

ADOPTING A COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS) AND A GENERAL INDEX OF OCCUPATIONAL SERVICES (IOS) FOR THE GOCC SECTOR COVERED BY REPUBLIC ACT NO. 10149 AND FO...

EXECUTIVE ORDER NO. 203, March 22, 2016

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WHEREAS, Presidential Decree No. 1597 (s.1978) required all agencies in the Executive Branch, including all GOCCs, both Chartered and Non-chartered, to observe such guidelines and policies as may be issued by the President governing compensation and position classification systems;

WHEREAS, Section 5, Article IX-B of the 1987 Constitution mandates that “Congress shall provide for the standardization of compensation of government officials and employees, including those in government-owned or -controlled corporations with original charters, taking into account the nature of the responsibilities pertaining to, and the qualifications required for their positions;”

WHEREAS, Joint Resolution No. 4, (s. 2009) of the Senate and the House of Representatives authorized the President to modify the existing CPCS of civilian personnel in the government, which includes all GOCCs, both Chartered and Non-chartered, and reiterated the continuing applicability and enforceability of P D No 1597;

WHEREAS, under Republic Act (R.A.) No. 10149, or the GOCC Governance Act of 2011, the Governance Commission for Government-Owned or -Controlled Corporations (GCG), as the central advisory, monitoring, and oversight body with authority to formulate, implement and coordinate policies to govern GOCCs has been mandated to:

- Classify GOCCs as may be necessary to guide it in exercising its powers and functions;
- Conduct compensation studies, develop and recommend to the President a competitive compensation and remuneration system which shall attract and retain talent, at the same time allowing the GOCC to be financially sound and sustainable; and
- Develop a CPCS which shall apply to all officers and employees of GOCCs whether under the Salary Standardization Law or exempt therefrom, and shall consist of classes of positions grouped into such categories as the GCG may determine, subject to approval of the President;

WHEREAS, Section 9 of R.A. No. 10149 provides that, any law to the contrary notwithstanding, no GOCC shall be exempt from the coverage of the CPCS developed by the GCG under said Act; and

WHEREAS, the GCG, after having conducted the requisite compensation studies, has developed the CPCS for GOCCs and submitted the same to the President for approval.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by the Constitution and by law, do hereby order:

SECTION 1. The CPCS and Index of Occupational Services (IOS) Framework for the GOCC Sector. – The

CPCS and the IOS Framework for the GOCC Sector (attached hereto) are hereby approved and made effective to all GOCCs, GFIs, GICPs/GCEs (hereinafter referred to as "GOCCs"), including their subsidiaries, which are covered by R.A. No. 10149.

SEC. 2. Collective Bargaining Agreements (CBAs) and Collective Negotiation Agreements (CNA) in the GOCC Sector. – While recognizing the constitutional right of workers to self-organization, collective bargaining and negotiations, the Governing Boards of all covered GOCCs, whether Chartered or Non-chartered, may not negotiate with their officers and employees the economic terms of their CBAs.

CNA Incentives, which primarily cover savings from the COBs of Chartered GOCCs, shall continue to be governed by the policies and guidelines established by the DBM, but shall now be extended to cover non-chartered GOCCs to promote uniformity of allowable incentives within the GOCC Sector. Incentives allowed by the CSC such as, but not limited to, the Program on Awards and Incentives for Service Excellence, shall continue to be governed by the policies and guidelines of CSC, as well as other pertinent laws, rules and regulations.

SEC. 3. Implementing Agency. – The CPCS shall be implemented and administered by GCG, and supplemented with the necessary implementing rules and guidelines on matters such as, but not limited to, hiring rates, promotions, overtime pay, night shift differential, merit increases, and Early Retirement Incentive Programs (ERIPs), taking into consideration prevailing practices in the private sector and the principles provided in the CPCS and in this Order.

SEC. 4. Funding and Implementation. – Implementation of the compensation adjustments shall depend on the financial capability of the GOCC and their corporate operating budget (COB) as approved by the GCG and those approved by the Department of Budget and Management (DBM) for entities receiving allocations or subsidies from the National Government.

SEC. 5. Non-Diminution of Authorized Salaries. – In the implementation of the CPCS, there shall be no diminution in the authorized salaries as of 31 December 2015 for incumbent officers and employees.

SEC. 6. Additional Incentives Outside the CPCS. – Pursuant to Section 10 of R.A. No. 10149, the GCG may recommend for the President's approval, incentives outside of the CPCS for certain position titles in consideration of the good performance of the GOCC: Provided, That no incentives shall be granted unless the GOCC has fully paid all taxes for which it is liable, and the GOCC has declared and paid all the dividends required to be paid under its charter or any other law.

SEC. 7. Early Retirement Incentive Plan (ERIP). – All Officers and Employees covered by the CPCS who voluntarily elect to be retired or may be separated from the service, as part of the performance by GCG of its mandate under Section 5(a) of R.A. No. 10149 to rationalize, reorganize, merge, or restructure a GOCC, shall be granted the following early retirement incentive in addition to retirement or separation benefits under existing laws:

Government Service Rates

First 20 years $1.00 \times \text{BMP}[*] \times \text{No. of years}$

20 years and 1 day to 30 years $1.25 \times \text{BMP} \times \text{No. of years}$

30 years and 1 day and above $1.50 \times \text{BMP} \times \text{No. of years}$

[*] Basic Monthly Pay (BMP)

SEC. 8. Transitory Provision. – Notwithstanding the effectivity of the CPCS, all GOCCs that have not been subjected to rationalization or reorganization and those covered by pending recommendations from the GCG for abolition, dissolution, or privatization, shall maintain their current compensation framework.

SEC. 9. Repeal. – All orders, circulars, issuances, board resolutions, rules and regulations or parts thereof which are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

SEC. 10. Separability Clause. – If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SEC. 11. Effectivity. – This Order shall take effect immediately upon publication in a newspaper of general circulation.

DONE, in the City of Manila, this 22nd day of March, in the year of our Lord, Two Thousand and Sixteen.

(Sgd.) BENIGNO S. AQUINO III

By the President:

(Sgd.) PAQUITO N. OCHOA, JR.

Executive Secretary

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