.11.3.3 Lecturer/Resource Person – any person who serves as lecturer/speaker in

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seminars, training programs and other similar activities

- 3.9.11.3.4 Training Institutions – refer to those agencies mandated by existing laws to conduct training programs

3.9.11.4 Rules and Regulations

- 3.9.11.4.1 Teaching personnel mentioned under item 3.9.11.1.1 hereof may be paid honoraria in accordance with the formula in Chapters 6 and 7 of this Manual.

- 3.9.11.4.2 For lecturers and resource persons:

Regardless of the regular positions of the lecturer/resource person, he/she may be paid the hourly rate of a Professor VI position at SG-29 for actual lecture hours, including reasonable time for preparation of materials not exceeding 10 hours in all.

- 3.9.11.4.3 Government personnel who serve as coordinators, facilitators, lecturers or resource persons in seminars, training programs and similar activities conducted by their own agencies shall not be entitled to honoraria. Such services are in connection with their agencies' objectives or obligations to disseminate instructions, to clarify issues and concerns and to interact with clients and/or implementors of agency mandates. These activities are considered part of the regular functions of agencies, hence, also form part of the related work of those assigned to perform said activities.

- 3.9.11.4.4 Agency personnel who are members of agency committees, boards, councils, or special projects are not entitled to honoraria as their duties and responsibilities therein may be considered pertinent to or within the scope of their regular duties and responsibilities in their agencies for which they are paid salaries.

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3.9.11.4.5 The chairpersons, members and personnel listed under item 3.9.11.1.3 hereof may be paid honoraria at the following rates:

Chairpersons: 25% of the monthly representation and transportation allowances (RATA) of the chief operating officer of the collegial body for every meeting actually attended but not to exceed 4 paid meetings a month

Members: 25% of the monthly RATA of the second ranking official of the collegial body for every meeting actually attended but not to exceed 4 paid meetings a month

Personnel: The hourly rate of equivalent positions in the national government as determined by the DBM but not to exceed 8 hours a day or 40 hours a week.

They shall not be allowed other benefits, whether in cash or in kind, except when specifically provided by law. In case their present honoraria are higher than the honoraria authorized herein, they shall continue to receive the same until the termination of their appointments.

3.9.11.4.6 Department Secretaries, Department Undersecretaries and Department Assistant Secretaries who are ex-officio members of collegial bodies shall not be paid the honoraria authorized therein pursuant to the Supreme Court ruling in G.R. No. 83896 dated February 22, 1991.

3.9.11.4.7 GOCCs and GFIs exempted from the coverage of RA No. 6758 and LGUs are encouraged to adopt the foregoing provisions on honoraria as far as practicable.

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3.9.11.4.8 Honoraria shall not be paid to personnel outside of those covered herein except when specifically provided by law.

3.9.11.5 Funding Source

3.9.11.5.1 For NGAs including SUCs, the amounts for honoraria shall be charged against the appropriations for the purpose in the annual GAA.

3.9.11.5.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.11.5.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.12 Honoraria for Government Personnel Involved in Government Procurement

Honoraria are granted to government personnel involved in government procurement pursuant to Section 15, RA No. 9184 (Government Procurement Reform Act), and the Implementing Rules and Regulations (IRR), Part A, for fully domestically-funded procurement projects, which took effect on October 8, 2003.

Budget Circular (BC) No. 2004-5 dated March 23, 2004, superseded by BC No. 2004-5A dated October 7, 2005, provide the guidelines on the grant of honoraria to said government personnel.

3.9.12.1 Coverage

Government personnel in NGAs including SUCs, GOCCs, GFIs and LGUs involved in procurement.

3.9.12.2 Guidelines

3.9.12.2.1 The chairs and members of the Bids and Awards Committee (BAC) and the Technical Working Group (TWG) may be paid honoraria only for successfully completed procurement projects. In accordance with Section 7 of the Implementing Rules and Regulations Part A (IRR-A) of RA No. 9184, a procurement project refers to the entire project identified, described, detailed, scheduled and budgeted for in the Project Procurement Management Plan prepared by the agency.

A procurement project shall be considered successfully completed once the contract has been awarded to the winning bidder.

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3.9.12.2.2 The payment of honoraria shall be limited to procurement that involves competitive bidding. Competitive bidding activities are present only in:

- Open and competitive bidding;
- Limited source bidding;

- Negotiated procurement under Section 53 (a) of the IRR-A, where there has been failure of bidding for the second time; and
- Negotiated procurement under Section 53 (b) of the IRR-A following the procedures under Section 54.2 (b) thereof, whereby the procuring entity shall draw up a list of at least (3) suppliers or contractors who will be invited to submit bids.

Conversely, honoraria will not be paid when procurement is thru:

- Direct contracting;
- Repeat order;
- Shopping;
- Negotiated procurement under Section 53 (b) of the IRR-A following the procedures under Section 54.2 (d) thereof, whereby the procuring entity directly negotiates with previous supplier, contractor or consultant; or when the project is undertaken by administration or in high security risk areas, through the Armed Forces of the Philippines, in case of infrastructure projects; and
- Negotiated procurement under Section 53 (c) to (g) of the IRR-A.

3.9.12.2.3 The honoraria of each person shall not exceed the rates indicated below per completed procurement project:

	Maximum
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	Honorary Rate Per Procurement Project
BAC Chair	P 3,000
BAC Members	2,500
TWG Chair and Members	2,000

3.9.12.2.4 The average amount of honoraria per month over one year shall not exceed 25% of the basic monthly salary. The honoraria, however, shall be paid only upon the successful completion of each procurement.

3.9.12.2.5 To be entitled to honoraria, personnel should be duly assigned as chair or member of the BAC or the TWG by the head of the department/agency concerned.

3.9.12.2.6 The members of the BAC Secretariat who are performing the attendant functions in addition to their regular duties in other non-procurement units of the agency may likewise be paid honoraria at the same rate as the TWG Chair and Members, subject to the same regulations.

The members of the BAC Secretariat whose positions are in the Procurement Unit of the agency shall not be entitled to honoraria. The payment of overtime services may be allowed, subject to existing policy on the matter.

3.9.12.2.7 Heads of government entities are prohibited from paying honoraria to personnel involved in procurement activities outside of those covered herein.

3.9.12.2.8 By reason of jurisprudence, a Department Undersecretary or Department Assistant Secretary who concurrently serves in the BAC, in whatever capacity, shall not be entitled to honoraria.

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3.9.12.2.9 In lieu of honoraria, the payment of overtime services may be allowed for the administrative staff, such as clerks, messengers and drivers supporting the BAC, the TWG and the Secretariat, for procurement activities rendered in excess of official working hours. The payment of overtime services shall be in accordance with the existing policy on the matter.

3.9.12.2.10 Those who are receiving honoraria for their participation in procurement activities shall no longer be entitled to overtime pay for procurement-related services rendered in excess of official working hours.

3.9.12.3 Funding Source

3.9.12.3.1 The amount necessary for the payment of the honoraria and overtime pay shall be sourced only from the following:

- Proceeds from sale of bid documents;
- Fees from contractor/supplier registry;
- Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents;
- Protest fees;
- Liquidated damages; and
- Proceeds from bid/performance security forfeiture.

3.9.12.3.2 Pursuant to the DOF-DBM-COA Permanent Committee Resolution No. 2005-2 of June 2005, all agencies are authorized to treat the collections from the sources identified in item 3.9.12.3.1 hereof as trust receipts to be used exclusively for the payment of honoraria and overtime pay. Agencies may utilize up to 100% of the said collections for the payment of honoraria and overtime pay subject to the guidelines in item 3.9.12.2. Any excess in the amount collected shall be remitted by NGAs to the Bureau of the Treasury. In the case of GOCCs and LGUs, the same shall form part of their corporate or local government funds, respectively.

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3.9.12.3.3 The total amount of honoraria and overtime pay to be paid for procurement-related activities shall not exceed the said collections.

3.9.12.3.4 In case of deficiency in collections from the sources identified in item 3.9.12.3.1, the amount of honoraria and overtime pay shall be adjusted proportionately for all those entitled thereto.

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3.9.13 Night-Shift Differential Pay

Night-Shift Differential Pay is a compensation premium granted to government personnel whose regular work hours fall wholly or partly within 6:00 PM to 6:00 AM of the following day.

Its grant was standardized and rationalized pursuant to Budget Circular No. 8, s. 1995.

3.9.13.1 Coverage

All government employees regardless of status of employment, whether permanent, casual, temporary and contractual, whose regular schedule of work fall partly or wholly between 6:00 PM and 6:00 AM of the following day

3.9.13.2 Not Covered

3.9.13.2.1 Public Health Workers (PHWs);

3.9.13.2.2 Government personnel whose schedules of office hours or work shifts fall between 6:00 AM to 6:00 PM; and

3.9.13.2.3 Government personnel whose services are required, or are on call 24 hours a day such as the military personnel of the Armed Forces of the Philippines, uniformed personnel under the Department of the Interior and Local Government, and Philippine Coast Guard under the Department of Transportation and Communications

3.9.13.3 Rules and Regulations

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3.9.13.3.1 The night-shift differential pay shall not exceed 20% of the actual rate of the employee derived as follows:

$$\text{Actual Hourly Rate (HR)} = \frac{\text{Actual Salary/Month}}{(22 \text{ Days/Month}) (8 \text{ Hours/Day})}$$

$$\text{Night-Shift Differential Pay} = 1.20 \times \text{HR} \times \text{Number of Hours Rendered}$$

3.9.13.3.2 When the schedule of work hours fall partly within 6:00 PM to 6:00 AM, the night-shift differential pay shall be paid only for the hours within 6:00 PM to 6:00 AM of the following day.

3.9.13.3.3 When an employee working in a regular night-shift falling within the 6:00 PM to 6:00 AM period renders services in excess of the regular 8-hour night-shift, the excess hours shall be compensated through overtime pay, unless payment thereof is suspended by order of the President, or through compensatory time-off.

3.9.13.3.4 To qualify for the night-shift differential pay, the official work hours shall be prescribed by the head of office taking into consideration the nature of the services of the office concerned and the necessity for an official shift outside the ordinary work hours prescribed by the Civil Service Commission, provided that such official work hours are observed for a period of at least 10 work days.

3.9.13.3.5 Payment of night-shift differential pay may be authorized by the Head of Office without the need of prior approval from the DBM.

3.9.13.4 Funding Source

3.9.13.4.1 For NGAs including SUCs, the amounts shall be charged against the appropriations for the purpose. Deficiencies in appropriations shall be charged against agency savings.

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3.9.13.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.13.4.3 For LGUs, the amounts shall be charged against local government funds.

3.9.14 Hazard Duty Pay

The hazard duty pay (HDP) authorized under Section 54, General Provisions of Republic Act No. 9336 (FY 2005 General Appropriations Act) is a compensation premium granted to each official and employee actually assigned to, and performing duties in, strife-torn or embattled areas.

3.9.14.1 Coverage

All government personnel in NGAs, including SUCs, GOCCs, GFIs, and LGUs, whether appointive or elective, on full-time or part-time basis, under permanent or temporary status, personnel with casual and contractual appointments whose salaries/wages are charged to the budgetary allocation for personal services, and who are actually assigned to and performing their duties and responsibilities in strife-torn or embattled areas

3.9.14.2 Not Covered

3.9.14.2.1 Those entitled to HDP or other similar allowances under existing laws, such as the military and uniformed personnel, public health workers, scientists, engineers, researchers and science and technology personnel;

3.9.14.2.2 Those hired through contract of service or job order basis; and

3.9.14.2.3 Those who are not actually assigned to nor performing their duties and responsibilities in strife-torn or embattled areas

3.9.14.3 Rules and Regulations

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3.9.14.3.1 Heads of government agencies may grant HDP to their personnel at the following rates without the need for approval by the DBM, provided that the following conditions are met:

3.9.14.3.1.1 The personnel were actually assigned to, and performing their duties and responsibilities in, strife-torn or embattled areas for the following periods in a month:

<u>Period of Assignment in Work Days</u>	<u>Monthly Rates</u>
1 to 7 days	P 400
8 to 14 days	500
15 or more days	600

3.9.14.3.1.2 The areas of assignment have been determined and certified by the Secretary of National Defense or by his authorized representative as strife-torn or embattled areas.

3.9.14.3.2 The periods of entitlement to HDP shall be coterminous with the duration of the actual assignments of the personnel in strife-torn or embattled areas, but in no case they shall exceed 3 months. Such entitlement to HDP may be renewed as deemed necessary by the head of agency, subject to items 3.9.14.3.1.1 and 3.9.14.3.1.2 above.

3.9.14.3.3 Those who work part-time shall receive half of the amounts received by full-time personnel in the same situation.

3.9.14.3.4 The HDP of personnel detailed in other government agencies which work areas are identified as strife-torn or embattled shall

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be paid by their respective mother agencies.

3.9.14.3.5 Government personnel who are assigned to strife-torn or embattled areas shall no longer be entitled to receive HDP when they are under the following instances for one (1) full calendar month or more:

- on vacation, sick or study leave with or without pay;
- on maternity leave;
- on summer vacation, such as teachers;
- on terminal leave;
- on detail with another agency which work areas are not strife-torn or embattled;
- on attendance in training courses/ scholarship grants/seminars/similar activities; and
- on official travel outside of their official stations.

3.9.14.3.6 The government agencies concerned shall submit to the respective DBM Budget and Management Bureaus or Regional Offices not later than fifteen (15) days after the end of each fiscal year a report on the personnel granted HDP by following the format attached as Annex A.

3.9.14.4 Funding Source

3.9.14.4.1 For NGAs, including SUCs, the amounts shall be charged against available savings from released allotments for current operating expenditures without need for prior authority from the DBM, provided all authorized mandatory expenses shall have been paid first;

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- 3.9.14.4.2 For GOCCs and GFIs, the amounts shall be charged against savings from their respective corporate funds; and
- 3.9.14.4.3 For LGUs, the amounts shall be charged against their respective local government funds, subject to the personal services limitation under Section 325 (a), RA No. 7160 (Local Government Code of 1991), and subject further to the enactment of the appropriate Sanggunian ordinances.

3.9.15 Subsistence Allowance

Subsistence Allowance is allowance for meal or sustenance of government personnel who, by the nature of their duties and responsibilities, have to make their services available in their places of work even during mealtimes. The grant thereof is pursuant to Section 69, Chapter 7, Book VI of Executive Order No. 292 (Administrative Code of 1987).

3.9.15.1 Coverage

- 3.9.15.1.1 Public Health Workers (PHWs) as defined under RA No. 7305 (Magna Carta of Public Health Workers);
- 3.9.15.1.2 Marine officers, engineers, and crew of government vessels, launches, and motorboats, who take their meals on the mess when aboard said vessels, launches or motorboats;
- 3.9.15.1.3 Officials and employees who are required to render services within penal institutions, military installations and other similar institutions, and who are required to live within the premises of said institutions for continuous periods that include meal times so as to make their services available at any and all times;
- 3.9.15.1.4 Lightkeepers and other employees in light stations who are authorized by the head of agency to receive subsistence allowance; and

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3.9.15.1.5 Laborers temporarily fielded to isolated or unsettled areas

3.9.15.2 Rules and Regulations

3.9.15.2.1 For PHWs

3.9.15.2.1.1 The rate for subsistence allowance as provided under the GAA, shall be P30 per day per employee, or as presently

enjoyed by them based on their respective authorizations.

3.9.15.2.1.2 PHWs are eligible to receive full subsistence allowance as long as they render actual duties. Those on vacation/sick leave, with or without pay, on special privilege leave, maternity/paternity leave, on terminal leave, or on official travel are not entitled to the subsistence allowance.

3.9.15.2.1.3 Higher rates for subsistence allowance for PHWs may be granted, but not exceeding P50 per day pursuant to the revised Implementing Rules and Regulations (IRR) of RA No. 7305, provided that the additional requirement shall be taken from agency savings.

3.9.15.2.2 For Other Personnel

3.9.15.2.2.1 The subsistence allowance for marine officers and crew of marine vessels operated by the government shall not be commutable since it is granted for conducting a mess on board said vessels.

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3.9.15.2.2.2 When there is no mess hall or when the same is available but inadequate, the subsistence allowance may be commuted.

3.9.15.2.2.3 The subsistence allowance for lightkeepers and other employees in light stations and of laborers temporarily fielded to isolated or unsettled districts may be commuted, or

the equivalent may be used to furnish them with the usual rations.

3.9.15.2.2.4 Personnel who are on maternity/ paternity leave, on sick or vacation leave with or without pay, or on full-time or part-time detail with another agency, or reassigned to another organizational unit or special project of the same agency, or attending training course/scholarship grant/seminar, or any other similar activity, or on official travel are not entitled to subsistence allowance for the duration thereof.

3.9.15.3 Funding Source

3.9.15.3.1 For NGAs including SUCs, the amounts shall be charged against the appropriations for the purpose in the annual GAA.

3.9.15.3.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.15.3.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.16 Laundry Allowance

The Laundry Allowance is intended to defray the laundry cost incurred for uniforms of specific government personnel pursuant to Section 67, Chapter 7, Book VI of Executive Order No. 292 (Administrative Code of 1987).

3.9.16.1 Rules and Regulations

3.9.16.1.1 Public Health Workers (PHWs)

3.9.16.1.1.1 The laundry allowance for PHWs shall be P125 per month as provided in the annual GAA.

3.9.16.1.1.2 PHWs may be granted higher rates of laundry allowance not exceeding P150 per month, regardless of the actual work rendered, pursuant to the Revised Implementing Rules and Regulations of RA No. 7305, provided that the additional requirement shall be taken from agency savings.

3.9.16.1.2 The laundry allowance for officials or employees serving in penal institutions or other similar institutions, who are required to wear uniforms during the performance of their duties and responsibilities shall be at

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rates as provided under their respective
authorizations.

3.9.16.2 Funding Source

3.9.16.2.1 For NGAs including SUCs, the amounts shall be charged against the appropriations for the purpose in the annual GAA.

3.9.16.2.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.16.2.3 For LGUs, the amounts shall be charged against their respective local government funds.

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3.9.17 Free Quarters for Certain Government Officials

Free quarters for government officials refer to the free use of government-owned or leased place of lodgings which may include telephone, water and electricity for basic needs.

National Budget Circular No. 456, dated November 11, 1996, provides the guidelines on free quarters for certain government officials to implement the pertinent general provision of the annual GAA.

3.9.17.1 Coverage

Government officials and their equivalents under the following categories, who by virtue of agency policies of reshuffling or rotation are assigned or transferred to places other than those of their domiciles and do not own houses or rooms therein:

Position Levels	Category
Department Regional Directors	A
Department Assistant Regional Directors	A
Bureau Regional Directors	B
Assistant Bureau Regional Directors	B

3.9.17.2 Not Covered

3.9.17.2.1 Public Health Workers who are entitled free quarters under RA No. 7305;

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3.9.17.2.2 Military personnel under the Armed Forces of the Philippines and uniformed personnel of the Department of the Interior and Local Government, Philippine Coast Guard under the Department of Transportation and Communications, and National Mapping and Resource Information Authority under the Department of Environment and Natural Resources (DENR) who are entitled to quarters allowances pursuant to existing laws, rules and regulations;

3.9.17.2.3 Those who are expressly authorized free quarters under existing laws, rules and regulations; and

3.9.17.2.4 Those who are stationed abroad.

3.9.17.3 Rules and Regulations

3.9.17.3.1 Heads of agencies may provide free quarters within their office premises to their officials without the need for approval by the DBM.

3.9.17.3.2 Where there is not enough space to be used as quarters, houses or rooms may be rented which shall serve as quarters at reasonable rates based on the prevailing cost of rental in the area or locality as determined under Chapter 4 of the Manual of Building Services and Real Property Management issued under Joint DBM, DENR and Department of Public Works and Highways Circular No. 1, dated September 30, 1989 but not to exceed the rates prescribed below:

Area/Locality	Category	
	A	B
Special Cities (Manila/ Quezon City)	P3,000	P2,500

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Highly Urbanized Cities/ Capital Centers	2,500	2,000
Others	2,000	2,000

3.9.17.3.2.1 The rental contract shall be entered into by and between the agency concerned and the owner of the dwelling unit; and the rental payment shall be paid to the latter and not commuted in favor of the official concerned.

3.9.17.3.2.2 The above rates shall be inclusive of the amounts for telephone, water and electric bills.

3.9.17.3.3 Those who desire more expensive/ extensive quarters other than those provided by their agencies or at the authorized maximum rental rate, may secure such preferred quarters, provided that the difference between the rental cost and the amount authorized therefor shall be paid by the officials concerned.

3.9.17.3.4 The guidelines for free quarters for certain LGU elected officials are provided in Chapter 9 of this Manual.

3.9.17.4 Funding Source

3.9.17.4.1 For NGAs, the amounts shall be charged against the released allotments for maintenance and other operating expenses.

3.9.17.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.

3.9.18 Free Quarters Privileges in Hospitals

Free quarters privileges refer to the free use of government hospital-owned place of lodging authorized under the pertinent general provision in the annual GAA.

3.9.18.1 Guidelines

- 3.9.18.1.1 Pursuant to item 7.7.1, Rule XV, Revised Implementing Rules and Regulations, RA No. 7305, all PHWs who are on tour of duty and those who, because of unavailable circumstances are forced to stay in hospitals, sanitarium or health infirmary premises, shall be entitled to free living quarters within hospitals, sanitarium or health infirmary premises.
- 3.9.18.1.2 Pursuant to DBM Circular Letter No. 2000-17, dated September 19, 2000, free quarters may be provided for the Chief of Hospital, Chief of Clinics, Hospital Administrative Officer and Chief Nurse in view of the nature of their functions which involve round-the-clock supervision of the different activities of the hospital.
- 3.9.18.1.3 In case the above-mentioned hospital officials own houses within the locality or in close proximity to the hospital, said free quarters privilege shall be forfeited and

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concerned officials shall instead be allowed reimbursement of light and water bills, pertaining to their personal basic consumption and not of the entire household, at rates not exceeding the minimum charges for water and electricity prevailing in the locality for residential users, as certified by the local electric and water utilities offices/providers in the particular areas. Minimum charge refers to the nominal rate charged by water and electric companies/cooperatives to residential users which is the fixed rate for the first block of cubic meter consumption for water or kilowatt for electricity.

39.19 Special Counsel Allowance

The Special Counsel Allowance authorized under the pertinent general provision in the annual GAA is granted to lawyer personnel, including those designated to assume the duties of a legal officer and those deputized by the Office of the Solicitor General in the legal staff of departments, bureaus or offices of the national government to appear in court as special counsel in collaboration with the Solicitor General or prosecutors concerned.

3.9.19.1 Rate of Special Counsel Allowance

The Special Counsel Allowance is granted at P500 for each court appearance, but not exceeding P3,000 per month.

3.9.19.2 Funding Source

Savings in agency appropriations/budgets

3.9.20 Anniversary Bonus

The Anniversary Bonus (AB) is a financial incentive authorized under Administrative Order No. 263 dated March 28, 1996, to be granted to government employees on the occasion of their agencies' milestone years.

3.9.20.1 Coverage

All government personnel whether employed on full-time or part-time bases, under permanent, temporary or casual status, elective or appointive, including contractual personnel whose employments are in the nature of regular employees who have rendered at least 1 year of service in the same agencies as of the date of milestone years and continue to be employed in the same government entities as of the occasion of their milestone anniversaries

3.9.20.2 Not Covered

- 3.9.20.2.1 Those absent without leave as of the date of the milestone year for which the AB is being paid;
- 3.9.20.2.2 Those who are no longer in the service in the same government entity as of the date of the milestone year; and
- 3.9.20.2.3 Those Consultants, experts, laborers of contracted projects ("pakyaw"), student laborers, apprentices, mail contractors,

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those paid on piecework bases, and others similarly situated

3.9.20.3 Rules and Regulations

- 3.9.20.3.1 The AB shall be paid at P3,000 per personnel, provided that he/she has rendered at least 1 year of service in the same agency as of the date of the milestone year.
- 3.9.20.3.2 In case of insufficiency of funds, a lesser but uniform amount of AB may be paid to the personnel entitled thereto.
- 3.9.20.3.3 A milestone year refers to the 15th anniversary and to every 5th year thereafter.
- 3.9.20.3.4 "Government entities" shall refer to departments, bureaus, offices, commissions and similar bodies of the national government, including GOCCs and GFIs; provided that staff bureaus or entities which form part of the organizational structure of departments or offices shall be deemed absorbed by the latter and shall not be treated as separate agencies.
- 3.9.20.3.5 A frontline bureau or entity created as such under a distinct law, thus, deemed as an institution in its own right shall be considered a distinct and separate agency for purposes of the grant of AB, notwithstanding the fact that it had since been organizationally integrated with a department or office.
- 3.9.20.3.6 The counting of milestone years shall start from the year the government entity was created regardless of whether it was subsequently renamed or reorganized, provided that its original primary functions have not substantially changed. Otherwise, the counting of milestone years shall start from the date the functions were substantially changed.

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- 3.9.20.3.7 The counting of the milestone years of merged agencies shall start from the date they were merged.
- 3.9.20.3.8 Officials and employees in government entities attached to or are placed directly under a department or department level entity and which creation are not through charters, may be considered as organic personnel of the mother department/department level entity, for purposes of the grant of the AB.
- 3.9.20.3.9 The AB shall be granted only during milestone years and shall be received by the employee only once every 5 years, regardless of transfer from one government entity to another.
- 3.9.20.3.10 Government personnel who were found guilty of any offense in connection with their work during the 5-year interval between milestone years shall not be entitled to the immediately succeeding AB.
- 3.9.20.3.11 The foregoing rules and regulations shall also apply to LGUs as far as applicable, in addition to the rules and regulations in Chapter 9 of this Manual.

3.9.20.4 Funding Source

- 3.9.20.4.1 For NGAs including SUCs, the amounts shall be solely charged against savings from released allotments for current operating expenses, provided that all authorized mandatory expenses shall have been paid first.
- 3.9.20.4.2 For GOCCs and GFIs, the amounts shall be charged against savings from their respective corporate funds.

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3.9.20.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.21 Collective Negotiation Agreement (CNA) Incentive

The CNA Incentive is a cash incentive in whatever form provided for in CNAs and supplements thereto, which were granted pursuant to PSLMC Resolution No. 04, s. 2002 or PSLMC Resolution No. 02, s. 2003, or the rationalized cash incentive granted on or after the effectivity of Budget Circular No. 2006-1 dated February 1, 2006, to the government employees concerned who have contributed either in productivity or cost savings in an agency, in fulfillment of the commitments in the CNAs or supplements thereto. It excludes such other items that are negotiable, in cash or in kind, listed under Section 2, Rule XII, PSLMC Resolution No. 02, s. 2004, and non-negotiable concerns specified in PSLMC Resolution No. 04, s. 2002 and PSLMC Resolution No. 02, s. 2003.

3.9.21.1 Coverage

3.9.21.1.1 Rank-and-file employees who are members of employees' organizations accredited by the Civil Service Commission (CSC) in NGAs, SUCs, LGUs, and GOCCs/GFIs, whether or not covered by RA No. 6758 (Compensation and Position Classification Act of 1989). They do not fall under the following categories:

3.9.21.1.1.1 Those who perform managerial functions;

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3.9.21.1.1.2 "Coterminous employees" or those whose entrance and continuity in government service are "based on any of the following: 1) trust and confidence of the appointing authority or of the head of the organizational unit where the former is assigned; or, 2) duration of the project, or the period for which an agency or office was created;"¹ or

3.9.21.1.1.3 "Highly confidential employees" or those who occupy positions which require "high degree of trust and confidence and close intimacy with the appointing authority or immediate supervisor which ensures free and open communication without harassment or freedom from misgivings of betrayal of personal trust or confidential matters of state."²

3.9.21.2 Policy Guidelines

3.9.21.2.1 The CNA Incentive in the form of cash may be granted to employees covered by the grant of the CNA Incentives, if provided for in the CNAs or in the supplements thereto, executed between the representatives of management and the employees' organization accredited by the CSC as the sole and exclusive negotiating agent for the purpose of collective negotiations with the management of an organizational unit listed in Annex "A" of PSLMC Resolution No. 01, s. 2002, and as updated.

¹ Section 1, Rule I, Definition of Terms, PSLMC Resolution No. 02, s. 2004.

² Section 1, Rule I, Definition of Terms, PSLMC Resolution No. 02, s. 2004.

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3.9.21.2.2 The grant of the CNA Incentive may be extended to employees under items 3.9.21.1.1.2 and 3.9.21.1.1.3 hereof who contributed to agency productivity and implementation of cost-cutting measures identified in the CNAs or supplements thereto, in line with the equal protection clause of the 1987 Constitution, provided they are assessed and have paid the corresponding agency fees pursuant to PSLMC Resolution No. 1, s. 1993.

3.9.21.2.3 Such CNA Incentive shall refer to those provided in CNAs and supplements thereto which were signed on or after the effectivity of PSLMC Resolution No. 04, s. 2002, and

PSLMC Resolution No. 02, s. 2003, or signed and ratified by a majority of the general membership on or after the effectivity of PSLMC Resolution No. 02, s. 2004, "Approving and Adopting the Amended Rules and Regulations Governing the Exercise of the Right of Government Employees to Organize."

3.9.21.2.4 The form of the CNA Incentive shall be simplified and rationalized as follows:

3.9.21.2.4.1 All existing cash incentives in the CNAs in the form of allowances and benefits, such as staple food allowance, rice subsidy, grocery allowance, inflation allowance, relocation allowance, SONA bonus, bonuses other than the year-end benefit authorized under RA No. 6686, as amended by RA No. 8441, etc., shall be consolidated into a single cash incentive, and shall be referred to and collectively paid as the CNA Incentive.

3.9.21.2.4.2 Existing cash incentives in the CNAs which are already provided under existing laws,

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administrative orders, or with Presidential approval, or under the CSC-approved Program on Awards and Incentives for Service Excellence (PRAISE) established under CSC Memorandum (MC) No. 01, s. 2001, shall not be part of the CNA Incentive to preclude double compensation which is prohibited under the Constitution, and as payments thereof are subject to separate authority and pertinent conditions.

3.9.21.2.4.3 Starting from the effectivity of BC No. 2006-1, all CNAs and supplements thereto shall only provide for the CNA Incentive as the cash incentive.

3.9.21.2.5 The grant of the CNA Incentive in whatever form of cash benefit pursuant to CNAs and supplements thereto, which were signed and ratified on or after the effectivity of PSLMC Resolution No. 04, s. 2002, and PSLMC Resolution No. 02, s. 2003, and before the effectivity of the Circular, which were granted in strict compliance with said PSLMC Resolutions, are thus confirmed as valid CNA Incentives.

3.9.21.2.6 The amount/rate of the individual CNA Incentive:

3.9.21.2.6.1 Shall not be pre-determined in the CNAs or in the supplements thereto since it is dependent on savings generated from cost-cutting measures and systems improvement, and also from improvement of productivity and income in GOCCs and GFIs;

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3.9.21.2.6.2 Shall not be given upon signing and ratification of the CNAs or supplements thereto, as this gives the CNA Incentive the character of the CNA Signing Bonus which the Supreme Court has ruled against for not being a truly reasonable compensation (Social Security System vs. Commission on Audit, 384 SCRA 548, July 11, 2002);

3.9.21.2.6.3 May vary every year during the term of the CNA, at rates depending on the savings

generated after the signing and ratification of the CNA; and

3.9.21.2.6.4 May be higher for employees in offices or organizational units which contributed more in cost savings, productivity, profitability, or a combination thereof, as the case may be.

3.9.21.2.7 The CNA Incentive for the year shall be paid as a one-time benefit after the end of the year, provided that the planned programs/activities/projects have been implemented and completed in accordance with the performance targets for the year.

3.9.21.3 Procedural Guidelines

3.9.21.3.1 An Employees' Organization - Management Consultative Committee or a similar body composed of designated representatives from the management and the accredited employees' organization shall review the agency's financial records and report of operations at the end of the fiscal year, and shall arrive at a consensus on the following items:

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3.9.21.3.1.1 The guidelines/criteria to be followed in the grant of the CNA Incentive;

3.9.21.3.1.2 The total amount of unencumbered savings at the end of the year which were realized out of cost-cutting measures identified in the CNAs and supplements thereto, and which were the results of the joint efforts of labor and management;

3.9.21.3.1.3 The apportioned amounts of such savings shall cover the following items:

“Fifty percent (50%) for CNA Incentive

Thirty percent (30%) for improvement of working conditions and other programs and/or to be added as part of the CNA Incentive, as may be agreed upon in the CNA

Twenty percent (20%) to be reverted to the General Fund for the national government agencies or to the General Fund of the constitutional commissions, state universities and colleges, and local government units concerned, as the case may be;² or for GOCCs and GFIs, the twenty percent (20%) is to be retained and “to be used for the operations of the agency to include among others, purchase of equipment critical to the operations and

² Section 5, PSLMC Resolution No. 04, s. 2002.

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productivity improvement programs³

3.9.21.3.1.4 The individual amount of the CNA Incentive to be granted to the employees concerned based on the established guidelines/ criteria.

Such agreements shall be incorporated in a written resolution to be signed by the representatives of both parties and noted by the agency head. This resolution shall serve as basis for accounting and auditing purposes.

3.9.21.3.2 The Employees' Organization - Management Consultative Committee or similar body in GOCCs and GFIs shall determine if the employees concerned are entitled to the CNA Incentive based on compliance with the following conditions, pursuant to Section 2, PSLMC Resolution No. 02, s. 2003:

- "a) Actual operating income at least meets the targeted operating income in the Corporate Operating Budget (COB) approved by the Department of Budget and Management (DBM)/Office of the President for the year. For GOCCs/GFIs, which by the nature of their functions consistently incur operating losses, the current year's operating loss should have been minimized or reduced compared to or at most equal that of prior year's level;
- b) Actual operating expenses are less than the DBM-approved level of operating expenses in the COB as to generate sufficient source of funds for the payment of CNA Incentive; and

³ Section 6 c), PSLMC Resolution No. 02, s. 2003.

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- c) For income generating GOCCs/GFIs, dividends amounting to at least 50% of their annual earnings have been remitted to the National Treasury in accordance with the provisions of Republic Act No. 7656 dated November 9, 1993."

The following are the definitions of the terms aforesated, pursuant to Section 4, PSLMC Resolution No. 02, s. 2003:

- "a) Corporate Operating Budget – refers to the budget of a government- owned and/or –controlled corporation/ government financial institution consisting of estimates of revenues, expenditures and borrowings. This is prepared prior to the beginning of the

fiscal year and recommended by the governing board of the corporation for consideration and final approval of the President through the DBM.
- b) Actual operating income – refers to gross income/ revenues generated from the exercise of the corporation's regular functions as mandated by law. This excludes revenues not recurring in nature, such as interest income, proceeds from the sale of scrap and/or obsolete equipment, materials and/or real estate assets, which sale is not the main function of the corporation.
- c) Actual operating expenses – refer to all expenses incurred by the corporation in the conduct of its regular functions. This excludes non-cash items like allowance for bad debts, depreciation/depletion expense, losses from foreign exchange and similar expenses.

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- d) Operating loss – refers to the excess of actual operating expenses over actual operating income/ revenue.”

The computation of savings for the CNA Incentive in GOCCs and GFIs is illustrated in Annex “A.”

3.9.21.4 Funding Source

3.9.21.4.1 The CNA Incentive shall be sourced solely from savings from released Maintenance and Other Operating Expenses (MOOE) allotments for the year under review, still valid for obligation during the year of payment of the CNA, subject to the following conditions:

3.9.21.4.1.1 Such savings were generated out of the cost-cutting measures identified in

the CNAs and supplements thereto;

3.9.21.4.1.2 Such savings shall be reckoned from the date of signing of the CNA and supplements thereto;

3.9.21.4.1.3 Such savings shall be net of the priorities in the use thereof such as augmentation of amounts set aside for compensation, bonus, retirement gratuity, terminal leave benefits, old-age pension of veterans and other personnel benefits authorized by law and in special and general provisions of the annual General Appropriations Act, as well as other MOOE items found to be deficient. Augmentation shall be limited to the actual amount of deficiencies incurred; and

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3.9.21.4.1.4 The basic rule that augmentation can be done only if there is deficiency in specific expenditure items, should be strictly observed.

3.9.21.4.2 National government agencies may use any free portion of their respective cash allocation for payment of the CNA Incentive or, if necessary, may request the release of cash allocation from the Department of Budget and Management (DBM).

3.9.21.4.3 GOCCs/GFIs and LGUs may pay the CNA Incentive from savings in their respective approved corporate operating budgets or local government budgets.

3.9.21.4.4 NGAs shall submit to DBM a report on the utilization of savings for the payment of the CNA Incentive.

Annex "A"

Illustration

GOCC A, which meets the conditions in item 6.2 of this Circular, may grant the CNA Incentive as illustrated below and in Annex "A" of PSLMC Resolution No. 02, s. 2003:

Compliance with item 6.2.a) and 6.2.b)

Particulars (In Thousand Pesos)	Per Approved COB (Projection)	As Audited (Actual)	Variance
Operating income	150,000	150,000	0
Less: Operating Expenses	(120,000) a/	(100,000) a/	20,000 b/
Net Operating Income	30,000	50,000	
20,000	20,000	50,000	

Compliance with item 6.2.c)
(In Thousand Pesos)

I.	Revenues:		
	Operating income		150,000
	Non-operating income		
	<u>10,000</u>		
	Total income		160,000
II.	Expenses:		
	Operating Expenses		
	Personal Services	30,000	40,000
	* MOOE	40,000	46,000
	** Equipment Outlay	30,000	30,000
	Sub-total, Operating Expenses	100,000 a/	116,000

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	Non-Operating Expenses:	
	Non-Cash Expenses	
5,000	Others	5,000
	Sub-total, Non-Operating Expenses	10,000
	Total Expenses	126,000
III.	Net Profit Before Income Tax	34,000
IV.	Income Tax	
	8,000	
V.	Net Profit After Income Tax	26,000
	Dividend Payable to the National Government (50%)	13,000

Notes:

- * Including payment of the CNA Incentive in the amount of P10 Million, net of P4 million to be retained by the GOCC/GFI
- ** Including amount used for improvement of working conditions which as an alternative may also be used for CNA incentive

a/ Excluding payment of CNA Incentive

b/ Amount to be used for CNA Incentive Distribution: (In thousand pesos)		20,000
	Fifty percent (50%) CNA Incentive	10,000
	Thirty percent (30%) for improvement of working conditions and/or to be added as part of the CNA Incentive	6,000
	Twenty percent (20%) to be retained by the GOCC/GFI	4,000
	Total	20,000

39.22 Travel Expenses

Travel Expenses constitute the amounts authorized under Executive Order (EO) No. 248, dated May 29, 1995 and EO No. 248-A, dated August 14, 1995, as amended by EO No. 298, dated March 23, 2004, as recommended by the Travel Rates Committee created under Section 72, Book VI of Executive Order No. 292, the Administrative Code of 1987, to cover hotel/lodging rate, meals and incidental travel expenses excluding transportation expenses going to and from the destination.

3.9.22.1 Coverage

Government personnel, both from the national and local governments

3.9.22.2 Rules and Regulations for Local Travel

Hereunder are the rules and regulations relative to local travels approved by the authorities concerned:

- 3.9.22.2.1 The travel expenses of government personnel regardless of rank and destination shall be P800 per day which shall be apportioned as follows:

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50% for hotel/lodging (P400)
30% for meals (P240 or P80 per meal)
20% for incidental expenses (P160)

3.9.22.2.2 Entitlement to travel expenses shall start only upon arrival at the place of destination and shall cease upon departure therefrom at the following percentages:

Particulars	Percentage	To cover
Arrival not later than 12 noon	100%	Hotel/lodging (50%), meals (30%) and incidental expenses (20%)
Arrival after 12 noon	80%	Hotel/lodging (50%), dinner (10%) and incidental expenses (20%)

Departure before 12 noon	30%	Breakfast (10%) and incidental expenses (20%)
Departure at 12 noon and later	40%	Breakfast (10%), lunch (10%) and incidental expenses (20%)

3.9.22.2.3 In case the local travel occurred only in one (1) day, e.g., an employee arriving at the place of destination at 10:00 AM and leaves at 4:00 PM, he/she shall be entitled only to 40% of the per day rate of P800 or P320, broken down as follows: 10% for breakfast, 10% for lunch, and 20% for incidental expenses.

3.9.22.2.4 Claims for reimbursement of actual travel expenses in excess of the prescribed rate of P800 may be allowed upon certification by the head of the agency concerned as absolutely necessary in the performance of an assignment and upon presentation of bills and receipts, provided that certification or affidavit of loss shall not be considered as appropriate replacement for the required bills and receipts.

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3.9.22.2.5 Claims for payment of expenses

Claims for payment of expenses due to travel/assignment to places within the 50 kilometer radius from the last city or municipality covered by the Metropolitan Manila Area in the case of those whose permanent official stations are in the Metropolitan Manila Area, or from the city or municipality wherein their permanent official stations are located in the case of those outside the Metropolitan Manila Area, shall be allowed only upon presentation of proofs, duly supported by bills or invoices with official receipts of expenses incurred, that they stayed in their places of assignment for the whole duration of their official travels. If they commute daily from the places of assignments to the places of

residences or permanent official stations, they shall be allowed only the reimbursement of actual fares at the prevailing rates of the authorized mode of transportation from the permanent official stations to the destinations or places of work and back, and reasonable costs for meals. The total actual fare and cost of meals and incidental expenses shall in no case exceed P400 per day per personnel.

3.9.22.3 Rules and Regulations for Foreign Travel

Hereunder are the rules and regulations relative to foreign travels approved by the President, Department Secretaries and their equivalents, as the case may be, under the following authorized purposes/categories.

3.9.22.3.1 Government personnel who travel abroad shall be entitled to the Daily Subsistence Allowance (DSA) as provided in the United Nations Development Program (UNDP) Index which can be secured from the Department of Foreign Affairs.

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- 3.9.22.3.2 The DSA shall be apportioned in the same manner as the travel expenses for local travel.
- 3.9.22.3.3 Entitlement to DSA shall start only upon arrival at the place of destination and shall cease upon departure therefrom at the same percentages indicated in item 3.9.22.2.2.
- 3.9.22.3.4 In case the officials or employees authorized to travel are not provided with transportation by the host country or sponsoring organization, they shall be allowed official transportation, which shall be of the restricted economy class, unless otherwise authorized by the President of the Philippines.
- 3.9.22.3.5 The airport terminal fee at the point of embarkation to go back to the Philippines

upon completion of the official trip abroad may be reimbursed.

3.9.22.4 Funding Source

- 3.9.22.4.1 For NGAs including SUCs, the amounts shall be charged against their respective appropriations for traveling expenses.
- 3.9.22.4.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.
- 3.9.22.4.3 For LGUs, the amounts shall be charged against their respective local government funds.

3.9.23 Terminal Leave Benefit and Monetization of Leave Credits

The Terminal Leave Benefit (TLB) refers to the money value of the total accumulated vacation and sick leave credits of an employee based on the highest salary received prior to or upon retirement or voluntary separation from government service.

Monetization of Leave Credits (MLC) refers to the payment in advance under prescribed limits and subject to specified terms and conditions of the money value of the vacation and sick leave credits of an employee upon his/her request, without actually going on leave.

Budget Circular No. 2002-1 dated January 14, 2002, prescribed the guidelines relative to the computation of the TLB and MLC in accordance with Memorandum Circular (MC) No. 14, s. 1999, issued by the Civil Service Commission (CSC).

3.9.23.1 Guidelines

3.9.23.1.1 Pursuant to Section 40, CSC MC No. 14, the TLB shall be computed as follows:

$$\text{TLB} = \text{S} \times \text{D} \times \text{CF}$$

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Where: TLB = Terminal leave benefit
S = Highest monthly salary received
D = Number of days of accumulated vacation and sick leave credits
CF = Constant factor of 0.0478087 month/day

The CF was derived as follows:

Given:

365 = Days in a regular year
104 = Saturdays and Sundays in a regular year
10 = Legal holidays (per EO No. 292)

$$CF = \frac{12 \text{ months/year}}{[365 - (104 + 10)] \text{ days/year}}$$

$$CF = \frac{12 \text{ months}}{251 \text{ days}}$$

$$CF = .0478087 \text{ month/day}$$

Conversely, a day is equal to 0.0478087 month. The equivalent number of days in a month for the purpose of computation of TLB is 20.91667 derived as follows:

$$\text{Number of days} = \frac{1 \text{ day}}{0.0478087 \text{ month}} \times 1 \text{ month}$$

$$\text{Number of days} = 20.91667 \text{ days}$$

3.9.23.1.2 The monetization of leave credits shall be computed by using the same formulae for the computation of the TLB.

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3.9.23.2 Funding Source

3.9.23.2.1 For the TLB

3.9.23.2.1.1 For NGAs including SUCs, the TLBs for compulsory retirees shall be charged against the appropriations for the purpose in the annual GAA. However, compulsory retirees shall be given priority over optional retirees in the use of the built-in appropriations in cases where claimants simultaneously request for fund releases. Deficiencies in appropriations shall be charged against agency savings.

3.9.23.2.1.2 For GOCCs and GFIs, the TLBs shall be charged against their respective corporate funds.

3.9.23.2.1.3 For LGUs, the TLBs shall be charged against their respective local government funds.

3.9.23.2.2 For the MLC

Funds for the MLC shall be charged solely from savings of government entities.

3.10 Compensation for Casual Personnel and Those of Same Nature

Casuals, temporary and emergency employees, including skilled, semi-skilled and unskilled laborers refer to those hired for short durations only, depending on the needs of the service.

3.10.1 Rules and Regulations

3.10.1.1 In accordance with Section 7, RA No. 6758, the daily wage rate for casual personnel and those of similar nature shall be derived based on the following formulae:

$$\text{Daily Wage Rate} = \frac{\text{Authorized Monthly Salary for the Position}}{22 \text{ days}}$$

3.10.1.2 Payment of the daily wage shall be in accordance with the "No Work, No Pay" policy. Accordingly, casual employees shall be paid wages only on days actually worked based on the above formulae, regardless of the number of work days in a month. Annex "E" shows a sample computation.

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- 3.10.1.3 No wages shall be paid on rest days such as Saturdays, Sundays and regular holidays falling on weekdays unless casual employees worked on these days, and during leaves of absence without pay.
- 3.10.1.4 Pursuant to PD No. 442, casual employees are entitled to wages on special holidays proclaimed by the President even if they did not work on these days.
- 3.10.1.5 Work performed on special work holidays are tantamount to work performed on ordinary work days.
- 3.10.1.6 Casual personnel and those of similar nature shall be entitled to allowances received by regular personnel, including membership in the GSIS, health insurance, employees compensation insurance, membership in the PAG-IBIG Fund, vacation and sick leaves and the monetization thereof, and payment of terminal leave benefits.

3.10.2 Funding Source

Funds for wages, allowances and other personnel benefits of casual personnel and those of similar nature, including the government's share in the Government Service Insurance System (GSIS) retirement and life insurance premiums, health insurance premiums, employees compensation insurance premiums, and PAG-IBIG Fund contributions shall be charged against the lump-sum funds for the purpose under the agency appropriations/ budgets for personal services.

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Annex “E”

SAMPLE COMPUTATION OF DAILY WAGE

Mr. Dante dela Cruz, a casual employee, is occupying the position of Utility Worker I, SG-1, with authorized monthly salary of P5,082.

His aggregate monthly wages are as follows:

Months (1)	Number of Work Days (2)	Daily Wage Rate = $\left[\frac{\text{P5,082}}{22 \text{ days}} \right]$ (3)	Aggregate Wage For the Month* (2) x (3) = (4) (4)
January	22	P231	P5,082
February	20	231	4,620
October	23	231	5,313

* Based on the assumption that the number of work days is equal to days actually worked

3.11 Compensation for Contractual Personnel

Contractual personnel are those hired in accordance with specific contracts for specified periods and with definite expected outputs, and are employed to undertake a particular work or project, and whose hiring creates employee-employer relationships between them and the hiring agencies. Contractual personnel are considered as employees of hiring agencies limited to such periods when their services are reasonably required.

Civil Service Commission and Department of Budget and Management Joint Circular No. 99-7 dated December 29, 1999, provides the guidelines governing contractual personnel.

3.11.1 Not Covered

- 3.11.1.1 Student laborers, apprentices, laborers of contracted projects ("pakyaw"), mail collectors, including those paid on piecework bases; and
- 3.11.1.2 Those whose positions are not classified/approved by the DBM and the CSC

3.11.2 Rules and Regulations

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- 3.11.2.1 The hiring of contractual personnel shall be allowed under the following conditions:
 - 3.11.2.1.1 The desired expertise is not available among the regular staff.
 - 3.11.2.1.2 The service to be rendered is of short duration and the service has to be terminated thereafter.
 - 3.11.2.1.3 The work to be accomplished is very urgent but in utilizing the regular staff, other functions of the agency will be unduly prejudiced.
- 3.11.2.2 Contractual personnel may be hired only if funds for the purpose are available in agency appropriations/budgets.
- 3.11.2.3 Contractual personnel shall not be allowed more than two part-time contracts with government at any one time.
- 3.11.2.4 Contractual personnel must not be designated in any case to positions wherein they will exercise control or supervision over regular personnel of hiring agencies.
- 3.11.2.5 Employment contracts shall only be issued on the bases of classified contractual positions duly approved by the DBM, and in no case shall the contracts extend beyond the fiscal year they were approved.
- 3.11.2.6 Compensation of Contractual Personnel
 - 3.11.2.6.1 Contractual personnel shall be paid salaries of equivalent permanent positions as determined by the DBM, but not to exceed the salaries of immediate superiors.
 - 3.11.2.6.2 Contractual personnel shall be entitled to allowances received by regular personnel, including membership in the GSIS, health insurance, employees compensation insurance, membership in the PAG-IBIG

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Fund, vacation and sick leaves and the monetization thereof, and payment of terminal leave benefits.

3.11.2.6.3 The contractual employees' share in the GSIS retirement and life insurance premiums, health insurance premiums, employees compensation insurance premiums and PAG-IBIG Fund contributions shall be paid by the individual contractual employees.

3.11.2.6.4 The Representation and Transportation Allowances (RATA) for contractual officials whose positions have been determined by the DBM as comparable or equivalent in rank to any of the positions enumerated in item 3.9.5.2.1 of this Chapter, may be granted RATA in accordance with the rules and regulations provided under item 3.9.5.2.14 of this Chapter.

3.11.3 Funding Source

Funds for the salaries, allowances, other personal benefits of contractual personnel, including the government's share in the GSIS retirement and life insurance premiums, health insurance premiums, employees compensation insurance premiums and PAG-IBIG Fund contributions shall be charged against the lump-sum funds for the purpose under agency appropriations/budgets for personal services.

3.12 Maintenance of the Compensation Plan

The Compensation Plan should provide compensation which can stand comparison with those in private industries and which can provide maximum benefit to the service so that the Philippine Government could retain its core of public servants. Thus, the Compensation Plan was established with maintenance mechanisms such that compensation issues brought about by changes in economic conditions, employment conditions, policy decisions, administrative reforms, etc., could readily be addressed without disrupting the relationship between the Position Classification Plan and the Compensation Plan.

3.12.1 Maintenance Mechanisms

3.12.1.1 Regular review of the compensation plan

To keep the Compensation Plan current so that it remains reasonable and competitive, the DBM reviews the salary schedule on a regular basis to identify problems brought about by:

- inherent defects in the salary schedule reinforced by special salary adjustments to specific groups of government personnel which eventually create

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salary problems that may disturb salary relationships of positions;

- inflation, changes in the working environment and in the organization which eventually make the rules and rates of certain fringe benefits unrealistic;
- new rulings and decisions of courts and quasi-judicial bodies which need to be harmonized and/or rationalized with the existing compensation rules and regulations;
- enactment of laws providing special compensation to special groups;
- changes in the number of years of academic requirements;
- budgetary constraints; and
- other factors.

The regular review of the salary schedule, salary rules, rules and regulations on the grant of allowances and other personnel benefits enables the DBM to adopt appropriate measures to ensure that the compensation plan is updated and pay equity is maintained.

3.12.1.2 Compensation Survey

The DBM conducts compensation surveys as often as economic conditions affect general salary/wage levels.

Through the compensation survey, information about compensation levels and practices in selected private firms are gathered using benchmark positions existing in both the public and private sectors. The survey may be by occupation or by industry, and may be conducted by geographical area. The data collected are tabulated, organized and processed statistically to obtain the desired information.

Based on the compensation survey results, the DBM is guided in the determination of the prevailing rates of salaries, allowances and other personnel benefits. Policy decisions are made as to the extent of

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adjustment of salary levels and implementation of allowances and other personnel benefits, taking into consideration the following:

- statistical results of survey
- the government's ability to finance the compensation of its personnel on a sustainable basis; and
- other considerations such as standard cost of living, geographical location, etc.