COMPENSATION ADJUSTMENTS FOR GOVERNMENT PERSONNEL

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WHEREAS, an efficient and effective civil service is crucial to the continuous development of our country;

WHEREAS, the current compensation of government personnel at the administrative/ sub-professional and entry professional/technical levels are nearly comparable with those in the private sector, but the gap widens at the higher professional and executive/top management levels, making the latter very uncompetitive;

WHEREAS, the two recent compensation adjustment for government personnel effective July 1, 2006 and July 1, 2007, which accorded priority to those at the sub-professional and lower professional levels in view of limited government funds, have partly uplifted their economic well-being;

WHEREAS, the salaries and base pay of civilian and military/uniformed personnel respectively, must be raised to address the gap in compensation between the private and public sectors for the government to attract and retain competent public servants;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by Presidential Decree (PD.) No. 985, P.D. No. 1597, Republic Act (R.A.) No. 6758, as amended by the Senate and House of Representatives Joint Resolution No. 01 dated March 7, 1994, and R.A. No. 9498, the FY 2008 General Appropriations Act, do hereby order:

SECTION 1. Compensation Adjustments for Government Personnel-The Department of Budget and Management (DBM) is hereby directed to implement the following compensation adjustments effective July 1, 2008:

a. National Government Agencies (NGAs) Including State Universities and Colleges (SUCS)

> i. Civilian Personnel - A ten percent (10%) increase over the basic monthly salaries as of June 30, 2008 of civilian personnel whose positions are covered by the Compensation and Position Classification System under R.A. No. 6758, as amended. The adjusted salaries shall be in accordance with the Salary Schedule marked as Annex "A[*]" of this Executive Order.
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> ii. Military and Uniformed Personnel - A ten percent (10%) increase over the monthly base pay as of June 30,2008 of military personnel of the Armed Forces of the Philippines and uniformed personnel under the Department of the Interior and Local Government, Philippine Coast Guard and National Mapping and Resource Information Authority. The adjusted base pay of military and uniformed personnel shall be in accordance with the Base Pay Schedule marked as Annex "B*" of this Executive Order.
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> b. Government-Owned Or Controlled Corporations (GOCCs)
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> A ten percent (10%) increase over the basic monthly salaries as of June 30 2008 of GOCC personnel whose position are covered by the Compensation and Position Classification System under R.A. No. 6758, as amended, subject to the availability of corporate funds.
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> c. Local Government Units
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> A ten percent (10%) increase over the basic monthly salaries as of June 30 2008 of local government personnel, subject to the availability of local government funds.

SECTION 2. Exclusion- Personnel of government agencies which are exempted bv law from the coverage of R.A. No. 6758, as amended, are not entitled to the compensation adjustments authorized herein.

SECTION 3. Fund Source - The amounts necessary to implement the compensation adjustments authorized herein shall be sourced, as follows:

a. For NGAs, including SUCs, the amount shall be charged against the appropriate fund source under R.A. No. 9498, the FY 2008 General Appropriations Act. Thereafter, such amounts as are needed shall be included in the annual General Appropriations Act.

b. For GOCCs, the funds required shall be charged against their respective corporate funds. The use of funds for the purpose shall be subject to the approval of their respective governing boards in accordance with applicable laws. GOCCs which do not have adequate or sufficient funds to pay the salary adjustments authorized herein shall partially implement the adjusted rates: Provided, That any partial implementation shall be at a uniform percentage increase for ail positions.

c. For LGUs, the funds required shall be charged against their respective local government funds. The use of funds for the purpose shall be subject to the approval of their respective sanggunian pursuant to R.A. No. 7160 and other relevant statutes. LGUs which do not have adequate or sufficient funds to pay the salary adjustments authorized herein shall partially implement the adjusted rates: Provided, That any partial implementation shall be at a uniform percentage increase for all positions.

SECTION 4. Allowances and Benefits Based on a Percentage of the Basic Salary and Base Pay of Government Personnel- Except for the year-end bonus, longevity pay for military and uniformed personnel, government counterpart to the Retirement and Life Insurance Premiums, PAG-I.B.I.G. Contributions, PHILHEALTH Contributions and Employees Compensation Insurance Premiums, ali allowances and benefits which ar computed at a percentage of salary or base pay shall not be increased notwithstanding the ten percent (10%) salary and base pay increase authorized in this Executive Order.

SECTION 5. Applicability to Certain Constitutional Officials - The salary increase authorized herein for the President, Vice-President, Senators and Members of the House of Representatives shall take effect only after the expiration of the respective terms of office of the incumbents pursuant to Section 10 of Article VI and Section 6 of Article VII of the 1987 Philippine Constitution.

SECTION 6. Implementing Rules and Regulations - The DBM shall prepare and issue the necessary rules and regulations to implement the provisions of this Executive Order.

SECTION 7. Effectivity - The compensation adjustments authorized herein shall take effect on July 1,2008.

Adopted: 01 May 2008

(SGD.) GLORIA MACAPAGAL-ARROYO

BY THE PRESIDENT:

(SGD.) EDUARDO R. ERMITA
Executive Secretary

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