

[**MEMORANDUM ORDER NO. 208, March 27, 2006**]

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DIRECTING THE SECRETARY OF BUDGET AND MANAGEMENT TO PRIORITIZE THE STUDY ON COMPENSATION REFORMS **WHEREAS**, national government employees have been clamoring for an adjustment in their compensation in view of recent increases in prices of basic goods; **WHEREAS**, such clamor cannot be fully satisfied by piece-meal legislation authorizing increases in allowance, which merely serve as interim measures; **WHEREAS**, a sustainable compensation reform must take into consideration the constitutional policy of salary standardization and the fiscal targets of this administration; **NOW, THEREFORE, I GLORIA MACAPAGAL-ARROYO**, President of the Philippines, by virtue of the powers vested in me by law, do hereby direct the Secretary of Budget and Management to work in close coordination with the Civil Service Commission and perform the following:

- a. Benchmark existing compensation of government employee as against those being received by employees of mid-level firms in the private sector;
- b. Propose reforms and innovations to the compensation and position classification system of the national government in order to enhance its performance-based component and simplify the position classification system;
- c. Ensure that the proposed compensation reforms are consistent with the constitutional policy of salary standardization;
- d. Improve professionalism and meritocracy in the civil service by decompressing salary levels of key middle management positions and providing for performance-based incentives;
- e. Estimate and program the forward costs of the proposed reform to ensure a fiscally sustainable compensation system; and
- f. Submit a bill proposing said reforms to Congress by end of this year.

DONE in the City of Manila, this 27th day of March in the year of Our Lord, Two Thousand and Six.

(Sgd.) GLORIA MACAPAGAL-ARROYO

By the President: **(Sgd.) EDUARDO R. ERMITA** *Executive Secretary*



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