

LETTER OF IMPLEMENTATION NO. 62, February 23, 1978

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TO: Heads of all Government Corporations and Others Concerned

The Acting Commissioner of the Budget

Pursuant to Presidential Decree No. 985 dated August 22, 1976, the following policies, rules and regulations are promulgated as part thereof and made applicable to all government owned or controlled corporations:

1.0 Position Classification

1.1 A position classification system based on duties, responsibilities and qualification requirements patterned after that of the national position classification plan, shall be adopted by all government owned or controlled corporations.

1.2 The official class titles so established for positions of these government corporations 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.

1.3 For uniform terminology and to facilitate the determination of comparable positions especially among the groupings of comparable government corporations, new positions that shall be created by the Governing Board of a government owned or controlled corporation shall use national government class titles. Where no appropriate national government class title covers the duties, responsibilities and qualification requirements of positions needed to pursue agency programs, such may be created by the Governing Board subject to subsequent action thereon by the Budget Commission through the Office of Compensation and Position Classification (OCPC).

1.4 New positions shall be filled only after being classified by OCPC in accordance with OCPC classification standards.

1.5 Duties, responsibilities and qualification requirements of a position submitted in connection with requests for classification/reclassification/or reconsideration and also personnel actions needed by the Civil Service Commission in connection with processing of appointments, shall be described in the duly accomplished Position Description Form (P.D.F.) using the revised PDF identified as BC-CSC Form No. 1 as prescribed under Joint BC-CSC Memorandum Circular No. 2, s, 1976.

1.6 The Plantillas of Personnel of government-owned or controlled corporations and financial institutions whether wholly supported from government funds or wholly from corporate funds, or a combination of both, shall be checked and/or reviewed by OCPC, which shall certify as to the accuracy and completeness of item number, class title and salary grade of positions or salary allowable. The Civil Service Commission shall be furnished a copy of the certified plantilla, after which appointments may be directly submitted to the CSC without the necessity of coursing such appointments thru OCPC.

2.0 Compensation

2.1 As a general rule, existing Salary and/or Compensation Plans as of August 22, 1976, (the effectivity date of P.D. No. 985) of government-owned or controlled corporations and financial institutions shall continue to be in full force and effect. Subsequent changes of salary rates in said plans after the cut-off date, shall however be subject to evaluation and approval by the President upon the recommendation of the Budget Commission.

2.2 No reduction in pay. An officials and employees of government corporations and financial institutions, now covered by the Compensation System of the National Government under P.D. No. 985 shall continue to receive not lower than the rates of pay, including all other emoluments, that they were receiving as of August 22, 1976.

2.3 Proposed appointments of personnel at such salary rate which falls either at the minimum, within range or maximum of the salary scale, range level or grade of the position under the existing Salary and/or Compensation Plan of such Corporate entity as of August 22, 1976, but not beyond the maximum of the salary grade or range allocation of the position in said Pay Plan, may be allowed even if such salary rate is beyond or over the maximum of existing OCPC Salary Rate for similar or comparable positions.

2.4 Government corporations may continue to use their own Salary or Wage Schedules as long as these are compatible with the Compensation System of the National Government whereby the Salary or Wage Schedules ultimately shall each consist of twenty-eight (28) salary grades, with eight (8) prescribed steps within each grade. Each grade will represent a level of work difficulty and responsibility which distinguishes it from other grades in their respective Schedules.

2.5 Notwithstanding a standardized salary or compensation system for all government employees, additional financial incentives may be established and allowed for viable and profit-making government corporations and financial institutions to be supported fully from their net earnings/profits.

2.6 The Governing Board of a corporation or financial institutions may provide additional appropriations for any individual position which has been classified in accordance with OCPC standards, to bring the rate of salary of such individual position to the level of an existing comparable position in such corporation.

2.7 Salary Guidelines. Pending the establishment of Compensation Committees, as provided hereinafter, the following guidelines for profit-making/viable government corporations and financial institutions shall be adopted:

2.7.1 Capacity to pay based on income derived from its business operations or revenue generated by a corporation to support itself, without recurring infusion of financial assistance for its operations shall in the meantime be the criterion used.

2.7.2 Government corporate bodies that are unable to earn a profit or that generate less than 50% of their current operating expenditures from operating revenues other than endowment income, shall be considered as regular agencies of the National Government for purposes of determining applicable rates of salary, allowances and other forms of compensation, except as may otherwise be approved by the President.

2.7.3 Factors that will be considered by the Compensation Committees in the standardization of the classification of positions, the establishment of Compensation Schemes and the categorization of government corporations are as follows:

2.7.3.1 Qualification requirements of a position and the nature of duties and responsibilities exercised in relation to comparable positions in the private sector, including availability of qualified personnel in the recruitment area.

2.7.3.2 Authorized paid-up capital/net worth/assets;

2.7.3.3 Number of authorized plantilla positions;

2.7.3.4 Net income after taxes, based on the average income of the last three consecutive years of operations.

2.7.3.5 Scope of operations, including area serviced.

2.7.3.6 Volume of business.

2.7.3.7 Budget for current expenditures.

2.8 Fringe Benefits. The grant of fringe benefits to employees in government corporations and financial institutions is limited to those that are profit-making, except when specifically authorized by law or approved by the appropriate Compensation Committee as hereinafter provided.

3.0 Exceptions. The Compensation Committees may approve rates of salaries and fringe benefits other than those prescribed in these guidelines, depending on the special circumstances or conditions involved, to be decided on a case—to—case basis.

4.0 Compensation Committees

4.1 Creation of Compensation Committees. To accelerate the development of Compensation and Classification Plans and implement the provisions of P.D. No. 985 in government corporations and financial institutions, there is hereby created a Compensation Committee for each of the six functional groupings of Corporations, namely: 1) Financial; 2) Infrastructure/Utilities; 3) Industrial/Area Development; 4) Agricultural/Trading/Promotional; 5) Educational/Social/ Scientific and Cultural; and 6) State Colleges and Universities.

4.2 Compensation Committees shall also be established by the Commissioner of the Budget to cover agencies of the government which are not government corporations but are exempted partly or fully from the national compensation plans.

4.3 Composition of the Compensation Committee. Each Compensation Committee shall be composed of five (5) members with the Commissioner of the Budget as Chairman and four (4) heads of government corporations and/or financial institutions belonging to the same functional grouping, as members, who shall be chosen from among themselves and shall serve at the pleasure of the body. Each Compensation Committee shall determine the scheduled date, agenda and venue of each meeting.

4.4 Functions of the Compensation Committee;

4.4.1 The Compensation Committee shall serve as the coordinating body in the formulation and recommendation of policies and standards governing classification, compensation, allowances and incentives that shall apply to government-owned or controlled corporations and financial institutions.

4.4.2 It shall also conduct comprehensive studies, review and evaluation of the classification and compensation schemes of the various government corporations and shall determine the criteria and factors to be used therein.

4.5 The Commissioner of the Budget shall organize the committee machinery and issue the necessary rules and procedures relative to its functions and responsibilities. Each Compensation Committee shall be empowered to create study groups, as it may deem necessary, for the proper performance of its duties.

4.6 The Committee is hereby authorized to call on any government office, official or employee for assistance, including access to pertinent documents and data. The cooperation of all concerned is enjoined for the accomplishment of an effective and rational policy formulation on the standardization of salaries.

4.7 The Budget Commission, through the Office of Compensation and Position Classification, shall provide

secretariat assistance to the Compensation Committees and shall be responsible for the implementation and enforcement of all compensation policies, rules and regulations adopted.

4.8 Members of the study groups under each Compensation Committee and members of the Secretariat of the Committee shall be entitled to receive allowances and/or per diems at rates to be determined by the Commissioner of the Budget.

5.0 Expenses. To carry out these functions, an initial amount of five hundred thousand pesos (P500,000.00) is hereby authorized to be drawn from the Special Activities Fund to cover expenses during 1978.

6.0 Effectivity. This Letter of Implementation shall take effect immediately.

Done in the City of Manila, this 23rd day of February, in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.) JACOBO C. CLAVE

Presidential Executive Assistant

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