OUTLINE OF THE PRESENTATION

- Executive Order No. 150, s.2021
  - Coverage
  - Effectivity and Retroactive Application
- Salary Administration and Affordability
  - Principle of Non-Diminution of Authorized Salaries
- Rules for Salary Adjustment and Step Increment
- Separation Incentive Pay (SIP) and Early Retirement Incentive (ERI) under Sections 12 and 13 of E.O. No. 150
- Allowances, Benefits and Incentives Covered by E.O. No. 150
  - CPCS Circular No. 2021-09 on the 3-Year Present Value Payout
- Healthcare Benefit under the CPCS
- Rationalization of the Provident Fund
E.O. NO. 150, S.2021

Approving the Compensation and Position Classification System (CPCS) and Index of Occupational Services, Position Titles, and Job Grades for GOCCs (IOS-G) Framework, Repealing Executive Order No. 203 (S.2016), and For Other Purposes.

- Signed by President Rodrigo Roa Duterte on 01 October 2021.
- Published in a newspaper of general circulation on 05 October 2021.
ALL GOCCs covered by GCG under R.A. No. 10149, except:

- GOCCs with approved abolition or deactivation orders
EFFECTIVITY AND RETROACTIVITY

• Upon receipt of their respective authorization to adopt the CPCS, GOCCs with substantial compliance to CPCS requirements upon the approval of E.O. No. 150 shall retroactively apply the appropriate salary structures, and the allowances, benefits and incentives under the CPCS effective 05 October 2021, in accordance with GCG En Banc Resolution No. 2021-02.

• GOCCs that are non-compliant to the CPCS requirements and those that will be covered by the GCG in the future shall adopt the monthly basic salary structures, and the allowances, benefits and incentives under the CPCS effective upon issuance of the corresponding authorization from the GCG in accordance with Section 3 of E.O. No. 150.

Chapter I, CPCS Implementing Guidelines
SALARY ADMINISTRATION
The Monthly Basic Salary provided under the CPCS is the maximum amount that the GOCC can grant to its officers and employees. A lower uniform percentage of the prescribed rates may be implemented by the GOCC based on its own implementation scheme which shall be based on:

1. Affordability and sustainability of the GOCC to continually implement the CPCS rates;
2. Provision of gradual annual salary increase with the rates of the CPCS as the cap;
3. Flexibility of GOCCs to provide its own salary tranches.
## SALARY ADMINISTRATION SCHEME

<table>
<thead>
<tr>
<th>Category 1 GOCCs</th>
<th>May adopt their respective salary schedules at lower rates but at a uniform percentage of the salaries across all positions in the GOCC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categories 2 and 3 GOCCs</td>
<td>Shall adopt the salary schedule of lower tiers or of Category 1.</td>
</tr>
</tbody>
</table>

*Chapter I(2), CPCS Implementing Guidelines*
Upon receipt of the CPCS Authorization:

The GOCC Governing Board shall decide on the salary administration scheme that it will adopt based on the approved Salary Structure and the GOCC’s ability to fund the same.

**Example 1:**

<table>
<thead>
<tr>
<th>GOCC X</th>
<th>Category 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CATEGORY</strong></td>
<td><strong>Applicable CPCS Salary Structure</strong></td>
</tr>
<tr>
<td><em>(Based on the nature of its operations)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Salary Administration Scheme</strong></td>
<td>Fully apply the Category 1 Salary Structure</td>
</tr>
<tr>
<td><em>(for determination by the GOCC Governing Board)</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Apply the Category 1 Salary Structure at lower rates but at a uniform percentage of the salaries across all positions in the GOCC.</td>
</tr>
<tr>
<td></td>
<td>2022: 80% of the Category 1 Salary Structure</td>
</tr>
<tr>
<td></td>
<td>2023: 100% of the Category 1 Salary Structure</td>
</tr>
</tbody>
</table>
Upon receipt of the CPCS Authorization:

The GOCC Governing Board shall decide on the salary administration scheme that it will adopt based on the approved Salary Structure and the GOCC’s ability to fund the same.

**Example 2:**

<table>
<thead>
<tr>
<th>GOCC Y</th>
<th>Category 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CATEGORY</strong></td>
<td>(Based on the nature of its operations)</td>
</tr>
<tr>
<td><strong>Applicable CPCS Salary Structure</strong></td>
<td>Tier 2, Category 2 Salary Structure</td>
</tr>
<tr>
<td><strong>Salary Administration Scheme</strong></td>
<td>Fully apply Tier 2 of Category 2 Salary Structure</td>
</tr>
<tr>
<td>(for determination by the GOCC Governing Board)</td>
<td>Apply lower tier if it cannot afford Tier 2:</td>
</tr>
<tr>
<td></td>
<td>2022: Tier 3 of Category 2 Salary Structure</td>
</tr>
<tr>
<td></td>
<td>2023: Tier 2 of Category 2 Salary Structure</td>
</tr>
</tbody>
</table>
GOCCs that will adopt 100% of the Salary Structure provided in the CPCS authorization will still need to have the same approved by their Governing Boards and comply with the reportorial requirements provided in Item 4 of the General Procedural Guidelines under the CPCS Implementing Guidelines.
SALARY ADJUSTMENT AND STEP INCREMENT
NON-DIMINUTION OF AUTHORIZED SALARIES

• There shall be no diminution in the existing authorized salaries of incumbent officers and employees.
• Authorized Salaries – salary structure that has been duly authorized by the Office of the President (OP) and/or by law.
SALARY ADJUSTMENT AND STEP INCREMENT

The rules on salary adjustment and step increment under the CPCS are the same rules being applied in the National Government.
DEFINITION OF ACRONYMS

1. MBS - MONTHLY BASIC SALARY
2. SG - SALARY GRADE
3. JG - JOB GRADE
The salary of an incumbent shall be adjusted to the rates in the salary schedule corresponding to the designated JG allocations under the CPCS.

**Example:**

- **Current SG**: SG 17
- **CPCS JG**: CPCS JG 10
Rule No. 1:

If the actual MBS of an incumbent falls between the steps of the CPCS JG, the salary shall be adjusted to the rate for the higher step.

Example:

*Incumbent of Category 1 GOCC (SSL-Covered)*
Rule No. 2:
If the actual MBS of an incumbent falls below Step 1 of the CPCS JG, the salary shall be adjusted to Step 1 of the said JG.

Example:
Incumbent of Category 2 GOCC (SSL-Following)
Authorized to Adopt Tier 5, Category 2 Salary Structure

SG 12, STEP 8
MBS: P24,043

CPCS JG 8

CPCS JG 8, STEP 1
MBS: P28,024
Rule No. 3:

If the actual MBS of an incumbent exceeds that of Step 8 of the equivalent CPCS JG, there shall be no increase in MBS and no diminution in the salary currently being received.

Example:

*Incumbent of Category 3 GOCC (SSL-Exempt)*

*Authorized to Adopt Tier 2, Category 3 Salary Structure*
SEPARATION INCENTIVE PAY UNDER SECTION 12 OF E.O. NO. 150
Section 5, R.A. No. 10149 - Powers and Functions of GCG

“(a) Evaluate the performance and determine the relevance of the GOCC, to ascertain whether such GOCC should be reorganized, merged, streamlined, abolished or privatized x x x.”
Mandatory Action and Separation Incentive Pay. Any GOCC that fails or refuses to implement the CPCS rates, or the lower amounts provided under Section 11 as may be applicable, shall undergo a mandatory action and be reorganized, merged, streamlined, abolished or privatized pursuant to Section 5(a) of RA No. 10149, upon recommendation of its Supervising Agency.

All officers and employees who will be affected by the mandatory action in view of the implementation of the CPCS shall be granted the following separation incentive pay rates, unless the GCG recommends lower rates to the OP. x x x
1. A GOCC fails or refuses to implement the CPCS rates, or the lower amounts provided under Section 11 of E.O. No. 150;  

2. Because of the said failure or refusal, the GOCC underwent a mandatory action (reorganized, merged, streamlined, abolished or privatized) based on the powers granted by R.A. No. 10149 to GCG and upon recommendation of its Supervising Agency; and  

3. There are officers and employees affected by the said mandatory action.
REQUISITES TO BE ENTITLED TO THE SIP UNDER SECTION 12

The mere failure or refusal of the GOCC to implement the CPCS does not automatically qualify its officers and employees to the SIP under this Section.
SEPARATION INCENTIVE PAY AND EARLY RETIREMENT INCENTIVE UNDER SECTION 13 OF E.O. NO. 150
Involuntary Separation and Early Retirement Incentive. Pursuant to Section 5(a) of RA No. 10149, the GCG is hereby authorized to grant an early retirement incentive (ERI) to officers and employees who voluntarily elect to be retired, and a separation incentive pay (SIP) to those involuntarily separated from service, in accordance with the rates provided under Section 12 of this Order, unless adjusted rates are recommended to and approved by the OP. The grant of ERI and SIP is in addition to retirement or separation benefits under existing laws.
Section 5, R.A. No. 10149 - Powers and Functions of GCG

“(a) Evaluate the performance and determine the relevance of the GOCC, to ascertain whether such GOCC should be reorganized, merged, streamlined, abolished or privatized x x x.”
1. That the GOCC has been reorganized, merged, streamlined, abolished or privatized;

2. That the said reorganization, merger, streamlining, abolition or privatization was carried out after the evaluation of the performance and determination of the relevance of the GOCC by the GCG pursuant to its mandate under R.A. No. 10149 and not because of its failure or refusal to implement the CPCS under E.O. No. 150; and

3. That as a consequence of the said reorganization, merger, streamlining, abolition or privatization, there are officers and employees who voluntarily elect to be retired or involuntarily separated from service.
The mere failure or refusal of the GOCC to implement the CPCS does not automatically qualify its officers and employees to the ERI and SIP under this Section.
The ERI and SIP under Section 13 are not directly related to the migration of the GOCCs to the CPCS. Rather, it sets a STANDARD ERI and SIP rates for GOCCs that will be reorganized, merged, streamlined, abolished or privatized in the future.
Both Sections 12 and 13 do not authorize the grant of benefits to officers and employees of GOCCs who will voluntarily elect to be retired because they refuse to be covered by the CPCS.

Their benefits and entitlements shall be in accordance with existing retirement laws, rules and regulations and not by E.O. No. 150.
ALLOWANCES, BENEFITS AND INCENTIVES UNDER E.O. NO. 150
Compensation System. The existing compensation granted by GOCCs to its officers and employees shall be standardized in accordance with the CPCS approved under this Order. x x x
The allowances, benefits and incentives (ABIs) provided under E.O. No. 150 are ALIGNED with the ABIs under the SSL V.
ALLOWANCES, BENEFITS AND INCENTIVES UNDER E.O. NO. 150

1. **Standard Allowances and Benefits** – YEB, Cash Gift, UCA and PERA

2. **Specific-Purpose Allowances** – Hazard Pay, OT Pay, Night Shift Differential, honorarium, Special Counsel Allowance, RATA, Subsistence Allowance, Magna Carta Benefits for PHWs, S&T Personnel and PSWs.

3. **Incentives** – Loyalty Award, Anniversary Bonus, MYB, PEI, CNA Incentive, PRAISE
All allowances, benefits and incentives outside the CPCS being granted by the GOCCs to its officers and employees shall be **discontinued** upon receipt of their respective authorization.

Chapter I, CPCS Implementing Guidelines
Compensation System. No additional compensation outside the CPCS shall be granted by the GOCC Governing Board, unless the same has been recommended by the GCG and approved by the President.
ABIs NOT INCLUDED IN E.O. NO. 150

All additional compensation items outside of the CPCS shall have to be approved by the Board, endorsed by the Supervising Agency, recommended by the GCG, and approved by the President of the Philippines before the same can be granted.

Chapter II, CPCS Implementing Guidelines
CPCS CIRCULAR
NO. 2021-09
“3-YEAR PRESENT VALUE PAYOUT”
EXCESS ALLOWANCES, BENEFITS AND INCENTIVES

The authorized ABIs currently being received by incumbents of GOCCs that are implementing their own compensation framework shall be paid the three (3) year present value of the authorized ABIs that will be removed under the CPCS.

Only ABIs that are duly authorized by the President of the Philippines and/or by law shall be included in the computation of ABIs to be paid out to each incumbent, subject to availability of the corporate funds and financial viability of the GOCC.

Chapter VI(B)(5), CPCS under E.O. No. 150
1. The GOCC is implementing its own compensation framework. GOCCs that are SSL-covered and SSL-following pursuant to E.O. No. 36 are not entitled to this payout.

RATIONALE: SSL-covered and SSL-following GOCCs do not have current ABIs that will be discontinued upon the implementation of the CPCS since the ABIs under the SSL and the ABIs under the CPCS are aligned.
REQUISITES OF THE 3-YEAR PRESENT VALUE PAYOUT

2. The GOCC has ABIs duly authorized by the President of the Philippines and/or by law prior to the implementation of the CPCS.

3. The GOCC has funds to grant this payout and it shall not increase its service fees for the purpose of augmenting any deficiencies in the payment of the payout.

4. The grant of the payout shall not adversely affect the implementation of programs/projects, as well as the attainment of its performance targets.
HEALTHCARE UNDER THE CPCS
The Healthcare of all GOCCs shall be through the premium-based health insurance that will be offered to GOCCs by the Philippine Health Insurance Corporation (PHILHEALTH) in compliance with Section 11 of R.A. No. 11223 or the Universal Health Care Act.
Pending the implementation of this premium-based health insurance to be offered by PHILHEALTH, all GOCCs must comply with Commission on Audit Resolution No. 2005-001 and the Supreme Court ruling in PIDS v. COA, that is, they must not procure another health insurance in addition to the health program already provided by the government through PHILHEALTH.

Chapter IX, CPCS Attached to E.O. No. 150
COA Resolution No. 2005-001:

“The procurement of private health insurance by any agency or instrumentality of the government is an irregular expenditure and constitutes unnecessary use of public funds which cannot be countenanced by this Commission;”
Clearly, procuring health insurance from private health insurance companies, by itself, does not constitute disbursement of public funds. What Commission on Audit Resolution No. 2005-001 forbids is the procurement of another health insurance in addition to the health program provided by the government through PhilHealth.

The annual medical checkup program implemented by petitioner is not an additional insurance. It is an alternative to that provided by PhilHealth. PhilHealth, in its July 13, 2007 letter, informed petitioner that it has "not yet included the annual medical check-up benefit in the benefit packages being developed by [it]."

Therefore, the agreements entered by petitioner do not constitute additional allowance prohibited under Commission on Audit Resolution 2005-001.
Pending the implementation of this premium-based health insurance to be offered by PHILHEALTH, all GOCCs must comply with Commission on Audit Resolution No. 2005-001 and the Supreme Court ruling in PIDS v. COA, that is, they must not procure another health insurance in addition to the health program already provided by the government through PHILHEALTH.

Chapter IX, CPCS Attached to E.O. No. 150
RATIONALIZATION OF PROVIDENT FUND
### PROVIDENT FUND

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RATIONALIZATION OF PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1</td>
<td>PF shall be subjected to DBM Budget Circular No. 2008-3, provided that the employer’s share shall be limited up to 10%</td>
</tr>
<tr>
<td></td>
<td>(DBM Budget Circular No. 2008-3 provides that “[f]or GOCCs, the government monetary contribution shall be subject further to an evaluation by the DBM of the financial position of each GOCC.”)</td>
</tr>
</tbody>
</table>

*Chapter VII, CPCS Attached to E.O. No. 150*
### PROVIDENT FUND

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RATIONALIZATION OF PF</th>
</tr>
</thead>
</table>
| Categories 2 and 3     | • The **employer’s share** shall be limited to up to 10%.  
                          • The **employee’s share** shall be at a minimum rate of 3%. Any rate above 3% is subject to written approval of the concerned employee |

Chapter VIII, CPCS Attached to E.O. No. 150
1. GOCCs with current PF employer’s share that is lower than the maximum 10% shall have to request for approval from the President of the Philippines should they intend to increase such employer’s share.

Chapter VIII, CPCS Attached to E.O. No. 150
2. GOCCs with current PF employer's share that is higher than the maximum of 10% shall be limited to up to the allowable maximum rate.

The GOCCs may choose to liquidate their existing PF and pay out its member employees if they are not amenable to the new PF rates.
3. Those GOCCs that intend to set up a PF shall request for approval from the Office of the President provided that the new PF is subject to the rationalization of PF under the CPCS.
Upon receipt of the CPCS Authorization, GOCCs with higher employer’s share rates shall now apply the maximum 10% rate under the CPCS.

The difference in the rates of the OLD PF rate and the CPCS PF rate shall not be considered for purposes of computing the 3-year present value payout of discontinued ABIs.
END OF PRESENTATION