

MALACANANG
Manila

PRESIDENTIAL DECREE NO. 985

A DECREE REVISING THE POSITION CLASSIFICATION AND COMPENSATION SYSTEMS IN THE NATIONAL GOVERNMENT, AND INTEGRATING THE SAME

WHEREAS, the Constitution provides for the standardization of compensation of government officials and employees, including those in government-owned or controlled corporation, taking into account the nature of the responsibilities pertaining to and the qualifications required for, the positions concerned;

WHEREAS, the Integrated Reorganization Plan provides that a comprehensive reexamination of the present classification and pay plans be undertaken;

WHEREAS, it has been the policy of the national government to pay its employees on the principle of "equal pay for substantially equal work" and to base differences in pay among them in accordance with the difficulty of their duties and responsibilities;

WHEREAS, to implement this policy, the Classification and Compensation Plans were adopted and initially implemented by the national government in 1957;

WHEREAS, no less than forty percent of the total national budget is devoted to personal services costs and therefore it is of vital necessity and importance to regulate and monitor the rate of increase of this portion of the national government budget;

WHEREAS, disparities in pay among similar or comparable positions give rise to dissension and dissatisfaction among government employees and is inimical to sound public administration

WHEREAS, there has arisen a need to rationalize and further standardize government salary scales as a result of salary disparities among government agencies and corporations.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, and in order to effect desired changes in the civil service, do hereby decree and order the following reform measure:

SECTION 1. Title of the Decree. - This Decree shall be known as "The Budgetary Reform Decree on Compensation and Position Classification of 1976."

SEC. 2. Declaration of Policy. - It is hereby declared to be the policy of the national government 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 private industry for comparable work. For this purpose, there is hereby established a system of compensation standardization and position classification in the national government for all departments, bureaus, agencies, and offices including government-owned or controlled corporations and financial institutions; Provided, That notwithstanding a standardized salary system established for all employees, additional financial incentives may be established by government corporations and financial institutions for their employees to be supported fully from their corporate funds and for such technical positions as may be approved by the President in critical government agencies.

SEC. 3. Definition of Terms. - As used in this Decree, the following shall mean:

- a. Actual Service - The period of time for which pay has been received, excluding the period covered by terminal leave.
- b. Allocation - The act of assigning a position to its proper class and salary grade.
- c. Class (of position) - The basic unit of the Position Classification System. A class consists of all those positions in the system which are sufficiently similar as to (1) kind or subject matter of work, (2) level of difficulty and responsibility, and (3) the qualification requirements of the work, to warrant similar treatment in personnel and pay administration.
- d. Class Specification or Standards - A written description of a class of position (s). It distinguishes the duties, responsibilities and qualification requirements of positions in a given class from those of other classes in the Position Classification System.
- e. Classification - The act of arranging positions according to broad occupational groupings and determining differences of classes within each group.
- f. Commission - Stands for the Budget Commission.

- g. Compensation or Pay System - A system for determining rates of pay for positions and employees based on equitable principles to be applied uniformly to similar cases. It consists, among others, of the Salary and Wage Schedules for all positions, and the rules and regulations for its administration.
- h. Grade - Includes all classes of positions which, although different with respect to kind or subject matter of work, are sufficiently equivalent as to level of difficulty and responsibility and level of qualification requirements of the work to warrant the inclusion of such classes of positions within one range of basic compensation.
- i. Immediate Supervisor - One who occupies the first level of supervision over a subordinate and who assigns, directs, supervises and reviews the work of the latter.
- j. CCPC - Stands for the Office of Compensation and Position Classification.
- k. Occupational Group - A group of classes of positions in the same occupation or occupational area arranged by level of difficulty and responsibility.
- l. Part-Time Position - A set of duties and responsibilities not requiring performance for the total number of prescribed working hours per week, specified as normal for the organization in which the position is located.
- m. Position - A set of duties and responsibilities, assigned or delegated by competent authority and performed by an individual either on full-time or part-time basis. A position may be filled or vacant.
- n. Position Classification - The grouping of positions into classes on the basis of similarity of kind and level of work, and the determination of the relative worth of those classes of positions.
- o. Position Classification System - A system for classifying positions by occupational groups, series and classes, according to similarities or differences in duties and responsibilities, and qualification requirements. It consists of (1) classes and class specifications and (2) the rules and regulations for its installation and maintenance and for the interpretation, amendment and alteration of the classes and class specifications, to keep pace with the changes in the service and the positions therein.

- p. Preparation Equivalent Rating - A rating of the academic or educational preparation of an individual teacher with equivalents for his training for professional growth and teaching experience.
- q. Reclassification or Reallocation - A change in the classification of a position either as a result of a change in its duties and responsibilities sufficient to warrant placing the position in a different class, or as a result of a reevaluation of a position without a significant change in its duties and responsibilities.
- r. Salary or Wage Adjustment - A salary or wage increase towards the minimum of the grade, or an increase from a non-prescribed rate to a prescribed rate within the grade.
- s. Salary or Wage Grade - The numerical place on the Salary or Wage Schedule representing multiple steps or rates which is assigned to a class.
- t. Salary or Wage Schedule - A numerical structure in the Compensation System consisting of several grades, each grade with multiple steps with a percentage differential throughout the pay table. A classified position is assigned a corresponding grade in the Schedule.
- u. Salary or Wage Step Increment - An increase in salary or wage from one step to another step within the grade from the minimum to the maximum. Also known as within grade increase.
- v. Series - Classes of positions in an occupational group with similar specialized lines of work that differ in the difficulty of duties and responsibilities and are assigned different grades.

SEC. 4. Coverage. - The position classification and compensation systems herein provided shall apply to all positions, whether permanent, temporary or emergency in nature, on full or part-time basis, now existing or hereafter created in the national government, including government-owned or controlled corporations and financial institutions.

The term "national government" shall include all departments, bureaus, offices, boards, commissions, courts, tribunals, councils, authorities, administrations, centers, institutes, and state colleges and universities. The term "government-owned or controlled corporations and financial institutions" shall include all corporations and financial institutions owned or controlled by the national government, whether such corporations and financial institutions perform governmental or proprietary functions.

The Position Classification and Compensation Systems shall not apply to positions occupied by the following:

- a. Elected officers and officers whose compensation is fixed by the Constitution;
- b. Heads of Executive Departments and officials of equivalent rank;
- c. Chiefs of Diplomatic Mission, Ministers and Foreign Service Officers;
- d. Justices and Judges of the Judicial Department;
- e. Members of the Armed Forces;
- f. Heads and assistant heads of government-owned or controlled corporations and financial institutions, including such senior management and technical positions as may be determined by the President of the Philippines;
- g. Heads of state universities and colleges;
- h. Positions embraced in the Career Executive Service; and
- i. Provincial, city, municipal and other local government officials and employees.

SEC. 5. The Position Classification System. - The Position Classification System shall consist of (a) the occupational groups and classes which may be defined in the class specifications to which the positions are to be allocated or reallocated, and (b) the rules and regulations for its implementation and administration.

SEC. 6. Modification of the Position Classification System. - Any modification of the position classification system shall be subject to the following standards:

- a. That positions are to be classified on the basis of their duties, responsibilities and qualification requirements;
- b. That new classes are to be created only when new duties are found to exist; and
- c. That classes may be created, abolished, consolidated or divided as a result of organization, reorganization, and/or substantial changes in work methods and duties.

SEC. 7. Preparation of Class Specifications. - The Budget Commission shall prepare class specifications or standards as guide for allocating positions to their proper classes. In such standards, the Commission shall (a) define the various classes of positions that

exist in the national government and in government-owned or controlled corporations and financial institutions in terms of duties, responsibilities and qualification requirements; and (b) establish the official class titles. In the preparation of standards, the Commission is authorized to make verification of, or such inquiries about the duties and responsibilities and qualification requirements of positions as it may deem necessary for this purpose. The official class titles so established shall be used for personnel, budget, and fiscal purposes, without precluding the use of organizational or other titles for internal administration, public convenience, law enforcement, or similar purposes. The departments and agencies shall furnish information for, and cooperate in, the preparation of such standards. Such standards shall be published in the form as the Commission may determine.

SEC. 8. Allocation and Reallocation of Positions. - Subject to approval by the Commissioner of the Budget, the OCPC shall have authority to (a) ascertain the facts as to the current duties, responsibilities, and qualification requirements of any position; (b) place in an appropriate class any position coming under this Decree; (c) change the allocation of a position from one class to another class whenever the facts warrant. The OCPC shall certify to the department or agency concerned action taken under (b) and (c) of this Section. Such certification shall be binding on administrative, certifying, payroll, disbursing, accounting and auditing officers of the national government, including government-owned or controlled corporations and financial institutions.

SEC. 9. Maintenance of Class Specifications or Standards. - The Commission shall bring class specifications or standards up-to-date. From time to time, and after consultation with the departments and agencies to the extent deemed necessary, the Commission may revise, supplement or abolish existing standards, or prepare new standards, so that as nearly as practicable, positions existing at any given time within the service will be covered by current published standards.

SEC. 10. The Compensation System. - The Compensation System consists of (a) a Salary Schedule; (b) a Wage Schedule; (c) policies relating to allowances, bonuses, pension plans, and other benefits accruing to employees covered; and (d) the rules and regulations which are herein provided, including those which may be promulgated thereafter for its administration. The Salary or Wage Schedules shall each consist of twenty-eight grades, with eight prescribed steps within each grade. Each grade represents a level of work difficulty and responsibility which distinguishes it from other grades in the Schedule. Each class of position in the Position Classification System provided under this Decree shall be assigned a salary or wage grade. The Salary and Wage Schedules shall be administered in accordance with the rules provided in this Decree.

SEC. 11. The Salary Schedule. - The following Salary Schedule shall be used for positions that are paid on the annual or monthly rate basis:

The Salary Schedule

<u>Salary Grade</u>	<u>1st Step</u>	<u>2nd Step</u>	<u>3rd Step</u>	<u>4th Step</u>	<u>5th Step</u>	<u>6th Step</u>	<u>7th Step</u>	<u>8th Step</u>
1	P 3432	P 3612	P 3792	P 3984	P 4188	P 4404	P 4632	P 4860
2	3792	3984	4188	4404	4632	4860	5112	5376
3	4188	4404	4632	4860	5112	5376	5640	5928
4	4632	4860	5112	5376	5640	5928	6240	6552
5	5112	5376	5640	5928	6240	6552	6888	7236
6	5640	5928	6240	6552	6888	7236	7608	7992
7	6240	6552	6888	7236	7608	7992	8400	8832
8	6888	7236	7608	7992	8400	8832	9288	9756
9	7608	7992	8400	8832	9288	9756	10260	10776
10	8400	8832	9288	9756	10260	10776	11328	11904
11	9288	9756	10260	10776	11328	11904	12516	13152
12	10260	10776	11328	11904	12516	13152	13824	14532
13	11328	11904	12516	13152	13824	14532	15264	16044
14	12516	13152	13824	14532	15264	16044	16860	17724
15	13824	14532	15264	16044	16860	17724	18636	19584
16	15264	16044	16860	17724	18636	19584	20580	21624
17	16860	17724	18636	19584	20580	21624	22728	23892
18	18636	19584	20580	21624	22728	23892	25116	26388
19	20580	21624	22728	23892	25116	26388	27732	29148
20	22728	23892	25116	26388	27732	29148	30624	32184
21	25116	26388	27732	29148	30624	32184	33816	35532
22	27732	29148	30624	32184	33816	35532	37344	39240
23	30624	32184	33816	35532	37344	39240	41232	43332
24	33816	35532	37344	39240	41232	43332	45540	47856
25	37344	39240	41232	43332	45540	47856	50292	52848
26	41232	43332	45540	47856	50292	52848	55536	58368
27	45540	47856	50292	52848	55536	58368	61344	64476
28	50292	52848	55536	58368	61344	64476	67764	71220

All salaries in the Salary Schedule are expressed as annual in pesos and represent full compensation for full-time employment in a forty-hour work week regardless of where the work is performed, unless otherwise indicated. When the established work week is other than forty hours, compensation may be adjusted proportionately. Compensation for services rendered on a part-time basis shall be adjusted proportionately.

SEC. 12. The Wage Schedule. - The following Wage Schedule, which consists of twenty-eight grades computed on a 56-hour work week or 2,912-hour year, shall be used as the firing wage for positions paid on the daily or hourly rate basis:

The Wage Schedule

<u>Wage Grade</u>	<u>1st Step</u>	<u>2nd Step</u>	<u>3rd Step</u>	<u>4th Step</u>	<u>5th Step</u>	<u>6th Step</u>	<u>7th Step</u>	<u>8th Step</u>
1	P 9.43	P 9.92	P 10.42	P10.94	P11.50	P12.10	P12.72	P13.34
2	10.42	10.94	11.50	12.10	12.72	13.34	14.04	14.77
3	11.50	12.10	12.72	13.34	14.04	14.77	15.49	16.28
4	12.72	13.34	14.04	14.77	15.49	16.28	17.14	18.00
5	14.04	14.77	15.49	16.28	17.14	18.00	18.92	19.87
6	15.49	16.28	17.14	18.00	18.92	19.87	20.90	21.95
7	17.14	18.00	18.92	19.87	20.90	21.95	23.07	24.26
8	18.92	19.87	20.90	21.95	23.07	24.26	25.51	26.80
9	20.90	21.95	23.07	24.26	25.51	26.80	28.18	29.60
10	23.07	24.26	25.51	26.80	28.18	29.60	31.12	32.70
11	25.51	26.80	28.18	29.60	31.12	32.70	34.38	36.13
12	28.18	29.60	31.12	32.70	34.38	36.13	37.98	39.92
13	31.12	32.70	34.38	36.13	37.98	39.92	41.93	44.07
14	34.38	36.13	37.98	39.92	41.93	44.07	46.31	48.69
15	37.98	39.92	41.93	44.07	46.31	48.69	51.19	53.80
16	41.93	44.07	46.31	48.69	51.19	53.80	56.54	59.40
17	46.31	48.69	51.19	53.80	56.54	59.40	62.43	65.63
18	51.19	53.80	56.54	59.40	62.43	65.63	69.00	72.49
19	56.54	59.40	62.43	65.63	69.00	72.49	76.18	80.07
20	62.43	65.63	69.00	72.49	76.18	80.07	84.13	88.42
21	69.00	72.49	76.18	80.07	84.13	88.42	92.90	97.61
22	76.18	80.07	84.13	88.42	92.90	97.61	102.59	107.80
23	84.13	88.42	92.90	97.61	102.59	107.80	113.27	119.04
24	92.90	97.61	102.59	107.80	113.27	119.04	125.10	131.47
25	102.59	107.80	113.27	119.04	125.10	131.47	138.16	145.18
26	113.27	119.04	125.10	131.47	138.16	145.18	152.57	160.34
27	125.10	131.47	138.16	145.18	152.57	160.34	168.52	177.13
28	138.16	145.18	152.57	160.34	168.52	177.13	186.16	195.66

The daily wages represent full compensation for full-time employment in an 8-hour working day, regardless of where the work is performed, unless otherwise indicated, with Saturdays, Sundays and Holidays being paid only if worked days.

SEC. 13. Modification of the Salary and Wage Schedules.--
The Salary Schedule and the Wage Schedule shall be revised periodically subject to the approval of the President, in relation to (a) the level of salaries and wages and employee benefits currently prevailing in private industry for comparable work, (b) changes in the basic work week or (c) changes in the Minimum Wage Law.

SEC. 14. The Salary System for Teaching Position. - The salary grade of a teacher shall be determined in accordance with the following:

- a. "The Teachers' Preparation Pay Schedule" shall be prepared by the Commission in consultation with the Department of Education and Culture. Under this System, the teacher's academic or educational preparation, teaching experience in both private and public schools, and extra-curricular activities for professional growth, shall be considered in pursuance of the principle "equal pay for equal training and experience."
- b. The Department of Education and Culture in consultation with the Commission shall establish "equivalents" to the basic preparation prerequisites and define the "areas of equivalents" and their corresponding units or points: Provided, That the existing equivalents and areas of equivalents shall be used until modified.
- c. The Preparation Equivalent Rating for each teacher shall be evaluated by the Department of Education and Culture on the basis of evidence presented, and in order to encourage continued professional growth and provide adequate recognition of experience, the said ratings shall be evaluated periodically or as often as they are reported.
- d. The Budget Commission, in coordination and consultation with the Department of Education and Culture and the Civil Service Commission may, when future needs require, modify, change or otherwise improve on the salary system herein established for the teaching and closely related occupations. Any change that may be made as provided herein shall become part of the implementing rules of this Decree to be issued by the Budget Commission upon prior approval by the President.

SEC. 15. Compensation Rules. - Subject to the availability of funds, the foregoing Salary and Wage Schedule shall be administered according to the following principles and rules:

- a. Hiring Rates - Except as provided below, the first step in the grade for a given class shall be the hiring rate.
 - (1) If an employee previously received a salary in the government service under a duly approved appointment which is higher than the minimum of the grade allocation of his position, he may be appointed at the next higher step to his previous salary but not exceeding the salary step below the salary of his immediate supervisor.

- (2) If an employee is promoted from one class to another having an overlapping salary grade, he shall be entitled to the step next above that at which he was paid in the lower class.
 - (3) If found strongly justified after proper study and recommendation of the CCPC, the Commissioner of the Budget may approve hiring at such rates of compensation, including such allowances as may be considered appropriate, of persons possessing exceptional qualification and/or expertise that are considered in short supply and which are critically needed.
- b. Pay Reduction - If an employee is moved from a higher to a lower class, he shall not suffer a reduction in salary except where his current salary is higher than the maximum step of the new class in which case he shall be paid the maximum: Provided, That such movement is not the result of a disciplinary action.
 - c. Step Increments - Subject to certification by the head of agency that the employee's services are satisfactory, the employee shall be adjusted to the second step after one year at the first step, to the third step after one year at the second step, to the fourth step after one year at the third step, to the fifth step after two years at the fourth step, to the sixth step after two years at the fifth step, to the seventh step after two years at the sixth step, and to the eighth step after two years at the seventh step.
 - d. Status of Appointment - Any provision of law to the contrary notwithstanding, all salary or wage adjustments to the minimum and within grade increments shall be paid to the employee irrespective of his civil service eligibility and shall not affect the status of his appointment.

SEC. 16. Compensation Committees. - Subject to the approval of the President, compensation committees may be created under the leadership of the Commissioner of the Budget whose purposes shall be to recommend on compensation standards, policies, rules and regulations that shall apply to critical government agencies, including those of government-owned or controlled corporations and financial institutions. For purposes of compensation standardization, corporations may be grouped into financial institutions, industrial, commercial, service or developmental corporations. The CCPC shall provide secretariat assistance to the compensation committees, and shall be responsible for implementing and enforcing all compensation policies, rules and regulations adopted. Salary expenditures in all agencies of the national government, including

those of the government-owned or controlled corporations and financial institutions shall conform to policies to be laid down by the Budget Commission in consultation with the heads of the agencies and corporations concerned and which policies, upon prior approval by the President, shall be monitored and implemented through its Office of Compensation and Position Classification.

SEC. 17. Powers and Functions. - The Budget Commission, principally through the OCPC shall, in addition to those provided under other Sections of this Decree, have the following powers and functions:

- a. Administer the compensation and position classification systems of the national government, including such modified classification and compensation system or systems as may be indicated for critical government agencies, government-owned or controlled corporations and financial institutions, and revise them as necessary;
- b. Define each grade in the salary or wage schedule which shall be used as a guide in placing positions to their appropriate classes and grades;
- c. Keep on a current basis the proper relationships of the classes of positions under the Position Classification System;
- d. Conduct periodic surveys of departments and agencies to ascertain the facts as to the duties, responsibilities, and qualification requirements of positions therein;
- e. Conduct salary and wage surveys in private industry to determine prevailing rates of pay for comparable work in the government;
- f. Certify classification actions and changes in class or grade of positions whenever the facts warrant, such certifications to be binding on administrative, certifying, payroll, disbursing, accounting and auditing officers of the national government and government-owned or controlled corporations and financial institutions;
- g. Provide the required criteria and guidelines, in consultation with agency heads as may be deemed necessary and subject to the approval of the Commissioner of the Budget, for the grant of all types of allowances and additional forms of compensation to employees in all agencies of the government;

- h. Monitor, gather, compile and evaluate statistical data in government agencies, including compensation policies and procedures, to derive total cost of personal services in the government, including those in government corporations, financial institutions and local governments;
- i. Promulgate rules and regulations for the implementation of the provisions of this Decree which, upon approval by the Commissioner of the Budget shall be known as Budget Commission Rules and Regulations on Compensation and Position Classification;
- j. Advise and assist insofar as possible provincial, municipal and other local governments on position classification and compensation matters; and
- k. Perform such other functions as may be provided by law.

SEC. 18. General Guidelines and Standards. - The following guidelines and standards shall be complied with:

- a. The head of a department or agency shall assign to the incumbent of a position the duties and responsibilities which were used as the basis for the classification of the position. The incumbent of a position must perform the duties and responsibilities of the position as classified.
- b. If upon audit the OCPC finds that an officer or employee is not performing the duties and responsibilities of the position as classified, the Director of the OCPC shall inform the head of the department or agency concerned who shall institute the necessary remedial measures in accordance with existing laws, rules and regulations.
- c. Non-performance by an incumbent of the authorized duties and responsibilities of his position by reason of inability or incompetence on his part to carry out the same shall not be a valid basis for a reclassification of the position. Likewise, temporary work assignments shall not be a valid basis for a reclassification of the position.
- d. Reclassification of a position may be effected only when there is a substantial change in its duties and responsibilities and upon the certification of the Department head in agencies of the national government or the head of a government-owned or controlled corporation and financial institution and of state university or college that such new duties and responsibilities are regular and permanent in nature.

- e. No position covered by the Compensation and Position Classification System shall be filled unless the same shall have been classified first by the Budget Commission and the agency concerned notified of such classification.

SEC. 19. Release of Funds for Personal Services. - The Budget Commission is hereby authorized to release only such amounts as is necessary to defray the cost for salaries and wages of personnel of an agency which shall be based on rates determined for positions in the agency by the OCPC and approved by the Commissioner of the Budget.

SEC. 20. Implementing Agency. - The provisions of this Decree shall be administered by the Budget Commission with the assistance of its Office of Compensation and Position Classification (OCPC), formerly designated as the Wage and Position Classification Office (WAPCO).

SEC. 21. Transitory Provisions. - The Budget Commission shall place all positions in their appropriate classes and grades within 180 days from the promulgation of this Decree. For this purpose, each agency covered by the Compensation and Position Classification System provided in this Decree shall submit to the OCPC within 90 days from the promulgation of this Decree all documents, data and information necessary in the placing of positions in their appropriate classes and grades.

Upon the initial implementation of this Decree, and subject to the availability of funds, the payment of salaries and wages shall be in accordance with the following provisions:

- a. An officer or employee whose current salary is below the minimum of the salary grade proposed for his class of work shall have his salary raised to the minimum;
- b. An officer or employee whose current salary is between the steps of the salary grade proposed for his class of work shall have his salary raised to the next higher step but shall not exceed the maximum of the grade; and
- c. An officer or employee whose current salary coincides with any of the steps, equals or exceeds the maximum step of the salary grade proposed for his class of work, shall continue to receive his present salary.

SEC. 22. Effectivity of Implementation. - The compensation or pay system provided for in this Decree shall be implemented with the issuance of the appropriate rules and regulations by the Budget Commission.

SEC. 23. Repealing and Separability Clauses. - Any and all laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with this Decree are hereby repealed and/or modified accordingly.

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

SEC. 24. Effectivity. - This Decree shall take effect upon approval.

Done in the City of Manila, this 22nd day of August, in the year of Our Lord, nineteen hundred and seventy-six.

(SGD.) FERDINAND E. MARCOS
President of the Philippines