



## **COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS) FOR GOCCs**

### **FREQUENTLY ASKED QUESTIONS (FAQs)**

#### **CPCS DEVELOPMENT**

##### **1. What is the goal of the CPCS study?**

The objective of the CPCS is to provide a standardized compensation package and Index of Occupational Services, Position Titles and Salary Grades for GOCCs in accordance with Sections 8 and 9 of Republic Act (R.A.) No. 10149.

The CPCS Study was carried out through a series of consultant-facilitated and participative approaches to develop the following:

- A reward strategy that is aligned with provisions set forth in R.A. No. 10149, taking into consideration other pertinent laws and regulations relevant to pay principles adopted in the CPCS;
- A position classification system for all officers and employees of GOCCs to ensure that a common yardstick is used in measuring internal equity and value of roles relevant to organization size;
- Base pay structures that are comparable with private sector pay but are not far-off from National Government pay, taking into consideration GOCCs' financial capacity and sustainability;
- A variable pay mechanism to manage fixed cost, and to drive GOCCs to deliver expected levels of performance; and
- A CPCS system that is easy to understand and implement for both GCG and the GOCCs.

##### **2. What GOCCs are covered under the CPCS?**

All GOCCs, Government Financial Institutions (GFIs), Government Instrumentalities with Corporate Powers (GICP)/Government Corporate Entities (GCE), including their subsidiaries, unless excluded from the coverage of R.A. No. 10149, are covered by the CPCS.

GOCCs with approved abolition or deactivation orders shall not be covered by the CPCS.

##### **3. What is the main pay policy of the CPCS?**

The pay policy under the CPCS was formulated in consideration of the mandate under Section 5h of R.A. No. 10149 to "attract and retain talent, at the same time allowing the GOCC to be financially sound and sustainable". The reward system formulated under the CPCS considers the remuneration under the Salary

Standardization Law (SSL) of National Government Agencies (NGAs) and the private sector pay.

**4. How was the CPCS developed?**

The CPCS study was developed through a participatory approach to come up with a standardized system that will cover all GOCCs under the jurisdiction of the GCG.

The GCG and the CPCS Consultant, Willis Towers Watson Philippines, Inc. (WTW), conducted meetings with the Department of Finance (DOF), Department of Budget and Management (DBM), University of the Philippines National College of Public Administration and Governance (UP NCPAG), and the Office of the President (OP) to determine the current and the desired state of compensation for the GOCCs and insights on what worked and should be improved in the CPCS under Executive Order No. 203, s.2016.

Further, focus group discussions (FGD) sessions were also conducted with representatives of GOCCs (both from rank and file and management level), and GOCC employee associations. Through the FGDs, inputs were gathered from the GOCCs on the positive aspects and the challenges faced in the implementation of the CPCS under E.O. No. 203. The sentiments, concerns and aspirations for the new CPCS study were also asked during the FGDs.

**5. How different is CPCS from the SSL and the market?**

In line with the pay policy of keeping GOCCs' compensation at a reasonable level with due regard to NGAs' compensation, the allowances, benefits and incentives under the CPCS will be aligned with the SSL system, while ensuring that the base pay is comparable with the prevailing market rates.

**6. How is the CPCS Total Compensation Package ensured to be close to the SSL but comparable with the private sector?**

The CPCS Total Compensation Package is close to the SSL since the salary structure was designed using the SSL salary rates as the minimum possible rate. The allowances, benefits, and incentives under the CPCS are also aligned with those provided under the CPCS.

At the same time, the CPCS is comparable with the private sector since the progression of the salary structure towards the maximum possible salary rates was designed using the market salary rates.

**7. What is the Total Compensation Package under the CPCS?**

The Total Compensation Package under CPCS is composed of a standardized salary structure, allowances, benefits and incentives, and variable pay.

## CPCS METHODOLOGY

### 8. How will the compensation system be standardized under the CPCS?

Since the CPCS will cover GOCCs from different sectors and different nature of operations, the GOCCs will be divided into three (3) categories. Remuneration components will be standardized across all GOCCs regardless of their category, while allowing for differentiation of salary levels across categories.

Categorizing GOCCs under the CPCS captures the difference between GOCCs that are earning/self-sustaining versus those that are not.

### 9. How are GOCCs categorized under the CPCS?

There are three categories of GOCCs differentiated based on the nature of their operations, source of funding for day-to-day operations, and financial viability. Each GOCC will be placed in a category if they are determined to have the following characteristics:

Category	Descriptors
Category 1	<p>GOCCs that are not self-sustaining either because:</p> <ul style="list-style-type: none"> <li>• They rely on national government subsidies to fund their day-to-day operations; and/or</li> <li>• They have an average net loss for the last three (3) years, regardless whether they receive subsidies or not.</li> </ul> <p>Further, at the time of initial CPCS implementation, GOCCs that failed to submit the required information on their financials and full time equivalent (FTE) employees will also be included in Category 1.</p>
Category 2	GOCCs that are self-sustaining through sources of funds generated from <b>non-commercial activities</b> .
Category 3	GOCCs that are self-sustaining through sources of funds generated from <b>commercial activities</b> , with products and services that directly compete with the private sector.

The classification of a GOCC was based on information from its Charter, Articles of Incorporation, and/or By-Laws, as applicable, Commission on Audit (COA) annual financial statements for 2017 to 2019, approved Corporate Operating Budgets (COB) for 2017 to 2019, and other CPCS requirements submitted by the GOCC.<sup>1</sup>

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<sup>1</sup> Pursuant to Notice to All Heads of GOCCs dated 17 April 2020 posted on the GCG website.

**10. What are the GOCCs that are “not self-sustaining”?**

GOCCs that are not self-sustaining are those that have an average net loss for the last three (3) years and/or they rely on national government subsidies to fund their day-to-day operations within the same three-year period.

GOCCs that failed to submit the required information on their financials and FTE employees will also be included in Category 1.

**11. What are the GOCCs that are “non-commercial”?**

GOCCs that are non-commercial are entities that are considered as not competing with the private sector, such as:

- a. Non-government business enterprises (Non-GBEs), as determined by the Commission on Audit (COA);<sup>2</sup>
- b. Government instrumentalities vested with corporate powers (GICP);<sup>3</sup>
- c. Organized for cultural, educational, civic, scientific or charitable purposes;<sup>4</sup>
- d. With social protection objectives;<sup>5</sup>
- e. Has privatized operations and primarily generates revenue through collection of concession fees;
- f. Primarily derive business income from activities undertaken for developmental purposes (e.g. interest on investments, lease or sale of properties);
- g. Conduits for sector development;
- h. Marketing arms of the National Government to support the programs;
- i. Primarily generates revenue through fees borne out of their regulatory powers;<sup>6</sup> and
- j. Registered as non-stock, non-profit corporations, including foundations.

Although these GOCCs may also have commercial activities, such activities are only incidental to the pursuit of their principal mandates and will not reclassify them as commercial GOCCs under the CPCS.

**12. What are the GOCCs that are “commercial”?**

GOCCs that are commercial undertake operations or provide services that compete with the private sector. Such commercial activities can include, but are not limited to:

- a. Design and conceptualization of the products/services;
- b. Manufacturing and production of the products/services;
- c. Sales;

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<sup>2</sup> COA Circular No. 2015-003, “Classification of all Government Corporations and other entities/instrumentalities with corporate powers as Government Business Enterprises (GBEs) or Non-GBEs for the purpose of determining the applicable Financial Reporting Framework in the preparation of their Financial Statements and Prescribing Guidelines therefor” dated 16 April 2015.

<sup>3</sup> An agency of the government vested with corporate powers to perform efficiently its governmental functions.

<sup>4</sup> See Art. 11, GCG M.C. No. 2012-06; This includes corporations that are registered as non-stock, non-profit corporations – including foundations.

<sup>5</sup> Social protection is basically a response to protect and manage the households' vulnerability which may arise from various natural and man-made risks. Mandatory contributions based on statute (non-subsidy), among others, is an indicator for social protection objectives of the State.

<sup>6</sup> As the role to regulate is governmental, this places it in the category of an agency or instrumentality of the Government.

- d. Logistics involved in delivering the products/services to the end customer;
  - e. Customer service;
  - f. Property development and management;
  - g. Banking operations; and
  - h. Extractive industries (e.g. oil, gas).
- 13. How will the categorization affect the pay level in the GOCC sector?**
- GOCCs under Category 1 will be following one structure which is close to SSL of 2019 rates given that GOCCs in this category either (1) function similarly to a National Government Agency, or (2) have been operating at a loss and cannot afford to implement a large increase in salaries.
- GOCCs under Categories 2 and 3 are able to sustain their operations with revenue; for Category 2, revenue is generated through non-commercial activities or investment of indirect income, while Category 3 GOCCs earn revenue through products or services that directly compete with the private sector. These two categories follow the same salary structures.
- 14. After determining the category of a GOCC, what will be the next step?**

A GOCC's grade is thereafter determined.

- 15. What is a GOCC's grade?**
- A GOCC's grade is the size of the organization. It is the starting point of the job evaluation process for each GOCC. The GOCC's organization size sets a cap to the number of grades in the organization and determines the grade of the highest position in the organization (e.g. Chief Executive Officer (CEO), President, etc.). The size also determines the number of executive levels a GOCC can have.
- 16. How is the GOCC's grade determined?**
- The GOCCs' grade is determined using three factors: (i) financials based on the categorization formula; (ii) complexity based on the GOCC categorization, and (iii) number of FTE plantilla. The weighted average of the three factors determines the size of the GOCC:

Factor	Weight
Financials	60%
Complexity	30%
FTE	10%

Each factor has an equivalent grade equivalents. The financials and FTE follow a matrix with grade equivalents up to Job Grade 25. However, for the CPCS, the final GOCC Grades are capped at Grade 20:

*Financials*

Grade	Financials (60%)
16	< 3.975 B
17	≥ 3.975 B and < 7.95 B
18	≥ 7.95 B and < 26.5 B
19	≥ 26.5 B and < 53 B
20	≥ 53 B and < 106 B
21	≥ 106 B and < 265 B
22	≥ 265 B and < 530 B
23	≥ 530 B and < 2.65 T
24	≥ 2.65 B and < 5.3 T
25	≥ 5.3T

*Complexity*

Grade	Complexity (30%)
16	Category 1
18	Category 2
20	Category 3

*FTE*

Grade	FTE (10%)
16	Less than 91
17	91 to 240
18	241 to 620
19	621 to 1,600
20	1,601 to 4,100
21	4,101 to 10,600
22	10,601 to 27,500
23	27,501 to 75,000
24	75,001 to 200,000
25	> 200,000

Example:

GOCC	Financials (60%)	Grade	Category (30%)	Grade	FTE (10%)	Grade	GOCC Size
PSALM	₱178.30B	21	1	16	260	18	19
GSIS	₱324.05B	22	2	18	3,151	20	20
LANDBANK	₱52.81B	19	3	20	9,387	20	20

**17. What are the financial indicators applicable for each GOCC?**

Category	Formula
Category 1	Operating Expense plus Operating Subsidies
Category 2	Operating Expense (plus Investment Income, if any)  Program Subsidies will not be included in the computation of financials of GOCCs under this category.
Category 3	Annual Revenue or Operating Expense Plus Annual Revenue Minus Statutory Contributions

The financial measures under each formula are defined as follows:

Category	Formula
<i>Annual revenue</i>	Annual revenue for Banks is equivalent to the Total Operating Income (TCI) which can be derived as:  <i>Revenue less the operational direct and indirect costs from sales revenue expressed as:</i> <i>(Net Earnings + Interest Expense + Taxes)</i>
<i>Investment Income</i>	Profits earned from but not limited to interest, dividends, capital gains, rental and royalty income
<i>Operating Expense</i>	Refers to the expenses of the GOCC for its day to day operations such as: <ul style="list-style-type: none"><li>• <i>Salaries, Advertising Expense, Salaries, Rent and Utilities</i></li><li>• <i>Expenditures to support the operations of government agencies such as expenses for supplies and materials; transportation and travel; utilities (e.g. water, power, repairs)</i></li></ul> <i>Payroll and benefits</i>
<i>Operating Subsidies</i>	Subsidies from the Government that the GOCC uses to fund its day-to-day operations.
<i>Program Subsidies</i>	Subsidies from the Government provided for special projects assigned to a GOCC.
<i>Statutory contributions</i>	Revenue gathered by a GOCC from a captive market or from the mandatory employee benefits and contributions.

**18. How will the GOCC size affect the job evaluation of the whole organization?**

Since the organization size is the highest possible grade that the CEO of the GOCC can get, the positions of executives will also vary across GOCCs. The job grades of all other positions shall follow the position classification system under the CPCS.

**19. How is the job evaluation done under the CPCS?**

The CPCS follows a job evaluation system with Job Grades (JG) ranging from 2 to 20. The methodology, process, and definitions of this grading exercise have been defined in consideration of Salary Grade (SG) system in NGAs, market practice, and typical jobs present across GOCCs.

For GOCCs implementing the NGAs' SG system, their salary grades will be migrated to the equivalent job grades under the CPCS. For SG 24 and below, migration will be based on mapping of grades done by GCG, WTW, and DBM.

SG 25 and above will be graded based on the CPCS job evaluation methodology since such grades may already be part of executive level positions.

On the other hand, SSL-Exempt GOCCs that are following their own grading system will undergo job evaluation based on the CPCS job evaluation methodology.

**20. Who will do the job evaluation of positions in GOCCs?**

As part of the development of the CPCS, WTW did the initial job evaluation of the GOCCs. The initial job evaluation applies the mapping from the SG to the CPCS JG.

Results of the job evaluation from WTW will then be reviewed by the GCG officers who have prior experience in converting the unique grading system of twenty (20) GOCCs to the SG System<sup>7</sup> and who have undergone a series of trainings from various respectable institutions such as the People Management Association of the Philippines (PMAP), Ateneo Center for Organization Research and Development, and from WTW.

Notably, the job evaluation results are limited to the GOCCs with complete and compliant submissions to the WTW and/or GCG.

**21. How will the job evaluation affect the rates of positions once the CPCS has been implemented?**

The CPCS monthly cash payment salary structure is attached to the job grades under the CPCS. The job evaluation of each personnel in the GOCC will then be determinant of the salary or monthly cash payment rates that he/she will receive.

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<sup>7</sup> Conversion under E.O. No. 36, s.2017.

## **CPCS PAY COMPONENTS**

### **22. How was the CPCS Total Compensation Package created?**

The CPCS monthly salary structure was developed based on a target market to ensure comparability with the private sector. Different structures were created for each category and tier wherein the structure closest to the market is to be adopted by GOCCs of the highest tier and category (i.e. Category 2 or 3, Tier 1).

Conversely, **the fourth tranche of SSL of 2019 will be the basis for the minimum structure (Category 1)**, pursuant to the rewards policy that the CPCS must at least be at par with SSL.

The CPCS market objective was anchored on Market Annual Total Cash while SSL of 2019 was based on Market Annual Total Guaranteed which means that the target of the CPCS covers more compensation items (i.e. short-term variable pay such as the performance-based bonus).

CPCS base pay amounts were derived using the same compensation mix used in SSL of 2019.

Under the CPCS, allowances, benefits, and incentives for all GOCCs are the same as those provided under the SSL framework.

At the highest category and tier (Category 2 or 3, Tier 1), the CPCS has a compensation package with base pay that is 26% higher than what is provided under the SSL of 2019.

### **23. In particular, how are the monthly salaries under the CPCS created?**

The monthly salary structures were created from the common pay components that are given in cash to the GOCCs as compared with the market. Such pay components that GOCCs get in cash include 12 months of salary, cash gift, Representation and Transportation Allowance, Personal Economic Relief Allowance, Uniform Allowance, Performance Enhancement Incentive, Mid-year and Year-End Bonuses, and Conditional Variable Pay.

The total compensation package was not used for the CPCS monthly salary structures since doing so would entail that the gaps from what the market pay is will be realigned to the salaries of GOCCs, making the rates higher and much farther from SSL.

**24. What are the components of the total compensation package under the CPCS?**

The total compensation package under the CPCS is composed of (i) Basic Salaries, (ii) Allowances, Benefits, and Incentives, and (iii) Variable Pay.

On the basic salaries, there are six (6) salary structures under the CPCS wherein the applicable structure to a GOCC is based on its financial capacity as determined under the Categorization and Tiering.

The allowances, benefits, and incentives under the CPCS are anchored on those that the NGAs receive.

Finally, the conditional variable pay scheme under the CPCS is similar with the Performance-Based Bonus (PBB) in the NGAs wherein the maximum PBB is at 0.65 of Monthly Basic Salary (MBS).

**25. How will the compensation of GOCCs in each category differ from each other?**

The compensation of GOCCs in each category differ in the salary structure that they can adopt. Further, Categories 2 and 3 GOCCs have 5 different tiers that they can adopt depending on their financials.

Several compensation items under the CPCS also allow for variations in its grant to specific individuals of GOCCs under Categories 2 and 3, such as the variable pay (PBB) and the provident fund.

Otherwise, all GOCCs will be adopting a standardized list of allowances, benefits, and incentives under the CPCS.

**26. How is a GOCC's tier determined?**

Considering that the GOCC tiering aims to determine whether GOCCs under Categories 2 or 3 can afford the implementation of the CPCS, the GCG shall use the GOCCs' financials for the years 2018-2020, in accordance with Section 11 of E.O. No. 150 which authorizes the GCG to determine the salary schedule that a GOCC may adopt.

A GOCC can only adopt a certain tier's structure if their financial measure has reached the threshold requirement for such tier.

Tiers	Financials
Tier 5	Between 1.98 billion to 3.97 billion
Tier 4	$\geq 3.97$ billion
Tier 3	$\geq 20.32$ billion
Tier 2	$\geq 36.6$ billion
Tier 1	$\geq 53$ billion

- 27. What will be the tier of a Category 2 or 3 GOCC with financials below 1.98B?**  
 These GOCCs will automatically follow the pay structure for Category 1 GOCC.
- 28. Are there instances when a GOCC may have a tier different from its assigned tier based on its financials?**  
 The GCG *En Banc* may adjust or set an appropriate GOCC's Tier by reason of its strategic importance to national economy and development, provided that the source of funds for the adjustment shall not be subsidized by the National Government or parent GOCC, as may be applicable.

#### **EFFECTIVITY AND ADOPTION OF THE CPCS**

- 29. When did the CPCS take effect?**  
 Executive Order No. 150 took effect on 05 October 2021 upon its publication in a newspaper of general circulation.
- 30. When can a GOCC adopt the CPCS?**  
 Upon receipt of its 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**, pursuant to GCG *En Banc* Resolution No. 2021-02.

On the other hand, 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.

- 31. What can be given retroactively effective 05 October 2021?**  
 For GOCCs that with at least substantial compliance to CPCS requirements, they may grant the monthly basic salary pay and the allowances, benefits and incentives under Chapter VI(A) and (B) attached to E.O. No. 150 effective 05 October 2021.
- 32. What will be the contents of the authorization to adopt the CPCS?**  
 The authorization to adopt the CPCS will contain the GOCCs category, GOCC grade, tier (if applicable), and the date when the GOCC can implement the CPCS.

Further, the authorization shall also include the results of the Job Evaluation of the GOCC.

- 33. We received the authorization from the GCG. However, we do not agree with the category/grade/tier/job evaluation results. What do we do?**  
 The GOCC, through the GOCC Governing Board, must write a letter of reconsideration addressed to the Commission with complete legal basis and

supporting documents as to why the category/grade/tier/job evaluation results must be re-evaluated. Letter of reconsideration without **complete** supporting documents will not be considered.

#### **MONTHLY BASIC SALARY STRUCTURE**

- 34. We received the authorization to adopt the CPCS. However, we do not have sufficient funds to fully implement the applicable salary structure. What do we do?**

GOCCs in Category 1 that do not have sufficient funds to implement fully the salary schedules provided under the CPCS may adopt their respective salary schedules **at lower rates but at a uniform percentage** of the salaries across all positions in the GOCC

GOCCs in Categories 2 and 3 that do not have adequate or sufficient funds, based on their financials for the past 3 years (2018-2020), to implement the rates under their applicable tier shall adopt the salary schedule of lower tiers or of Category 1.

- 35. If a Category 2/3 GOCC adopts the salary schedule of Category 1, does it mean that its Category is automatically changed?**

No. The GOCC remains to be Category 2/3 by reason of the nature of its activities.

- 36. Can a GOCC refuse to implement the CPCS?**

No. Under E.O. No. 150 and R.A. No. 10149, all GOCCs under the coverage of the GCG shall adopt the CPCS.

- 37. Will there be a sanction against GOCCs that will refuse to implement the CPCS?**

GOCC that fails or refuses to implement the CPCS rates, or the lower amounts provided under Section 11 of R.A. No. 10149, shall undergo a mandatory evaluation and, based thereon, will be reorganized, merged, streamlined, abolished or privatized pursuant to Section 5(a) of R.A. No. 10149, upon a recommendation by its Supervising Agency.

- 38. Can the officers and employees of GOCCs that will refuse to implement the CPCS automatically avail of the Separation Incentive Pay (SIP) under Section 12 of E.O. No. 150?**

No. The SIP under Section 12 of E.O. No. 150 may be granted **only** to officers and employees who will be affected by the mandatory action (reorganization, merger, streamlining, abolition or privatized pursuant to Section 5[a] of R.A. No. 10149) as a consequence of the GOCC's failure or refusal to implement the CPCS.

- 39. Can the officers and employees of GOCCs that will refuse to implement the CPCS automatically avail of the Early Retirement Incentive (ERI) or Separation Incentive Pay (SIP) under Section 13 of E.O. No. 150?**

No. The ERI and SIP under Section 13 of E.O. No. 150 may be granted to the officers and employees of GOCCs who will undergo the mandatory action (reorganization, merger, streamlining, abolition or privatized pursuant to Section 5[a] of R.A. No. 10149) for reasons other than the refusal or failure to implement the CPCS.

#### **RULES FOR SALARY ADJUSTMENT**

- 40. How will the salaries of incumbent personnel be adjusted upon the implementation of the CPCS?**

The salaries of incumbent personnel shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions as of the time of receipt of authorization to implement the CPCS from GCG.

- 41. If the current monthly basic salary of an incumbent personnel as of 05 October 2021 falls below Step 1 of the job grade allocation of the position, what step shall be applied?**

Step 1 of the Job Grade in accordance with Section 7 of E.O. No. 150.

*Example:*

<b>Incumbent of GOCC under Category 1 SG 18, Step 3</b>	
Current Salary	P44,694
New Job Grade under the CPCS	JG 11
JG 11, Step 1	P46,725

In this example, the incumbent will receive the salary for JG 11, Step 1.

- 42. If the current monthly basic salary of an incumbent personnel as of 05 October 2021 falls between steps of the job grade allocation of the position under the CPCS, what step shall be applied?**

The higher step in the applicable salary schedule shall be applied.

*Example:*

<b>Incumbent of GOCC under Category 1 SG 19, Step 4</b>	
Current Salary	P50,566
New Job Grade under the CPCS	JG 11

JG 11, Step 1	P46,725
JG 11, Step 2	P51,386

In this example, the incumbent will receive the salary for JG 11, Step 2.

- 43. If the current monthly basic salary of an incumbent personnel as of 05 October 2021 exceeds that of Step 8 of the job grade allocation of the position under the CPCS, what step shall be applied?**

The Step 8 of the job grade allocation shall be applied but without diminution in the salary currently being received by the incumbent pursuant in accordance with Section 4 of E.O. No. 150.

*Example:*

<b>Incumbent of GOCC under Category 1 SG 18, Step 7</b>	
Current Salary	P46,796
New Job Grade under the CPCS	JG 10
JG 10, Step 8	P46,355

In this example, the incumbent will be allocated to JG 10, Step 8 but the incumbent will continue receiving his/her current salary of P46,796.

- 44. What are the “authorized salaries” covered by the non-diminution under Section 4 of E.O. No. 150?**

Authorized salaries shall refer to the salary structure that has been duly authorized by the OP and/or by law. Allowances, benefits and incentives, although previously authorized by the OP and/or by law are not covered by this principle.

Further, salaries, allowances, benefits and incentives that were authorized only by the GOCC Governing Board shall not be covered by the non-diminution provision.

- 45. Is an employee who was compulsory retired from service after 05 October 2021 but before the receipt of the authorization to adopt the CPCS entitled to salary differential?**

If his/her GOCC will be allowed to retroactively adopt the CPCS effective 06 October 2021, such compulsory retiree is entitled to salary differential. However, his/her retirement benefits, including Terminal Leave Benefits, shall be computed based on his/her monthly basic salary as of the day prior to the effectiveness of their retirement, consistent with existing laws, rules and regulations.

- 46. What will be the salary of a new hire under the CPCS?**

A new hire shall have the rate corresponding to Step 1 of the job grade allocation of the position.

## **STEP INCREMENTS**

### **47. How does one progress in step increment?**

Generally, all positions will start at Step 1 unless the personnel is covered by the above discussions on step increment adjustment because of migration from GOCC salary structure (SSL or own salary structure) to CPCS.

Progressions in the step increment shall be based on:

1. Meritorious performance based on a Performance Management System (PMS) approved by the Civil Service Commission (CSC) for Chartered GOCCs, and by the Board for Non-chartered GOCCs; or
2. Length of Service

### **48. What are the rules on the grant of step increment increase due to meritorious performance?**

Meritorious performance based on a PMS approved by the CSC for Chartered GOCCs, and by the Board for Non-chartered GOCCs.

The maximum number of employees that may be granted step increment/s due to meritorious performance in any given year shall be limited to **five percent (5%)** of all incumbent officials and employees in an agency.

**Two (2) Step increments** may be granted to a qualified official or employee who has attained two (2) ratings of "Outstanding" during the two (2) rating periods within a calendar year.

**One (1) Step Increment** may be granted to a qualified official or employee who has attained one (1) rating of "Outstanding" during the two (2) rating periods within a calendar year.

Step Increment/s shall be granted initially effective 01 January 2022, and subsequently every 01 January of every year thereafter for GOCCs with the requisite approved PMS.

Further details on the grant of step increment increase based on meritorious performance are provided in the CPCS Implementing Guidelines.

### **49. What are the rules on the grant of step increment increase due to length of service?**

**One (1) step increment** shall be granted to qualified personnel for every three (3) years of continuous satisfactory service in the present position. Said length of service in the present position in the same agency may include the period/s rendered by the incumbent as follows:

- a. While on temporary or provisional status of appointment in the same position;
- b. Before his/her present position was reclassified/upgraded/reallocated; and
- c. Period rendered by him/her prior to re-appointment to the same or comparable position with the same salary grade in a reorganized agency staffing pattern.

Length of service in the present position shall also include the period rendered by an incumbent prior to his/her transfer within the same agency or to another agency in a position with the same or comparable position and job grade.

Further details on the grant of step increment increase based on meritorious performance are provided in the CPCS Implementing Guidelines.

**50. Can there be simultaneous grant of step increment/s due to meritorious performance and due to length of service?**

Yes, it may be applied to a qualified incumbent.

**51. Are there instances when a specific person and/or position may be granted a step increment increase other than due to meritorious performance and/or length of service?**

Pursuant to Chapter VI(A)(2) of the CPCS, adjustments in steps for a specific person and/or position that are not covered by the above rules should be approved by the GOCC Governing Board and recommended by the Supervising Agency to the GCG for final review and approval.

**ALLOWANCES, BENEFITS AND INCENTIVES**

**52. Upon receipt of the authorization to adopt the CPCS, what will happen to the allowances, benefits and incentives being received by the GOCC officers and employees?**

The allowances, benefits and incentives of GOCC officers and employees, whether they are incumbents or new hires, shall be limited to those provided under the CPCS. Those outside the CPCS shall be discontinued.

**53. What are the Standard Allowances and Benefits under the CPCS?**

The standard allowances and benefits under the CPCS are the following:

- a. Year-End Bonus and Cash Gift
- b. Uniform/Clothing Allowance (U/CA)
- c. Personnel Economic Relief Allowance (PERA)

**54. What are the Specific-Purpose Allowances and Benefits under the CPCS?**

The following are the specific-purpose allowances and benefits under the CPCS:

- a. Hazard Pay
- b. Compensation for Overtime Work

- c. Night Shift Differential Pay
- d. Honorarium
- e. Special Counsel Allowance
- f. Representation and Transportation Allowance
- g. Subsistence Allowance
- h. Magna Carta Benefits for Public Health Workers
- i. Magna Carta Benefits to Scientists, Engineers, Researchers, and Other Science and Technology (S & T) Personnel
- j. Magna Carta Benefits for Public Social Workers (PSWs)

**53. What are the Incentives under the CPCS?**

The following are the incentives under the CPCS:

- a. Loyalty Award
- b. Anniversary Bonus
- c. Mid-Year Bonus
- d. Productivity Enhancement Incentive (PEI)
- e. Collective Negotiation Agreement (CAN) Incentive
- f. Program on Awards and Incentives for Service Excellence (PRAISE)

**54. What will happen to authorized allowances, benefits and incentives currently being received by the GOCC officers and employees but are not included in the CPCS?**

The grant of the said allowances, benefits and incentives outside the CPCS shall be discontinued upon receipt of the authorization to adopt the CPCS by the GOCCs.

However, incumbents of GOCCs whose authorized allowances, benefits and incentives will be discontinued for being outside the CPCS shall be paid the three (3)-year present value of the said allowances, benefits and incentives, subject to the guidelines under CPCS Circular No. 2021-09.

**55. What will be covered by the 3-year present value payout?**

Only allowances, benefits and incentives duly authorized by the President of the Philippines and/or by law that were discontinued by the GOCCs upon the receipt of their authorization to adopt the CPCS shall be included in the computation of the 3-year present value.

Allowances, benefits and incentives with NO prior authorization from the President and/or by law that will be discontinued upon the implementation of the CPCS shall not be included in the 3-year present value payout.

**VARIABLE PAY****56. What is the variable pay under the CPCS?**

The variable pay provided under the CPCS is the Performance-Based Bonus (PBB).

**57. What will be the applicable guidelines for the grant of FY 2021 PBB?**

The grant of PBB for FY 2021 shall be based on existing GCG issuances (GCG M.C. No. 2019-02 and GCG M.C. No. 2021-02).

**58. For FY 2022 PBB, what will be the applicable guidelines?**

The grant of PBB for FY 2022 shall be based on the relevant issuance that will be issued by the GCG in accordance with E.O. No. 150.

**59. What are the PBB rates under the CPCS?**

Percentile	PBB as % of Monthly Basic Salary
Top: Maximum 10%	65.0%
Next: Maximum 25%	57.5%
Remaining: Minimum 65%	50.0%

The percentage of PBB to be paid to officers and employees shall be based on their length of service, as follows:

Length of Service	% of PBB
At least 9 months	100%
8 months but less than 9 months	90%
7 months but less than 8 months	80%
6 months but less than 7 months	70%
5 months but less than 6 months	60%
4 months but less than 5 months	50%
3 months but less than 4 months	40%

**60. Is there an instance where a specific incumbent may be granted a higher PBB rate?**

Pursuant to Chapter VI(C)(1.2.4) of the CPCS, GOCCs categorized under Category 2 or 3 may grant to a specific incumbent a higher PBB rate of up to 150% of the incumbent's monthly basic salary, subject to the approval of the GOCC Governing Board, endorsement of the Supervising Agency of the GOCC, and final approval of the GCG.

The guidelines for the grant of higher rates of PBB based on the above rule shall be subject to the approval of the President in accordance with Section 8 of E.O. No. 150.

**OTHER ENTITLEMENTS****61. What are the other entitlements under the CPCS other than the allowances, benefits and incentives above?**

The following are the incentives that GOCC officers and employees may grant under the CPCS:

- a. Communication Allowance
- b. Leave Credits
- c. Monetization of Leave Credits
- d. Terminal Leave Benefits
- e. Rehabilitation Privilege
- f. Cost of Participation in Conferences, Seminars, etc.
- g. Official Vehicles and Transport
- h. Allowances for Local and Foreign Travel
- i. Cultural and Athletic Activities
- j. Quarters Privileges
- k. Extraordinary and Miscellaneous Expenses (EME)

**62. Will the allowances, benefits, incentives and other entitlements under the CPCS be applicable to both chartered and non-chartered GOCCs?**

Yes. The enumerated entitlements under the CPCS may be granted to both chartered and non-chartered GOCCs.

**63. For certain entitlements that are based on the guidelines issued by the Civil Service Commission (CSC), are there special requirements for non-chartered GOCCs considering that they are not covered by the CSC?**

The Governing Boards of non-chartered GOCCs shall issue their internal guidelines using as reference existing CSC circulars in the grant of the following:

- a. Compensation for Overtime Work
- b. Loyalty Award
- c. PRAISE
- d. Leave Credits
- e. Monetization of Leave Credits
- f. Rehabilitation Privilege

Further, the GOCC shall submit the internal guidelines on the said grant to the GCG for approval.

**64. Is Provident Fund part of the CPCS?**

Yes, the CPCS includes the rationalization of the Provident Fund (PF). The grant of the PF will now be in accordance with the following:

GOCC Category	Rationalization of PF
Category 1	PF shall be subjected to DBM Circular No. 2008-3, provided that the employer's share shall be limited to up to 10%
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.

**65. We have a current PF in place. The same was earlier approved by the President and/or by law. What is the effect of the CPCS on our current PF?**

If the employer's share of the GOCC's PF is **lower** than the maximum 10% and the GOCC intends to adopt a higher rate (maximum of 10%), the GOCC must secure the approval of the President to allow the implementation of a higher employer's share.

If the employer's share of the GOCC's PF is **higher** than the maximum amount of 10%, the employer's share shall now be limited to 10% upon the GOCC's receipt of the authorization to adopt the CPCS.

If the GOCC is not amenable to the cap of 10% employer's share, it may choose to liquidate its existing PF and pay out its member employees **or** seek the President's approval to allow a higher rate of employer's share.

**66. We do not have a PF at the moment. Can we set up a PF based on E.O. No. 150?**

Yes, the GOCC may set up its PF subject to prior Presidential approval and provided that the PF rates shall be in accordance with the provisions under the CPCS.

**67. Are GOCCs entitled to healthcare benefit(s)?**

In accordance with R.A. No. 11233 or the "*Universal Health Care Act*," the healthcare benefits of GOCCs shall be through the premium-based health insurance that will be offered to GOCCs by the Philippine Health Insurance Corporation (PhilHealth). The said insurance is currently being developed by the PhilHealth.

**68. Our GOCC currently offers healthcare benefits to its officers and employees. What is the guidance of GCG on these benefits?**

Pending the implementation of the premium-based health insurance to be offered by PhilHealth, all GOCCs must comply with Commission on Audit (COA) Resolution

No. 2005-001 and the Supreme Court ruling in *PIDS v. COA*, G.R. No. 212022, 20 August 2019.

#### **INDEX OF OCCUPATIONAL SERVICES, POSITION TITLES AND JOB GRADES FOR GOCCs (IOS-G) FRAMEWORK**

##### **69. What is the Index of Occupational Services, Position Titles and Job Grades?**

Pursuant to Sections 8 and 9 of R.A. No. 10149, an Index of Occupational Services, Job Titles, and Job Grades for GOCCs or the IOS-G forms part of the CPCS for GOCCs. The index contains the proposed standardized position titles in GOCCs with their corresponding job grades.

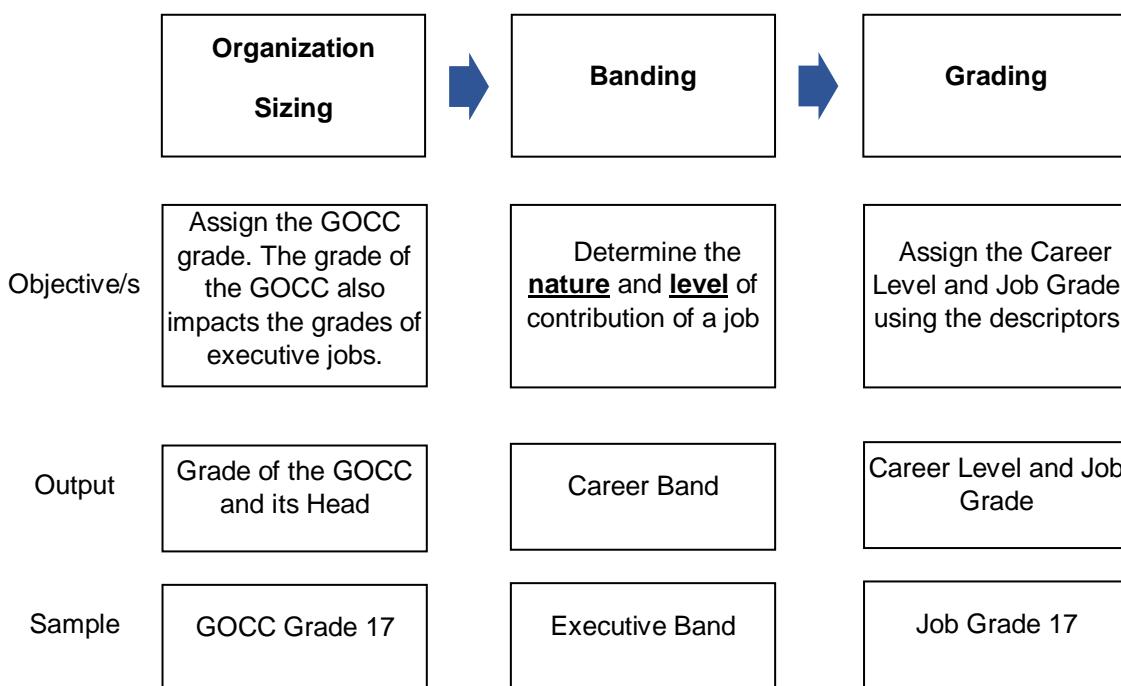
The said IOS-G is the counterpart for GOCCs of the Index of Occupational Services, Position Titles and Salary Grades (IOS) developed by the DBM for NGAs

##### **70. Will all GOCCs follow the IOS-G Framework under the CPCS?**

In migrating towards the CPCS, all GOCCs are expected to follow the IOS-G framework for the standardization and comparability of positions across all GOCCs and for the establishment of the IOS-G.

##### **71. What is the Job Evaluation Methodology under the CPCS?**

The CPCS Job Evaluation (JE) methodology was crafted to enable all jobs in GOCCs to be evaluated in order to determine their relative importance and value to the organization. The evaluation of jobs is expressed in the following form:



The highest JG within a GOCC shall be assigned to the CEO or the highest position based on the CPCS Grade of the GOCC. No other plantilla position in the GOCC shall be considered to be of equivalent rank.

All the other positions in a GOCC shall undergo JE based on the descriptors for each Career band, level, and JG under the IOS-G framework.

## **72. How will the GOCCs migrate to the IOS-G Framework?**

The application of the CPCS JE methodology depends on whether a GOCC is SSL-Exempt or SSL-Covered.

The positions in SSL-Exempt GOCCs will be evaluated against the Career band, level, and JG descriptors under the IOS-G framework once the same has been approved by the President.

On the other hand, SSL-Covered GOCCs shall follow the SG-JG mapping under the CPCS for SG 1-24 while SGs 25 and above will also be evaluated against the descriptors under the framework. The SG-JG mapping is as follows:

Salary Grade	CPCS Job Grade	Salary Grade	CPCS Job Grade
1	2	13	9
2	3	14	
3	4	15	
4		16	10
5	5	17	
6		18	
7		19	
8	6	20	11
9		21	
10	7	22	
11		23	
12	8	24	12

## **73. How will the IOS-G be created?**

The Index of Occupational Services, Position Titles and Job Grades (IOG) IOS-G will be created based on the result of the job evaluation of all positions of GOCCs. The index will contain the standardized position titles in GOCCs with their corresponding job grades. Moving forward, the GOCCs are expected to follow the position titles under the IOS-G for the standardization and comparability of positions across all GOCCs.

## **GENERAL PROCEDURAL GUIDELINES**

### **74. What should be the fund source(s) of GOCCs to implement the CPCS?**

The amounts required to implement the CPCS shall be charged against the GOCCs' approved Corporate Operating Budgets (COBs), provided that it shall be prohibited to source the payment from the following:

- (a) Loans;
- (b) Sale of the GOCC's asset(s) for the sole purpose of compensation adjustment; and
- (c) Other schemes analogous to the foregoing

The funding requirements for salary adjustments/upgrades are to be given based on the financial health and capacity of each GOCC sourced from their COBs. No subsidy from the National Government for purposes of implementing the CPCS shall be given.

Further, Section 11 of E.O. No. 150 and the CPCS Implementing Guidelines allow the GOCCs to implement the CPCS at a lower uniform percentage across all positions if they do not have adequate or sufficient funds to fully implement the CPCS Salary Structure.

### **75. Can a GOCC increase its service fees for the purpose of augmenting any deficiency in the amount required to implement the CPCS?**

No. GOCCs are not allowed to increase their service fees to fund the cost of implementing the CPCS.

### **76. Who is primarily responsible for the proper implementation of the CPCS and its Implementing Guidelines in the GOCCs?**

The GOCC Governing Boards are primarily responsible to ensure that the CPCS is properly implemented in their organizations, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

## **CPCS UNDER E.O. No. 203 vs. CPCS UNDER E.O. No. 150**

### **77. What is the difference between the CPCS under E.O. No. 203 and that approved under E.O. No. 150**

#### **Coverage**

Under E.O. No. 203, GOCCs that were operating at a loss and/or are highly subsidized in their operations cannot implement the CPCS until they are determined to be financially viable. This excludes several GOCCs that do not have a revenue-generating mandate and operations from the coverage of CPCS.

Conversely, the CPCS under E.O. No. 150 includes GOCCs that are losing and subsidized, however, their compensation package will be lower than those that are self-sustaining.

#### **GOCC Sizing**

E.O. No. 203 and the current CPCS both determine the grade of a GOCC based on the average of three factors: (i) Financials, (ii) FTE, and (iii) Complexity. The difference in financials and FTE are presented as follows:

Grade	Financials		FTE EO No. 203 and EO No. 150
	EO No. 203	EO No. 150	
16	< 3.0 B	< 3.975 B	< 90
17	≥ 3.0 B and < 6.5 B	≥ 3.975 B and < 7.95 B	91 to 240
18	≥ 6.5 B and < 22.0 B	≥ 7.95 B and < 26.5 B	241 to 620
19	≥ 22.0 B and < 43.5 B	≥ 26.5 B and < 53 B	621 to 1,600
20	≥ 43.5 B and < 87.5 B	≥ 53 B and < 106 B	1,601 to 4,100
21	≥ 87.5 B and < 218.0 B	≥ 106 B and < 265 B	4,101 to 10,600
22	≥ 218.0 B and < 436.5 B	≥ 265 B and < 530 B	10,601 to 27,500
23	≥ 436.5B and < 2.0 T	≥ 530 B and < 2.65 T	27,500 to 75,000
24	≥ 2.0 B and < 4.0 T	≥ 2.65 B and < 5.3 T	75,000 to 200,000
25	≥ 4T	≥ 5.3T	> 200,000

For the factor of complexity, EO No. 203 considered geographical scope and business complexity based on the matrix:

Scope	Global	20	22	24
	International	19	21	23
	Domestic	16	18	20
	Low	Medium	High	Business Complexity

On the other hand, the CPCS under E.O. No. 150 simplified this factor to remove the geographical scope which is not applicable for GOCCs. The business complexity under the current CPCS also differentiates based on the commercial and non-commercial services of GOCCs, depending on how they are categorized.

Also, in the current CPCS, the highest job grade that a GOCC can attain has been tempered to JG 20 while E.O. No. 203 allows up to JG 21.

#### Base Pay Structure

Based on the base pay structure, the previous CPCS differentiates for GFIs and Gaming and all other sectors, while the current CPCS have six (6) different structures that differentiates GOCCs based on financial viability.

The highest possible salary range in the current CPCS is also tempered relative to the CPCS under EO No 203:

<b>Grade</b>	<b>CPCS under EO No. 203</b>		<b>CPCS under EO No. 150</b>	
	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>
20	591,339.00	798,307.00	606,330.00	757,913.00
21	804,221.00	1,085,699.00	No Grade 21	

The structures under the previous CPCS have salary ranges for the Governing Board to determine the ranges that will fit the GOCC based on its financial standing.

In the current CPCS, however, the base pay structures consider SSL rates as benchmark for GOCCs that are comparable to NGAs and relevant financial measures for self-sustaining GOCCs to determine their level of financial viability.

#### Variable pay

The PBB system in the previous and current CPCS largely vary as reflected below:

<b>PBB</b>	<b>CPCS under EO No. 203</b>	<b>CPCS under EO No. 150</b>
PBB System	Organizational PBB and Individual PBB	One PBB system

PBB	CPCS under EO No. 203	CPCS under EO No. 150										
Multiples	<p>Different multiples for each Job Grade range</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>JG</th><th>Highest multiple</th></tr> </thead> <tbody> <tr> <td>1-7</td><td>1.50</td></tr> <tr> <td>8-11</td><td>2.00</td></tr> <tr> <td>12-15</td><td>2.5</td></tr> <tr> <td>16-21</td><td>3.50</td></tr> </tbody> </table>	JG	Highest multiple	1-7	1.50	8-11	2.00	12-15	2.5	16-21	3.50	Equivalent to NG PBB system with 0.65 as the highest multiple and only specific individuals can get a higher multiple.
JG	Highest multiple											
1-7	1.50											
8-11	2.00											
12-15	2.5											
16-21	3.50											

### Benefits

The benefits included in the previous and current CPCS are presented as follows:

Compensation	CPCS under EO No. 203	CPCS under EO No. 150
Standard allowances, benefits, and incentives	<p>Similar with NGAs with the following additional benefits:</p> <ul style="list-style-type: none"> <li>• Rice allowance</li> <li>• Meal Allowance</li> <li>• Procurement of a Healthcare plan</li> </ul>	Similar with NGAs
Specific-Purpose Allowances and Benefits	Similar with NGAs with the additional benefits of “other allowances and benefits peculiar to Certain GOCCs”	Similar with NGAs
Variable pay	Similar with NGAs except for PBB	Similar with NGAs except for the specific individuals entitled to a higher PBB rate.

### Implementation

The previous CPCS requires GOCCs to have:

1. Rationalized/Reorganized/Restructured under GCG or DBM;
2. A Business Unit Grade certified GCG;
3. Position titles and job grades based on the CPCS position titles;

4. A compensation framework submitted the office of the President based on the CPCS framework.

On the other hand, the current CPCS can be implemented by all GOCCs once it has an approved categorization and job evaluation by the GCG.