



Salaries and Benefits for the Public Sector

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Department of Budget and Management**



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

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

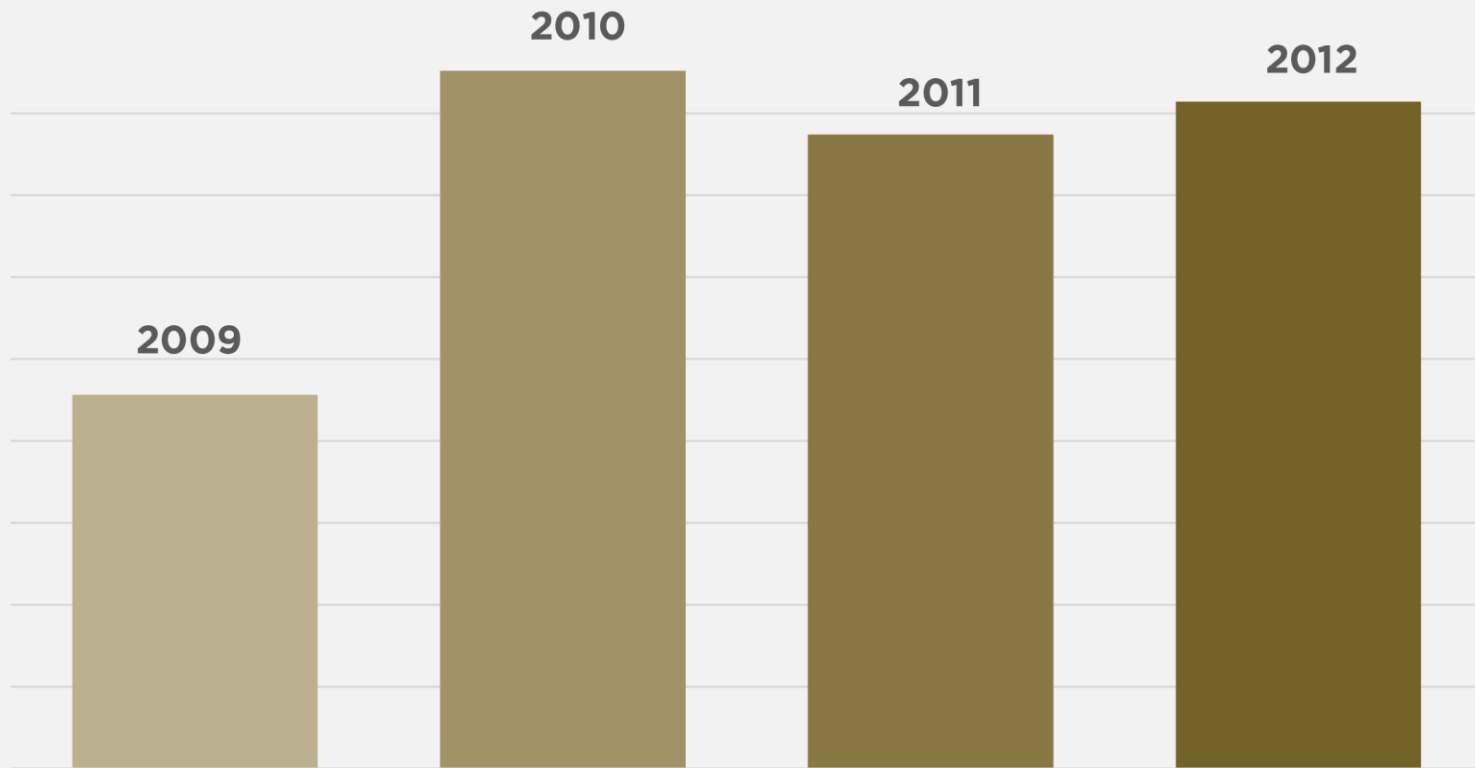
To determine:

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



SSL 3 Salary Increase

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

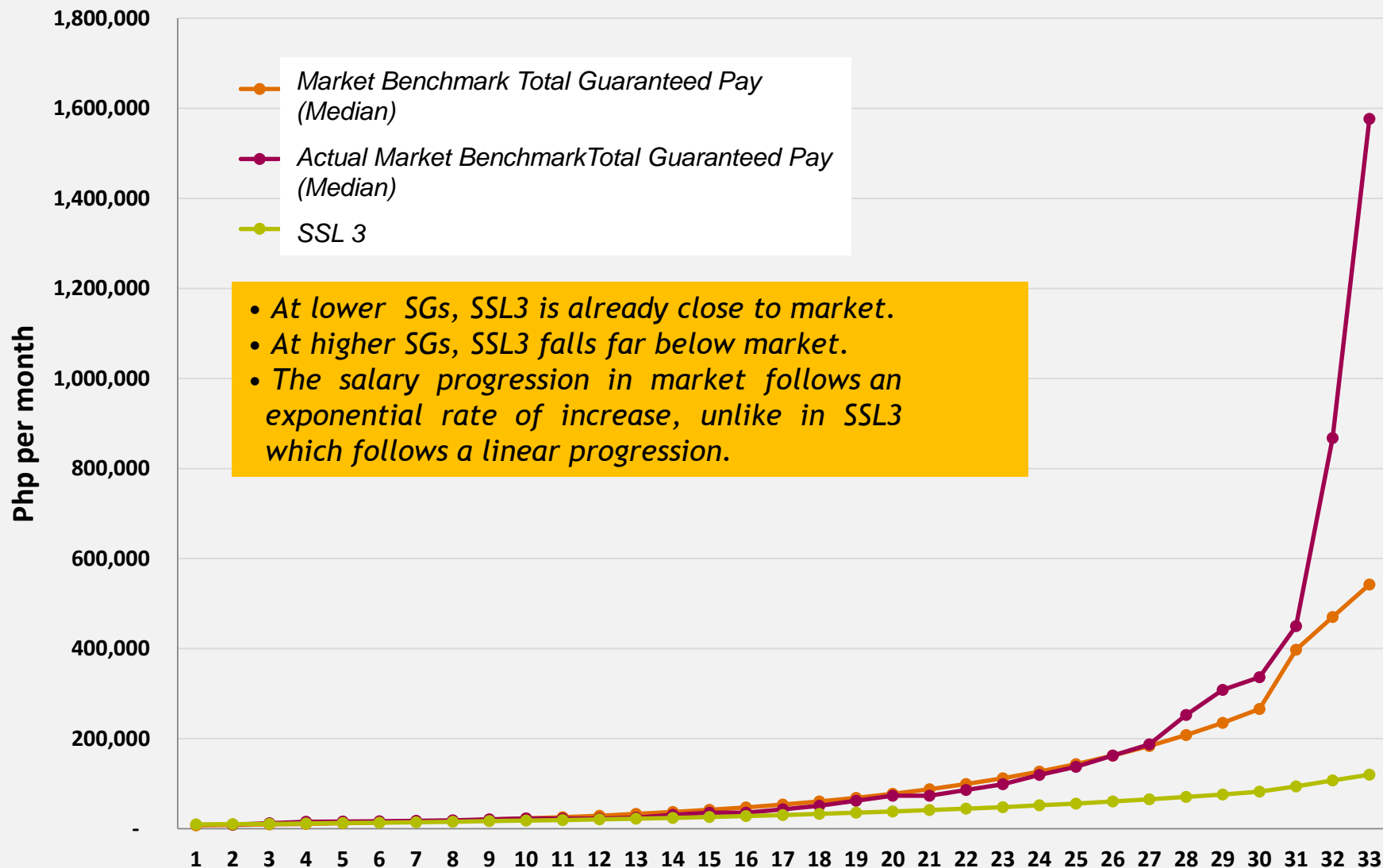


COST	22.8 B	42.6 B	38.7 B	40.7 B	= 144.8 B
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Highlights of Competitive Review: *SSL 3 is Below Market*

SSL Salary Grade (SG)



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



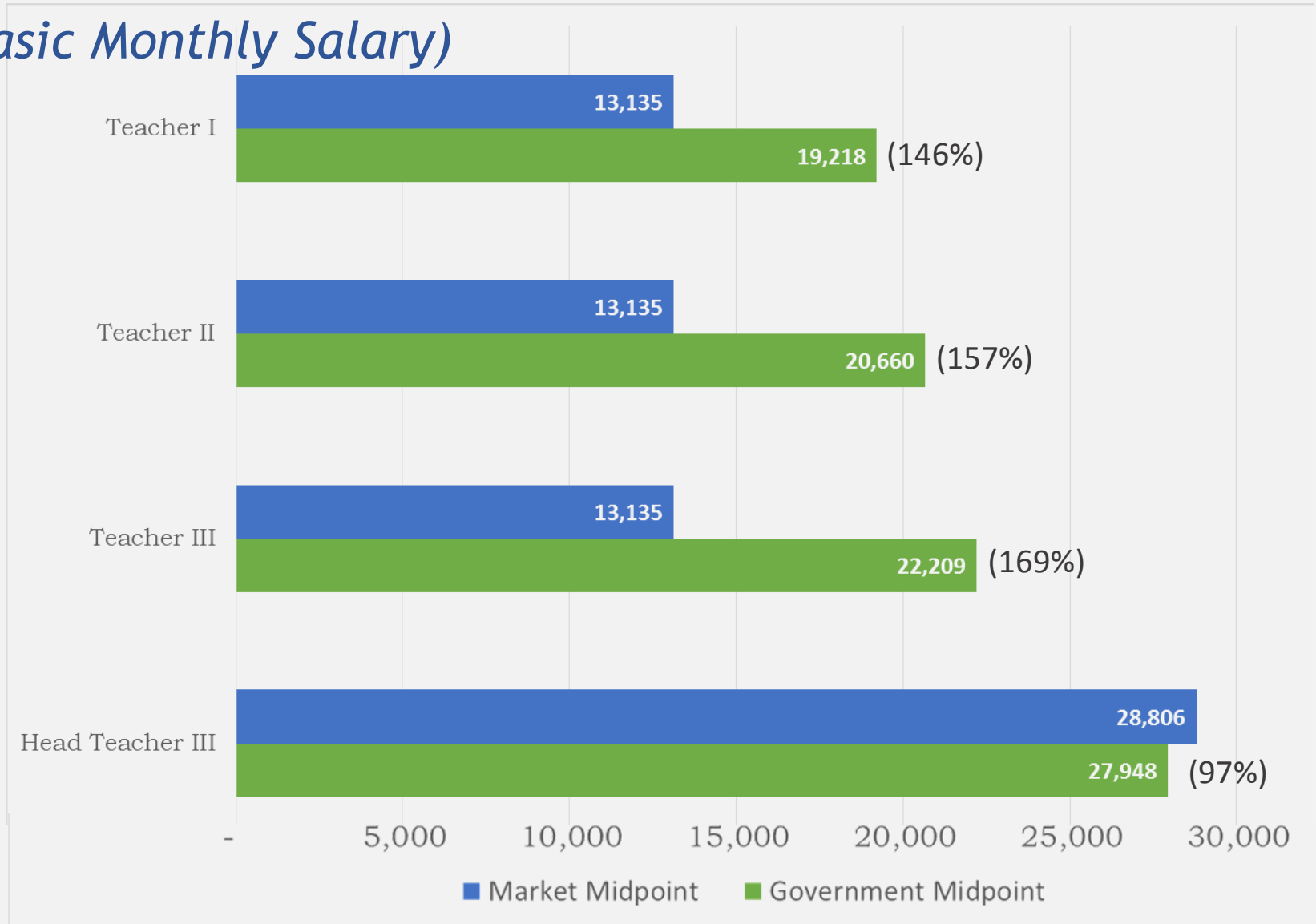
Highlights of Competitive Review: *SSL 3 is 45% Below Market*

Job Category	Sample Positions	Market Position of Government Pay
Sub-Professional (SGs 1 to 10)	<ul style="list-style-type: none"> • Utility Worker • Driver • Messenger • Clerk • Administrative Assistant 	126% to 79% of market median
Professional (SGs 11 to 24)	<ul style="list-style-type: none"> • Economist • Agriculturist • Accountant • Engineer • Lawyer 	76% to 41% of market median
Middle Manager (SGs 25 to 28)	<ul style="list-style-type: none"> • Director I • Director IV • Executive Director 	39% to 34% of market median
Executive (SGs 29 to 33)	<ul style="list-style-type: none"> • Assistant Secretary • Undersecretary • Secretary • Senator • Vice - President • President 	32% to 22% of market median



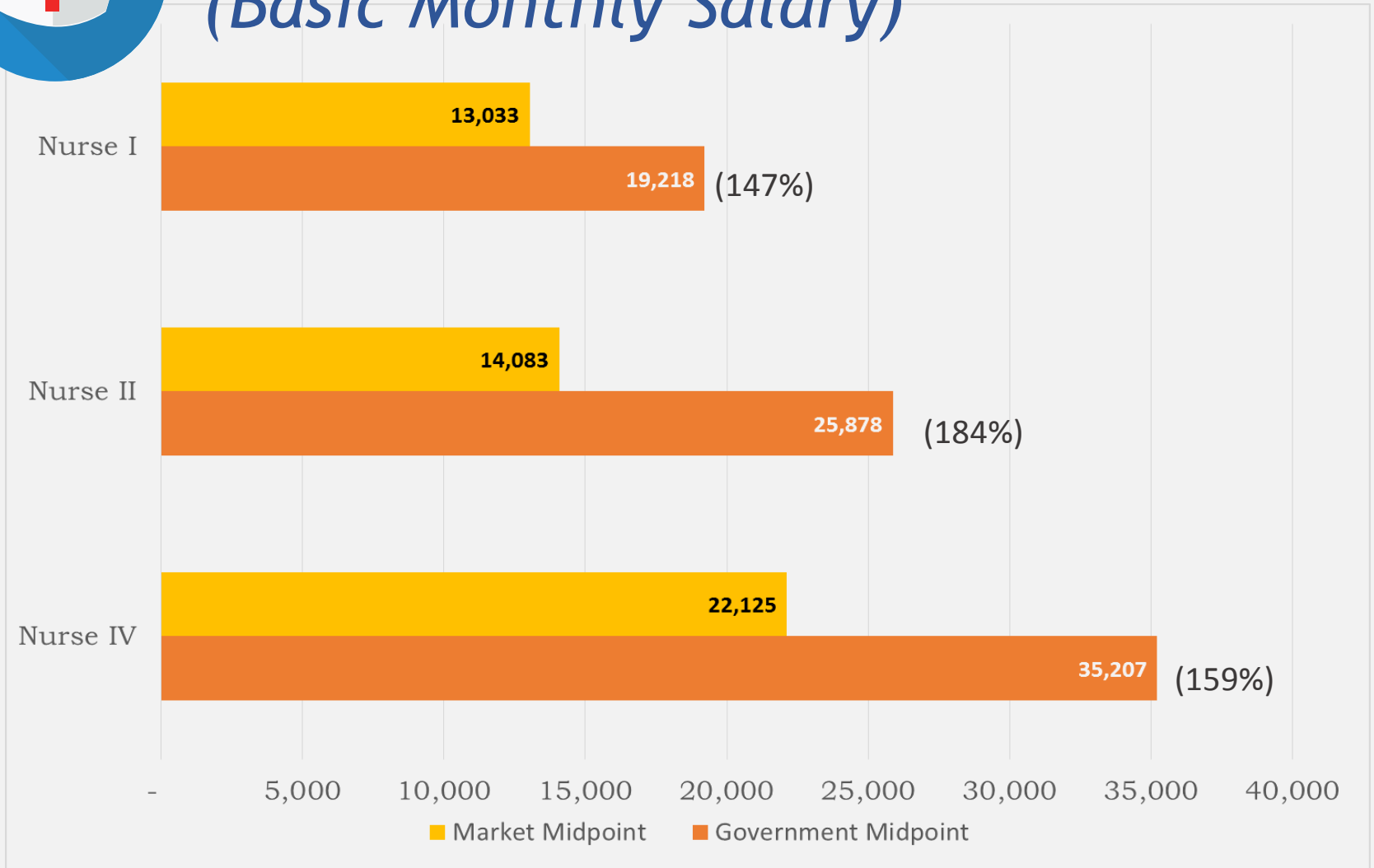
SSL 3 vs. Market for Teachers

(Basic Monthly Salary)





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



Guiding Principles for SSL 2015

House Bill No. 6268

Senate Bill No. 2671

- Payment of just and equitable compensation to government personnel in accordance with the principle of equal pay for work of equal value;
- Comparability of civilian government pay with those in the private sector;
- Rationalized and standardized compensation across all government agencies; and
- Adoption of a performance-based incentive scheme



Compensation Adjustment Strategy

Parameters:

- Minimum basic salary (SG 1) shall be raised **from P9,000 to P11,068** a month.
- The adjustment in compensation seeks to raise salaries to at least 70% of the market for all salary grades.
- To recognize differences in duties and responsibilities, there shall be no salary overlaps.
- The link between pay and performance shall be strengthened.



Compensation Strategy

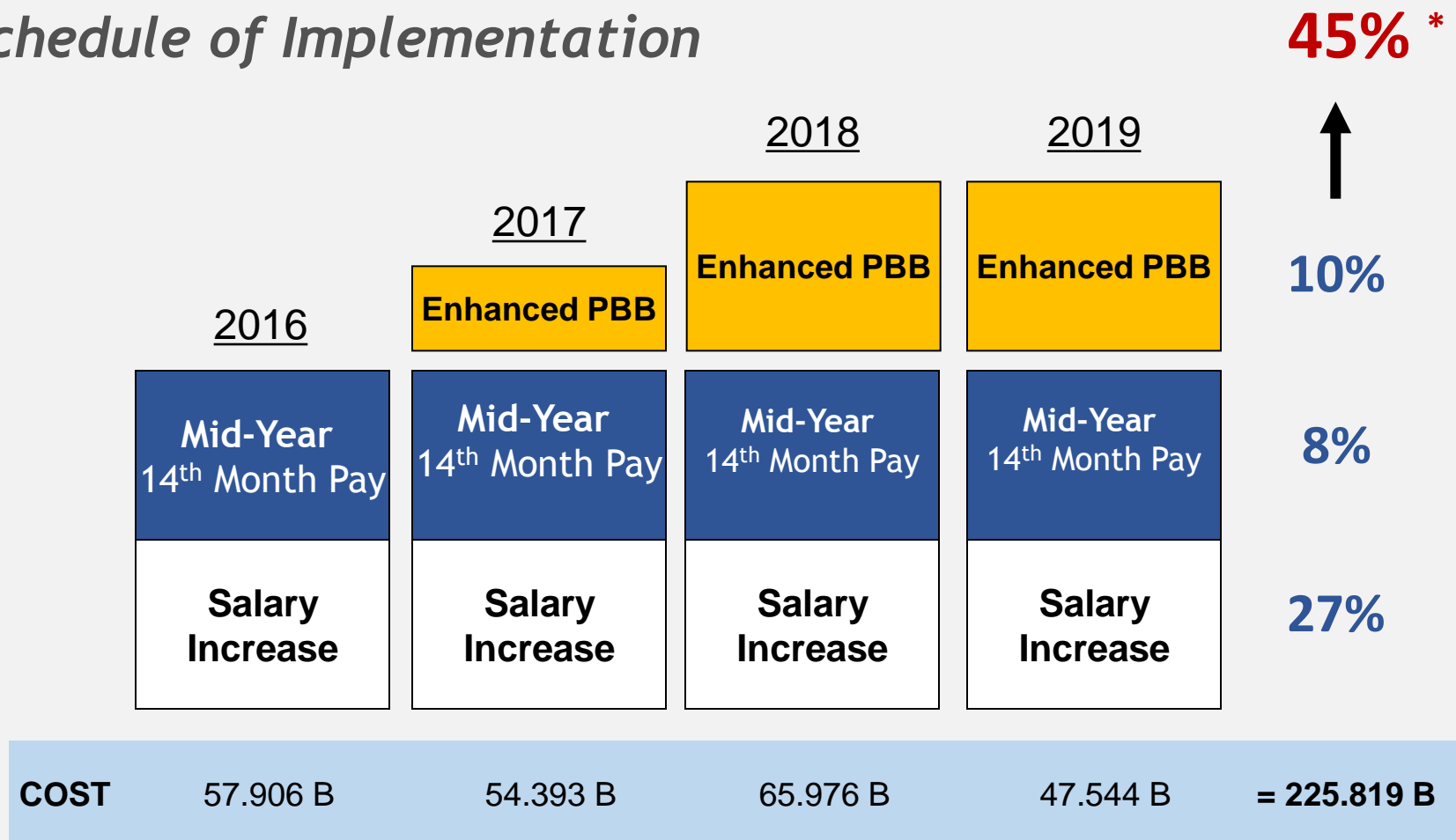


Objectives:

- To be competitive with the market thereby attract and retain talent
- Strengthen the link between pay and performance
- Temper costs of benefits (i.e. GSIS premiums and PhilHealth contributions) while maximizing the benefits to employees
- Allow higher take home pay, especially for government personnel belonging to lower salary grades

Compensation Strategy

Schedule of Implementation

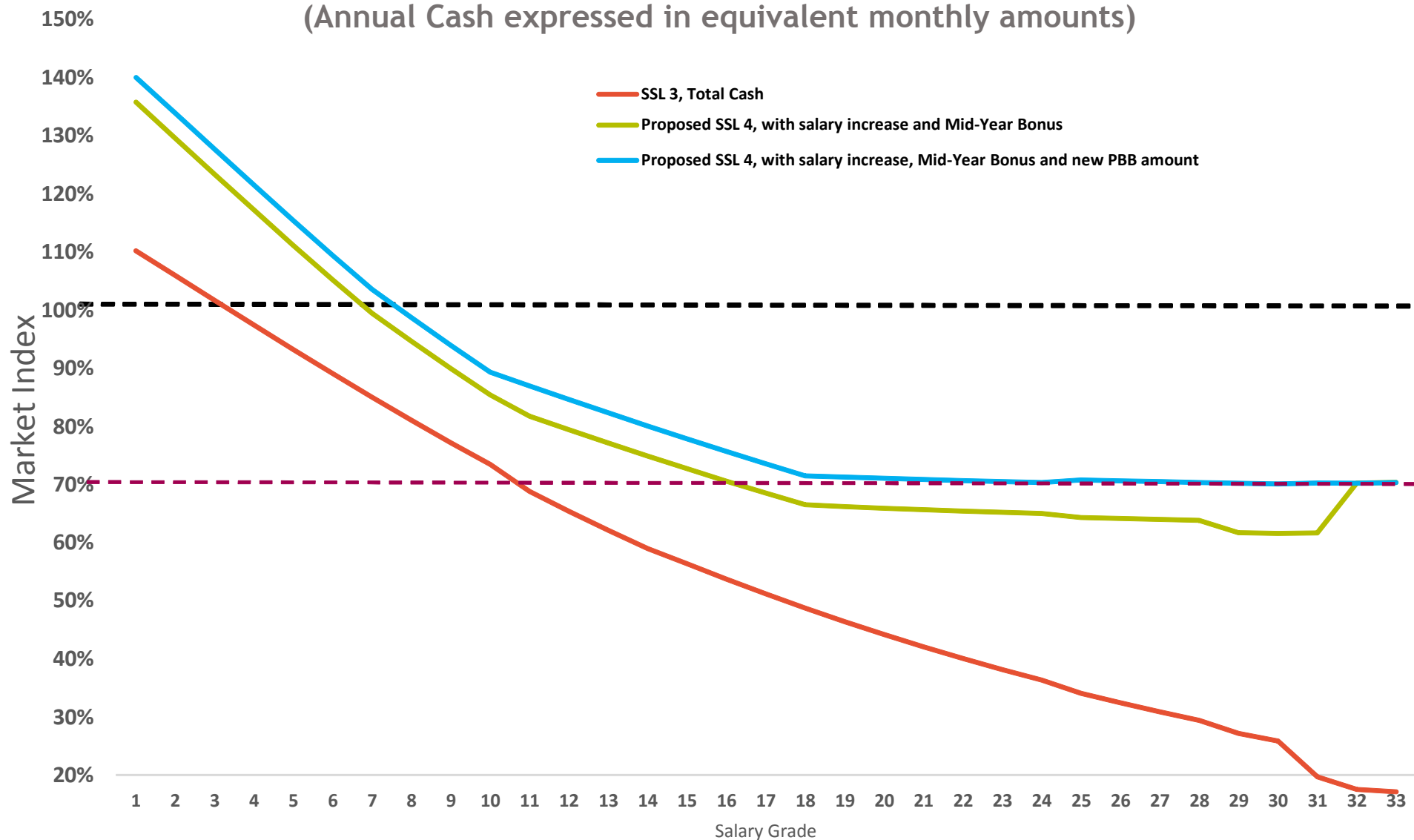


* *Weighted average increase in compensation*



SSL 3 vs. SSL 2015 vs. Benchmark Market Rates

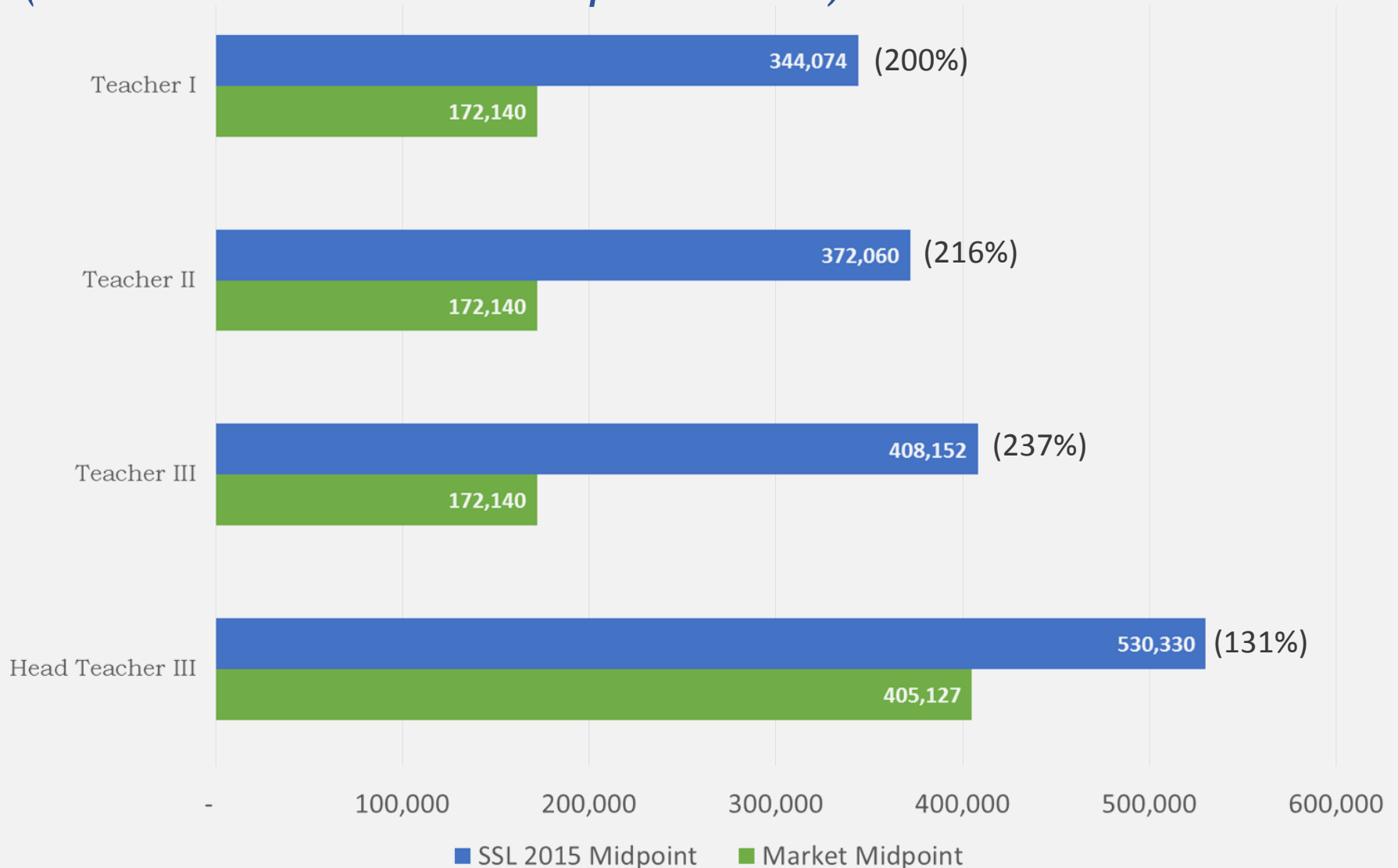
(Annual Cash expressed in equivalent monthly amounts)



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

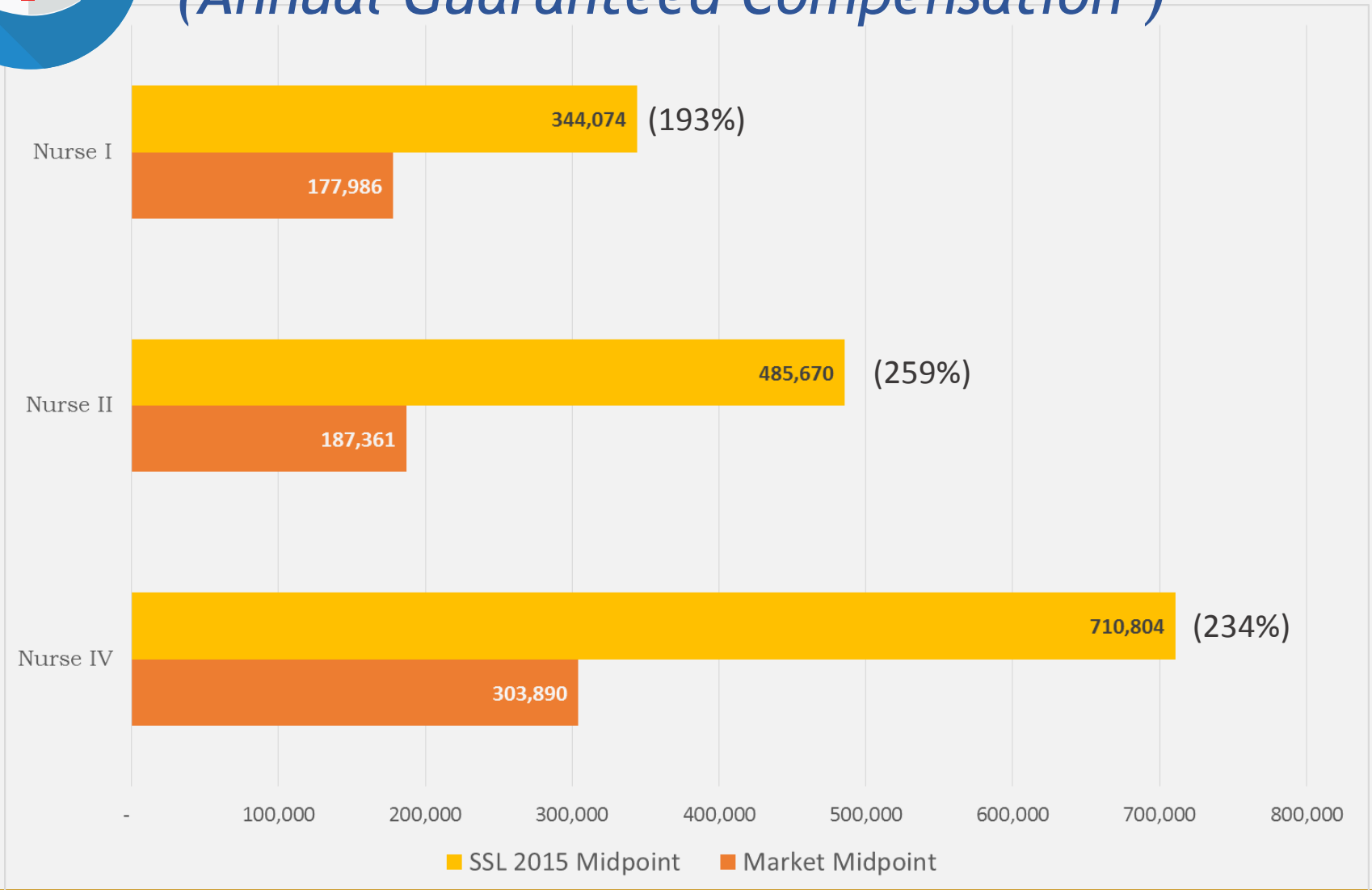
SSL 2015 vs. Market for Teachers

(Annual Guaranteed Compensation*)





SSL 2015 vs. Market for Nurses (Annual Guaranteed Compensation*)



Executive Order No. 201, s. 2016

- **Title:** *Modifying the Salary Schedule for Civilian Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel*
- **Issued** on February 19, 2016
- **Coverage**
 1. *All civilian personnel* in the Executive, Legislative, and Judicial Branches, Constitutional Commissions and Constitutional Offices, GOCCs not covered by RA 10149, and LGUs

Executive Order No. 201, s. 2016

- Coverage

2. *Military personnel* of the DND

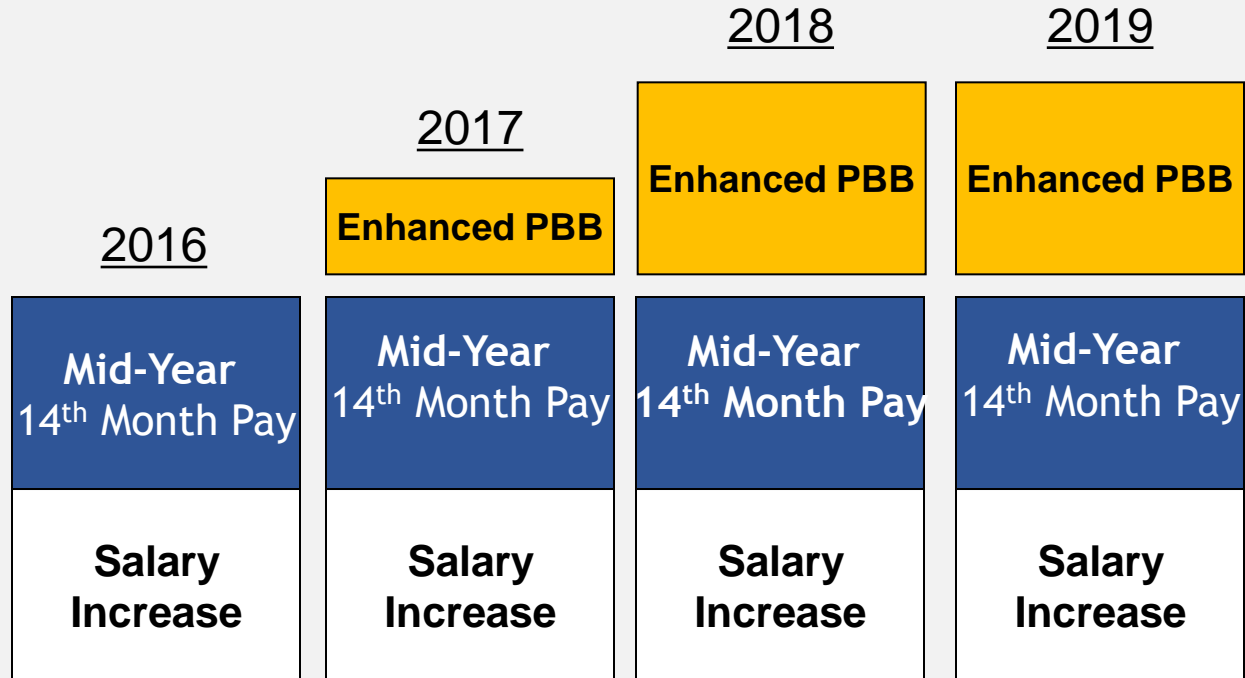
3. *Uniformed personnel* of the DILG, PCG, and NAMRIA

- Exclusion

Those engaged thru job orders, contracts of service, consultancy contracts, service contracts with no employee-employer relationship

Implementation Schedule

Civilian Personnel



Implementation Schedule

Military and Uniformed Personnel (MUP)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
		Enhanced PBB	Enhanced PBB	Enhanced PBB
	Mid-Year 14 th Month Pay	Mid-Year 14 th Month Pay	Mid-Year 14 th Month Pay	Mid-Year 14 th Month Pay
	Officers' Allowance*	Officers' Allowance*	Officers' Allowance*	Officers' Allowance*
	Provisional Allowance	Provisional Allowance	Provisional Allowance	Provisional Allowance
	Hazard Pay Increase	Hazard Pay Increase	Hazard Pay Increase	Hazard Pay Increase

* For certain ranks



Monthly Salary Schedule

Four (4) Tranches

SG	Sample Positions	SSL 3	EO 201			
			1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
			Step 1	Step 1	Step 1	Step 1
1	Utility Worker	9,000	9,478	9,981	10,510	11,068
2	Messenger	9,675	10,159	10,667	11,200	11,761
3	Clerk	10,401	10,883	11,387	11,914	12,466
4	Driver II	11,181	11,658	12,155	12,674	13,214
5	Carpenter	12,019	12,488	12,975	13,481	14,007
6	Lab Technician	12,921	13,378	13,851	14,340	14,847
7	Computer Operator	13,890	14,331	14,785	15,254	15,738
8	Engg Assistant	14,931	15,368	15,818	16,282	16,758
9	Electrician	16,051	16,512	16,986	17,473	17,975
10	Legal Assistant	17,255	17,730	18,217	18,718	19,233
11	Teacher I	18,549	19,077	19,620	20,179	20,754
12	Teacher II	19,940	20,651	21,387	22,149	22,938
13	Teacher III	21,436	22,328	23,257	24,224	25,232
14	Cashier II	23,044	24,141	25,290	26,494	27,755
15	Geologist II	24,887	26,192	27,565	29,010	30,531
16	Attorney I	26,878	28,417	30,044	31,765	33,584
17	Info Sys Res III	29,028	30,831	32,747	34,781	36,942



Monthly Salary Schedule

Four (4) Tranches

SG	Sample Positions	SSL 3	EO 201			
			1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
		Step 1	Step 1	Step 1	Step 1	Step 1
18	Economist III	31,351	33,452	35,693	38,085	40,637
19	IT Officer	33,859	36,409	39,151	42,099	45,269
20	Board Sec III	36,567	39,768	43,250	47,037	51,155
21	Attorney III	39,493	43,439	47,779	52,554	57,805
22	Asst. Div Chief	42,652	47,448	52,783	58,717	65,319
23	Court Atty II	46,064	51,826	58,310	65,604	73,811
24	Division Chief	49,750	56,610	64,416	73,299	83,406
25	Director I	53,730	61,971	71,476	82,439	95,083
26	Director II	58,028	67,690	78,960	92,108	107,444
27	Director III	62,670	73,937	87,229	102,910	121,411
28	Bureau Director	67,684	80,760	96,363	114,981	137,195
29	Asst. Secretary	73,099	88,214	106,454	128,467	155,030
30	Undersecretary	78,946	96,354	117,601	143,534	175,184
31	Secretary	90,000	117,086	152,325	198,168	257,809
32	Vice President	103,000	135,376	177,929	233,857	307,365
33	President	120,000	160,924	215,804	289,401	388,096



Mid-Year Bonus (14th Month Pay)

- Section 4, EO 201, s. 2016
- Equivalent to **one (1) month basic salary** as of May 15
- Shall be granted to those who have rendered *at least four (4) months of satisfactory service and still in the service as of May 15*
- DBM will issue implementing guidelines in April 2016



Enhanced Performance-based Bonus (PBB)

- Section 5, EO 201, s. 2016
- Equivalent to **one (1) month up to two (2) months basic salary**
- To be implemented in two (2) phases, **starting FY 2017**
- Subject to the achievement by departments/agencies/LGUs of ***performance targets*** and compliance with ***good governance and other conditions***
- Based on a ***progressive rate system*** → as the position and responsibility goes higher, so does the amount of PBB
- The AO 25 IATF will issue implementing guidelines



Productivity Enhancement Incentive (PEI)

- Section 6, EO 201, s. 2016
- Equivalent to **P5,000** per employee
- To be given not earlier than **December 15** of every year
- To improve government employees' productivity
- DBM will issue implementing guidelines



Compensation Adjustment for LGU Personnel

- LGUs may implement the same compensation adjustment authorized for civilian personnel, subject to:
 - 1) **authorization** from its Sanggunian; and
 - 2) compliance with **Personnel Services (PS) limitation**
- Implementation shall be at a percentage of the salary schedule, consistent with the LGU's **income classification**



Funding Source

- For National Government Agencies funded in the GAA
 - For FY 2016, charged against FY 2016 MPBF
 - For FYs 2017 to 2019, shall be annually proposed under the National Expenditure Program
- For GOCCs
 - Charged against their respective corporate funds
- For LGUs
 - Charged against their respective funds, consistent with RA 7160



Applicability to Certain Officials

1987 Philippine Constitution

Section 10 of Article VI

The salaries of Senators and Members of the House of Representatives shall be determined by law. ***No increase in said compensation shall take effect until after the expiration of the full term of all the Members of the Senate and the House of Representatives approving such increase.***

Section 6 of Article VII of the Constitution

The President shall have an official residence. The salaries of the President and Vice-President shall be determined by law and shall not be decreased during their tenure. ***No increase in said compensation shall take effect until after the expiration of the term of the incumbent during which such increase was approved.*** They shall not receive during their tenure any other emolument from the Government or any other source.

SSL 2015

For members of the Cabinet, compensation adjustment shall **take effect only on July 1, 2016.**



Tax Implication on Compensation

Existing De Minimis Benefits (Tax-exempt)

- Personnel Economic Relief Allowance or PERA (P2,000/month)
- Clothing/Uniform Allowance (P5,000/annum)
- Monetized leave credits
- Anniversary Bonus (not to exceed P5,000/annum)
- Collective Negotiation Agreement Incentive (not to exceed P10,000/annum)
- Laundry Allowance (not to exceed P300/month)

Tax Implication on Compensation

- Under RA 10653, gross benefits, such as 13th month pay and other benefits not exceeding P82,000 shall be tax exempt.
 - In effect, for employees with SGs 11 who are only receiving the existing tax-exempt 13th month pay, cash gift and PEI, the **full mid-year bonus and the full PBB** shall also be exempt from tax.
 - For employees with SGs 12-16 who are only receiving the existing tax-exempt 13th month pay, cash gift and PEI, the **full mid-year bonus** shall also be exempt from tax.



Tax Implication on Compensation

SG	No. of Authorized Positions	Monthly Salary (A)	Benefits Subject to P82,000 Tax Exemption						
			Year-end (B)	Cash Gift (C)	PEI (D)	Mid-Year (D)	Subtotal (E) = B+C+D	PBB (F)	Total (H) = F + G
1	18,595	11,068	11,068.00	5,000.00	5,000.00	11,068.00	32,136.00	11,068.00	43,204.00
2	4,591	11,761	11,761.00	5,000.00	5,000.00	11,761.00	33,522.00	11,761.00	45,283.00
3	17,250	12,466	12,466.00	5,000.00	5,000.00	12,466.00	34,932.00	12,466.00	47,398.00
4	28,541	13,214	13,214.00	5,000.00	5,000.00	13,214.00	36,428.00	13,214.00	49,642.00
5	10,347	14,007	14,007.00	5,000.00	5,000.00	14,007.00	38,014.00	14,007.00	52,021.00
6	30,196	14,847	14,847.00	5,000.00	5,000.00	14,847.00	39,694.00	14,847.00	54,541.00
7	11,180	15,738	15,738.00	5,000.00	5,000.00	15,738.00	41,476.00	15,738.00	57,214.00
8	23,486	16,758	16,758.00	5,000.00	5,000.00	16,758.00	43,516.00	16,758.00	60,274.00
9	21,005	17,975	17,975.00	5,000.00	5,000.00	17,975.00	45,950.00	17,975.00	63,925.00
10	14,688	19,233	19,233.00	5,000.00	5,000.00	19,233.00	48,466.00	19,233.00	67,699.00
11	426,575	20,754	20,754.00	5,000.00	5,000.00	20,754.00	51,508.00	25,942.50	77,450.50
12	114,966	22,938	22,938.00	5,000.00	5,000.00	22,938.00	55,876.00	28,672.50	84,548.50
13	159,409	25,232	25,232.00	5,000.00	5,000.00	25,232.00	60,464.00	31,540.00	92,004.00
14	16,201	27,755	27,755.00	5,000.00	5,000.00	27,755.00	65,510.00	34,693.75	100,203.75
15	40,044	30,531	30,531.00	5,000.00	5,000.00	30,531.00	71,062.00	38,163.75	109,225.75
16	33,869	33,584	33,584.00	5,000.00	5,000.00	33,584.00	77,168.00	41,980.00	119,148.00
17	6,072	36,942	36,942.00	5,000.00	5,000.00	36,942.00	83,884.00	46,177.50	130,061.50



Implementing Guidelines for the First Tranche

- National Budget Circular No. 562
- Local Budget Circular No. 108
both dated February 24, 2016

http://www.dbm.gov.ph/wp-content/uploads/Issuances/2016/National%20Budget%20Circular/NBC_562%20s%202016.pdf

<http://www.dbm.gov.ph/wp-content/uploads/Issuances/2016/Local%20Budget%20Circular/LBC%20108%20s%202016.pdf>

