

[PRESIDENTIAL DECREE No. 985, August 22, 1976]

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 corporations, 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 re-examination 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; and

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 maybe 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. *OCPC* —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 alternation 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 re-evaluation 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 through out 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 here after 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 System 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 Missions, 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 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 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.

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

Salary Grade	1st Step	2nd Step	3rd Step	4th Step	5th Step	6th Step	7th Step	8th Step
1	P 3432	P3612	P3792	P3984	P4183	P4404	P4632	P4860
2	3792	3084	4188	4404	4632	4860	5112	5376
3	4188	4404	4632	4860	5112	5376	5640	5928
4	4632	4860	5112	5376	5640	5923	6240	6552
5	5112	5376	5640	5928	6240	6552	6888	7236
6	5640	5928	6240	6652	6888	7236	7608	7992
7	6240	6552	6838	7236	7603	7992	8400	8832
8	6888	7236	7608	7992	8400	8832	9288	9756
9	7608	7992	8400	8832	9283	9756	10260	10776
10	8400	8832	9283	9756	10260	10776	11328	11904
11	9288	9756	10260	10776	11328	11904	12516	13152
12	10260	10776	11323	11904	12510	13152	13824	14532
13	11328	11904	12516	13152	13324	14532	15264	16044
14	12516	13152	13821	14532	15264	16044	1G860	17724
15	13824	14532	15261	1GC44	16360	17724	18636	19584
16	15264	16044	168G0	17724	18636	19584	20580	21624
17	16360	17724	18G36	19584	20580	21624	22728	23892
18	18636	19584	20580	21624	22728	23S92	25116	26388
19	20580	21624	22728	23892	25116	26388	27732	29148
20	22728	23892	25116	26338	27732	2914S	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	373-14	39240	41232	43332
24	33816	35532	37341	3 3240	41232	43332	45540	47856
25	37344	39240	41232	43332	455.10	47856	50292	52848
26	41232	43332	45540	47856	50292	52843	55536	58368
27	45540	47856	50292	52348	55536	58368	61344	64476
28	50292	52848	55536	58363	61344	64476	67764	71220

All salaries in the Salary Schedule are expressed as annual rates 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.