

# Chapter 9

## Position Classification and Compensation Scheme in Local Government Units

### 9.1 Historical Background

#### 9.1.1 Before Presidential Decree (PD) No. 1136

Local governments are political units composed of provinces, cities, municipalities and barangays. They have long been existing with their own legislative bodies which are endowed with specific powers as defined in the Revised Administrative Code and individual local government unit (LGU) charters. These local legislative bodies were then called provincial boards in the case of provinces, city councils in cities and municipal councils in municipalities. These local legislative bodies were vested with the power to determine the number of employees that each office should have and to fix their salary rates as agreed upon by the majority. In exercising such power, however, there were no specific guidelines nor definite standards used in the creation of positions and the fixing of salaries. Position titles were not descriptive nor reflective of the duties and responsibilities of the positions and salaries were fixed arbitrarily. For local officials, however, laws such as Republic Act (RA) No. 268 as amended, and RA No. 4477 were passed by Congress fixing the salaries of municipal, provincial and city officials. These salary laws created a wide gap between the salaries of rank-and-file employees and the officials.

#### 9.1.2 PD No. 1136

Cognizant of the need for a more effective local government personnel administration, PD No. 1136, "The Local Government Personnel Administration and Compensation Plans Decree of 1977," was promulgated on May 5, 1977. Its salient features are as follows:

9.1.2.1 The creation of the Joint Commission on Local Government Personnel Administration (JCLGPA) to formulate policies on local government personnel administration, position classification and pay administration; and to implement the provisions of PD No. 1136;

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- 9.1.2.2 The adoption by LGUs of rational personnel policy and position classification and compensation plans, based on the principle of equal pay for substantially equal work, and to recognize differences in pay arising from substantive differences in duties and responsibilities and qualification requirements; and
- 9.1.2.3 The maximum salary rates for provincial, city and municipal officials by equating them to CESO ranks.

### **9.1.3 RA No. 6758**

In pursuance of the Constitutional mandate for the adoption of a unified Position Classification and Compensation System (PCCS) in the government, RA No. 6758, the "Compensation and Position Classification Act of 1989" popularly known as the "Salary Standardization Law," includes LGUs under its coverage.

Section 10, RA No. 6758, provides that the rates of pay shall be determined on the basis of the class and financial capability of each LGU. Such rates of pay shall not exceed the following percentages of the rates of the salary schedule prescribed under Section 7 of the Act:

|                       | <u>For Provinces/Cities</u> | <u>For Municipalities</u> |
|-----------------------|-----------------------------|---------------------------|
| Special Cities        | 100%                        |                           |
| 1 <sup>st</sup> Class | 100%                        | 90%                       |
| 2 <sup>nd</sup> Class | 95%                         | 85%                       |
| 3 <sup>rd</sup> Class | 90%                         | 80%                       |
| 4 <sup>th</sup> Class | 85%                         | 75%                       |
| 5 <sup>th</sup> Class | 80%                         | 70%                       |
| 6 <sup>th</sup> Class | 75%                         | 65%                       |

### **9.1.4 RA No. 7160**

To enable LGUs to attain their fullest development as self-reliant entities and make them more effective partners in the attainment of national goals, RA No. 7160, the "Local Government Code of 1991," was enacted. The pertinent provisions of the Code are as follows:

- 9.1.4.1 The personnel, records, equipment and other assets of the abolished JCLGPA shall be transferred to the appropriate office in the Civil Service Commission (CSC).

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- 9.1.4.2 Every LGU shall design and implement its own organizational structure and staffing pattern taking into consideration its service requirements and financial capability, but subject to the minimum standards and guidelines prescribed by the CSC.
- 9.1.4.3 Pursuant to Section 81, RA No. 7160, the compensation of local government officials and employees shall be determined by the sanggunian concerned provided that:
  - 9.1.4.3.1 The increase in compensation of elective local government officials shall take effect only after the terms of office of those approving such increase shall have expired;
  - 9.1.4.3.2 The increase in compensation of the appointive officials and employees shall take effect as provided in the ordinance authorizing such increase;
  - 9.1.4.3.3 Said increase shall not exceed the percentage limitation for personal services; and
  - 9.1.4.3.4 Such compensation may be based upon the pertinent provisions of RA No. 6758.
- 9.1.4.4 The local sanggunian is empowered to determine the positions, salaries and wages, allowances and other benefits of officials and employees paid wholly or mainly from local government funds.
- 9.1.4.5 If the finances of LGUs allow, the local sanggunian may provide for additional allowances and other benefits to judges, prosecutors, public elementary and high school teachers and other national government officials stationed in or assigned in LGUs.

### **9.1.5 Administrative Order (AO) No. 42**

- 9.1.5.1 Realizing the need to address issues on position classification and compensation in LGUs in view of the provisions of RA No. 7160, and to effectively enforce the provisions of the Constitution and fully rationalize the standardization of compensation in the government particularly in LGUs, AO No. 42 was issued

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by the President on March 3, 1993, to reiterate the provision of RA No. 6758 that the Department of Budget and Management (DBM) shall be the Administrator of the unified Position Classification and Compensation System of the government and as such shall undertake the following:

- 9.1.5.1.1 Provide guidelines on the classification of local government positions and on the specific rates of pay therefor;
  - 9.1.5.1.2 Provide criteria and guidelines for the grant of all allowances and additional forms of compensation to local government employees;
  - 9.1.5.1.3 Advise and assist LGUs on matters of position classification and compensation of local government personnel; and
  - 9.1.5.1.4 Provide technical expertise in the training of local government personnel to enable them to administer and maintain the compensation and position classification system.
- 9.1.5.2 The issuance of this clarificatory order was anchored on the following:
- 9.1.5.2.1 The abolition of the JCLGPA pursuant to Section 77, RA No. 7160, and the transfer of all its personnel, records, equipment and other assets to the CSC;
  - 9.1.5.2.2 The inability of RA No. 7160 to specifically provide for the transfer of the respective functions of the member agencies of the JCLGPA;
  - 9.1.5.2.3 Section 325 (b) of RA No. 7160 states that: "No official or employee shall be entitled to a salary rate higher than the maximum fixed for his position or other positions of equivalent rank by applicable laws, rules and regulations issued thereunder;

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9.1.5.2.4 The only applicable law that governs the Compensation and Position Classification System in the government is RA No. 6758 which is administered by the DBM as mandated; and

9.1.5.2.5 The Compensation and Position Classification System established in pursuance of the Constitutional mandate covers all national and local government positions, appointive or elective, on full-time or part-time basis now existing or hereafter created.

### **9.1.6 Joint Senate and House of Representatives Resolution No. 01, Adopted on March 3, 1994**

Under said Joint Resolution approved by the President on March 7, 1994, LGUs other than special and 1<sup>st</sup> class cities and provinces may adopt the salary schedules for higher class LGUs, provided that the salary schedules adopted shall be uniformly applied to all positions in the said LGUs, subject to certain conditions.

## **9.2 The Position Classification Scheme for LGUs**

Like the positions in the national government covered by RA No. 6758, positions in LGUs are classified based on duties and responsibilities and the pertinent rules, regulations and procedures on position classification provided under Chapter 2 of this Manual.

**9.2.1 Position Classification Guide** – In classifying positions, LGUs shall be guided by the following:

9.2.1.1 Index of Occupational Services, Position Titles, and Salary Grades (IOS) in the Local Government – This is a document listing the different occupational services, occupational groups, series of classes and classes of positions existing in LGUs. It also shows the salary grade assignment of each class of positions.

9.2.1.2 Class Specification – This is a detailed description of a class of positions. It serves as standard or guide for allocating positions to their proper classes. A more detailed discussion on class specifications is found in Chapter 2 of this Manual.

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9.2.1.3 Salary Grade Allocation of Elective Officials - RA Nos. 6758 and 7160 and their implementing rules and regulations provide the salary grade allocations of elective officials in LGUs that correspond to specific salary rates in the salary schedules prescribed for LGUs.

### 9.2.1.3.1 Elective Officials of Provinces

| <b>Position</b>                 | <b>Salary Grade</b> |
|---------------------------------|---------------------|
| Provincial Governor             | 30                  |
| Provincial Vice-Governor        | 28                  |
| Sangguniang Panlalawigan Member | 27                  |

### 9.2.1.3.2 Elective Officials of Cities

Special Cities (Manila and Quezon City) and Highly Urbanized Cities

| <b>Position</b>                  | <b>Salary Grade</b> |
|----------------------------------|---------------------|
| City Mayor                       | 30                  |
| City Vice Mayor II               | 28                  |
| Sangguniang Panlungsod Member II | 27                  |

Component Cities

| <b>Position</b>                 | <b>Salary Grade</b> |
|---------------------------------|---------------------|
| City Mayor                      | 30                  |
| City Vice Mayor I               | 26                  |
| Sangguniang Panlungsod Member I | 25                  |

### 9.2.1.3.3 Elective Officials of Municipalities

- Within Metropolitan Manila

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| Position                    | Salary Grade |
|-----------------------------|--------------|
| Municipal Mayor II          | 28           |
| Municipal Vice Mayor II     | 26           |
| Sangguniang Bayan Member II | 25           |

- Outside Metropolitan Manila

| Position                   | Salary Grade |
|----------------------------|--------------|
| Municipal Mayor I          | 27           |
| Municipal Vice Mayor I     | 25           |
| Sangguniang Bayan Member I | 24           |

9.2.1.4 Salary Grade Allocation of Appointive Officials – RA No. 6758 and its implementing rules and regulations provide the salary grade allocation of appointive officials in LGUs that corresponds to a specific salary rate in the salary schedule prescribed for LGUs.

### 9.2.1.4.1 Appointive Officials of Provinces

| Position  | Salary Grade |
|---|--------------|
| Provincial Government Department Head           | 26           |
| Provincial Government Assistant Department Head | 24           |

### 9.2.1.4.2 Appointive Officials of Cities

- Special Cities (Manila and Quezon City)

| Position                            | Salary Grade |
|-------------------------------------|--------------|
| City Government Department Head III | 27           |
| City Government Office Head         | 26           |

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|   |    |
|---|----|
| City Government Assistant Department Head III | 25 |
|---|----|

- Highly Urbanized Cities/Other Metropolitan Manila Cities

| Position                                     | Salary Grade |
|--|--------------|
| City Government Department Head II           | 26           |
| City Government Assistant Department Head II | 24           |

- Component Cities

| Position                                    | Salary Grade |
|---|--------------|
| City Government Department Head I           | 25           |
| City Government Assistant Department Head I | 23           |

### 9.2.1.4.3 Appointive Officials of Municipalities

- Within Metropolitan Manila

| Position  | Salary Grade |
|---|--------------|
| Municipal Government Department Head II           | 25           |
| Municipal Government Assistant Department Head II | 23           |

- Outside Metropolitan Manila

| Position   | Salary Grade |
|--|--------------|
| Municipal Government Department Head I           | 24           |
| Municipal Government Assistant Department Head I | 22           |



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- 9.2.1.5 Other Positions – The highest position below the rank of an assistant department head may be allocated in accordance with the following standard leveling of positions based on the level and income class of the LGU:

| <b>Local Government Unit</b>                            | <b>Highest Positions Below the Assistant Department Heads</b>   |
|---|---|
| Provinces   | SG-22, examples: Licensing Officer IV, Project Development Officer IV   |
| Special Cities  | SG-24, examples: Licensing Officer V, Project Development Officer V   |
| Highly Urbanized Cities                                 | SG-22, examples: Licensing Officer IV, Project Development Officer IV   |
| Component Cities  | SG-22, examples: Licensing Officer IV, Project Development Officer IV   |
| 1 <sup>st</sup> to 3 <sup>rd</sup> Class Municipalities | SG-18 to 19, examples: Licensing Officer III, SG-18, and Engineer III, SG-19  |
| 4 <sup>th</sup> to 6 <sup>th</sup> Class Municipalities | SG-14 to 16, examples: Registration Officer II, SG-14, Project Development Officer II, SG-15, and Dentist II, SG-16 |

N.B.

The position titles of the positions below the Assistant Department Heads must be in accordance with the Index of Occupational Services, Position Titles and Salary Grades (IOS) in the Local Government issued under Local Budget Circular No. 61 dated March 18, 1996.

- 9.2.1.6 Other Positions Assigned to LGU Officials – The classification of Private Secretary, Executive Assistant and Driver positions is dependent on the level/rank of the position they serve. Per established standards, the allowable level of these positions for the said officials are as follows:

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| Local Executive          | Private Secretary           | Executive Assistant           | Driver          |
|--------------------------|-----------------------------|-------------------------------|-----------------|
| Provincial Governor      | Private Secretary II, SG-15 | Executive Assistant IV, SG-22 | Driver II, SG-4 |
| Provincial Vice-Governor | Private Secretary I, SG-11  | Executive Assistant II, SG-17 | Driver I, SG-3  |
| City Mayor               | Private Secretary II, SG-15 | Executive Assistant IV, SG-22 | Driver II, SG-4 |
| City Vice Mayor          | Private Secretary I, SG-11  | Executive Assistant II, SG-17 | Driver I, SG-3  |
| Municipal Mayor          | Private Secretary II, SG-15 | Executive Assistant II, SG-17 | Driver II, SG-4 |
| Municipal Vice Mayor     | Private Secretary I, SG-11  | Executive Assistant I, SG-14  | Driver I, SG-3  |

Pursuant to Budget Circular No. 2004-3, dated March 6, 2004, however, the following positions were retitled as follows:

| <u>From</u>   | <u>To</u>   |
|---|---|
| Private Secretary I, SG-11<br>Private Secretary II, SG-15 | Administrative Assistant V, SG-11<br>Senior Administrative Assistant III, SG-15 |
| Driver I, SG-3<br>Driver II, SG-4                         | Administrative Aide III, SG-3<br>Administrative Aide IV, SG-4                   |

9.2.1.7 Heads of Administrative/Support Units – Generally, there shall be only one (1) administrative unit in a LGU and this is placed under the Office of the Local Chief Executive. If found necessary, administrative support units in other departments of the LGU may be allowed. The head of these satellite units should be classified one (1) rank lower than the head of the administrative mother unit.

9.2.1.8 Municipal Health Officers (MHOs) and Rural Health Physicians (RHPs) – The MHO as a mandatory position is the municipal department head in charge of formulating and implementing the health and medical programs for the whole municipality. It assumes supervision, coordination and monitoring of rural health

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units (RHUs) within the municipality. The RHP is ordinarily in charge of a small medical team of health service personnel assigned in a RHU which renders preventive and medical services in specific area of assignment within the municipality, usually consisting of at least one (1) barangay. Notwithstanding that the RHP pursuant to RA No. 7305 is given the same salary grade as the MHO, the MHO has ascendancy over the RHP in the hierarchical ranking of positions in LGUs.

- 9.2.1.9 Changes in Nomenclature of Positions - In line with Section 325 (f) of RA No. 7160, changes in designation or nomenclature of positions resulting in promotion or demotion in ranks or increase or decrease in compensation shall not be allowed, except when the positions are actually vacant.

**9.2.2 Creation of New Positions/Offices** - Creation of new positions in LGUs may be allowed subject to the following conditions that:

- 9.2.2.1 All the mandatory positions listed under RA No. 7160 have been created and provided for;
- 9.2.2.2 The Salary Standardization Law has been fully implemented;
- 9.2.2.3 The absorption of national government personnel by LGUs on account of the devolution of functions has been fully effected;
- 9.2.2.4 The general limitations on personal services expenditures are not exceeded;
- 9.2.2.5 The classification of the positions should be consistent with the standards and implementing rules and regulations of RA No. 6758;
- 9.2.2.6 The creation of new positions or offices is subject to the conditions prescribed under Civil Service Commission Memorandum Circular No. 19, s. 1992; and
- 9.2.2.7 The classification of the heads of new offices shall be dependent on the level of the organizational structure of the new offices. If the new office is considered a department, the head shall be classified as Department

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Head. If lower than a department but higher than a division, the head shall be classified as Assistant Department Head.

**9.2.3 Creation of a New Class of Positions** – A proposal to create a new class of positions not found in the IOS for Local Government shall be submitted to the DBM for approval together with the following documents/information:

9.2.3.1 Justification for the creation of the new class;

9.2.3.2 Duly accomplished Position Description Form; and

9.2.3.3 Structural, functional and position charts.

## **9.3 The Compensation Scheme for LGUs**

### **9.3.1 Basic Salaries**

The salary rates of positions in LGUs shall be based on their income classifications as determined by the Department of Finance (DOF), and their financial capabilities. These rates shall conform with the percentages of the rates in the Salary Schedule prescribed for national government personnel pursuant to Section 7, RA No. 6758, and are indicated in item 9.1.3 of this Chapter.

9.3.1.1 Salary Schedule (SS) - The SS consists of 30 salary grades for provinces and cities and 27 for municipalities. Each salary grade in the SS has 8 salary steps to provide for the hiring rate and incentive for length of service in the position. There are 8 salary schedules for LGUs with each salary schedule corresponding to a specific income class of a LGU.

- A - Special Cities and First Class Provinces and Cities
- B - Second Class Provinces and Cities
- C - Third Class Provinces and Cities and First Class Municipalities
- D - Fourth Class Provinces and Cities and Second Class Municipalities
- E - Fifth Class Provinces and Cities and Third Class Municipalities
- F - Sixth Class Provinces and Cities and Fourth Class Municipalities

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- G - Fifth Class Municipalities
- H - Sixth Class Municipalities

### **9.3.2 Adoption of Higher Salary Schedule**

To minimize disparity in pay between the devolved personnel of national government agencies and the organic personnel of the LGU and pursuant to Joint Senate and House of Representatives Resolution No. 1, s. 1994, LGUs lower than Special Cities and First Class Provinces and Cities may adopt the salary schedule for higher class LGUs.

- 9.3.2.1 The following conditions/limitations shall be observed in adopting a higher salary schedule:
  - 9.3.2.1.1 That the LGU must first implement fully the prescribed salary schedule for its income class and assure sustainability before it can exercise the option to adopt a higher salary schedule;
  - 9.3.2.1.2 That the LGU is financially capable;
  - 9.3.2.1.3 That the salary schedule to be adopted shall be uniformly applied to all positions in the LGU concerned;
  - 9.3.2.1.4 That the salary grade allocation of positions and the salary steps of personnel shall be retained;
  - 9.3.2.1.5 That the difference arising from the adoption of the higher salary schedule shall be subject to the budgetary and general limitations on personal services expenditures mandated under Sections 324 and 325 of RA No. 7160 as implemented by Local Budget Circular (LBC) No. 75 dated July 12, 2002;
  - 9.3.2.1.6 That in the case of component cities and municipalities, the salary schedule to be adopted shall not be higher than that of the province where they belong;

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9.3.2.1.7 That the adoption of a higher salary schedule shall not in any manner alter the existing income classification of the LGU concerned; and

9.3.2.1.8 That the following mandatories or activities have been fully provided for:

- Statutory and contractual obligations of the LGU;
- Continued implementation of RA No. 6758;
- Creation of mandatory positions;
- Absorption of devolved positions; and
- Payment of the Magna Carta benefits of public health workers pursuant to the provisions of RA No. 7305.

9.3.2.2 A LGU which has adopted a higher salary schedule as authorized and which cannot afford to sustain such schedule, may revert to the prescribed or lower salary schedule.

For instance, a municipal government of a 4<sup>th</sup> class municipality which adopted the salary schedule for a 1<sup>st</sup> class municipality may revert to the salary schedule for a 2<sup>nd</sup> class municipality.

To maintain the integrity and consistency of the Pay Plan the following rules shall apply in reverting to the prescribed/lower salary schedule:

9.3.2.2.1 No personnel whose salaries have been adjusted based on the higher salary schedule shall suffer diminution in pay as a result thereof.

9.3.2.2.2 For new hirees/appointees, their salaries shall be at the hiring rates of their positions based on the prescribed/lower salary schedule.

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### 9.3.3 Step Increments

The rules and regulations on step increments as discussed under Chapter 3 of this Manual also apply to LGUs. However, in case a LGU reverts to the prescribed or lower salary schedule, the following rules on step increment shall be observed:

- 9.3.3.1 Notwithstanding the actual salary rate of the employee based on the higher salary schedule, his/her step increment after reversion to the prescribed or lower salary schedule shall be based on the years of service in the position. Thus, an employee with 6 years of service in the position shall be at the third step regardless of his/her higher salary rate. To illustrate: A Planning Officer I, SG-11, with six years of service in the position in a municipal government of a 4<sup>th</sup> class municipality which adopted the salary schedule for a 1<sup>st</sup> class municipality later reverted to the salary schedule for a 2<sup>nd</sup> class municipality:

| <u>4<sup>th</sup> Class</u>    | <u>Adopted 1<sup>st</sup> Class</u> | <u>Reverted to 2<sup>nd</sup> Class</u> |
|--------------------------------|-------------------------------------|---|
| P8,301<br>3 <sup>rd</sup> step | P9,961<br>3 <sup>rd</sup> step      | P9,961 *<br>3 <sup>rd</sup> step        |

\* same salary rate due to "no diminution in pay policy"

Upon serving 9 years in the position, he/she will be entitled to the salary corresponding to the 4<sup>th</sup> step, but will not receive any adjustment in pay since his/her actual salary is still higher than the 4<sup>th</sup> step. This shall continue until such time that his/her salary rate equalizes the prescribed rate for his/her step in the salary schedule being implemented by the LGU. This rule is also applicable to municipalities converted to cities with lower salary schedules.

### 9.3.4 Other Compensation, Allowances and Benefits

The following other compensation, allowances and benefits authorized for national government personnel are likewise granted to local government personnel subject to the criteria, rules and regulations issued for the purpose as discussed under Chapter 3 of this Manual and to the additional rules applicable only to LGUs:

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### **9.3.4.1 Representation and Transportation Allowances**

9.3.4.1.1 The following LGU officials are entitled to representation and transportation allowances (RATA) based on the rates and conditions indicated in the annual General Appropriations Act (GAA):

- Provincial Governors and City/Municipal Mayors;
- Provincial Vice-Governors, City/Municipal Vice Mayors;
- Members of the Sangguniang Panlalawigan/ Panlungsod/ Bayan;
- Local Government Department Heads and their equivalents;
- Local Government Assistant Department Heads and their equivalents; and
- Division Chiefs (for Special Cities only).

The equivalent ranks of LGU officials to national government officials entitled to RATA under the GAA are indicated in Annex A of this Chapter. The maximum rates for each type of allowance shall be based on the percentage application of the RATA rates for national government officials indicated in Annex A.

9.3.4.1.2 RATA for Personnel Devolved to LGUs Pursuant to RA No. 7160

- Municipal Agricultural Officers (MAOs)
  - ♣ The MAO position is not entitled to RATA since it is neither a Department Head nor an Assistant Department Head. However, in line with the no-diminution-in-pay provision of Executive Order (EO)



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No. 503 dated January 22, 1992, the devolved MAOs shall continue to receive the total monthly RATA in the amount of P2,200 they have been receiving as of the devolution.

- ♣ A devolved MAO appointed to the optional local position of Municipal Agriculturist (MA) shall be entitled to the RATA for a Department Head or Assistant Department Head as the case may be in a particular LGU.
- ♣ A new appointee to the MAO position shall no longer be entitled to RATA.
- Social Welfare Officers (SWOs)
  - ♣ The devolved SWOs in municipalities are not entitled to RATA. However, when the devolved SWO is appointed to the optional local position of Municipal Social Welfare and Development Officer (MSWDO), he/she shall be entitled to the RATA for a Department Head or Assistant Department Head as the case may be in a particular LGU.
- Rural Health Physicians (RHPs)
  - ♣ RHPs, whether devolved or appointed, shall be entitled to monthly RATA of P2,200 pursuant to RA No. 7305 or the Magna Carta of Public Health Workers.
  - ♣ A RHP who is appointed to the mandatory department head position of Municipal Health Officer (MHO) is entitled to the RATA for a

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Department Head in a particular LGU.

### 9.3.4.2 Personnel Economic Relief Allowance

9.3.4.2.1 The rates of Personnel Economic Relief Allowance (PERA) for all appointive LGU personnel under permanent, temporary, contractual, casual, substitute or emergency status, shall be a percentage of the PERA at P500 per month based on the income classification of the LGU, as follows:

| Class          | Provinces/Cities | Municipalities |
|----------------|------------------|----------------|
| Special Cities | 100%             |                |
| 1st Class      | 100%             | 90%            |
| 2nd Class      | 90%              | 80%            |
| 3rd Class      | 90%              | 80%            |
| 4th Class      | 80%              | 70%            |
| 5th Class      | 80%              | 70%            |
| 6th Class      | 80%              | 70%            |

9.3.4.2.2 In the event that a LGU has no sufficient fund for the purpose, the grant of the same may be partial but uniform for all positions in the LGU.

9.3.4.2.3 However, LGUs which can afford to pay higher than the rates authorized in the above schedule for their particular income classes are allowed to do so, at rates uniformly applied to all their respective personnel, but not exceeding P500 per month.

9.3.4.2.4 Elective officials are not granted the PERA since they are not among those covered by the grant thereof pursuant to the pertinent general provision in the annual General Appropriations Act.

### 9.3.4.3 Additional Compensation

9.3.4.3.1 The rules and regulations relative to the grant of additional compensation (ADCOM) at P1,500 per month to national government personnel provided under

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Chapter 3 of this Manual likewise apply to LGU personnel.

9.3.4.3.2 The grant of ADCOM covers all officials and employees of LGUs.

9.3.4.3.3 Payment thereof is subject to availability of local government funds.

9.3.4.3.4 In the event that a LGU has no sufficient fund for the purpose, the grant of the same maybe partial but uniform for all positions in the LGU.

### **9.3.4.4 Year-End Bonus and Cash Gift**

The rules and regulations on the grant of the year-end bonus and cash gift to national government personnel under Chapter 3 of this Manual are also applicable to salaried local government personnel.

Item 3.9.6.3.7 of said Chapter also provides the rules and regulations on the grant of cash gifts to barangay officials who are paid honoraria.

### **9.3.4.5 Honoraria**

9.3.4.5.1 Honoraria for Barangay Volunteer Frontline Workers

The rules and regulations on the grant of honoraria to Barangay Frontline Workers are as follows:

- The honoraria for Day Care Workers shall not exceed the minimum salary rate of SG-6 of the salary schedule being implemented by the LGU concerned.
- The honoraria for Barangay Health Aides/Workers (including Barangay Nutrition Scholars, Barangay Health Workers and other volunteer workers of similar nature) shall not exceed the minimum salary rate of SG-4 of the

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salary schedule being implemented by the LGU concerned.

- A Barangay Health Worker who simultaneously serves as a Barangay Nutrition Scholar may be granted the honorarium as Barangay Health Worker or as Barangay Nutrition Scholar which is more advantageous to him/her, but not to both honoraria.
- The grant of honoraria shall be subject to the following conditions:
  - ♣ That the volunteer worker is actively performing his/her functions relative to the implementation of assigned programs and projects in the barangay;
  - ♣ That the volunteer worker concerned has undergone the necessary skills and capability training which is duly recognized by appropriate authority or body either in the national or local level;
  - ♣ That the grant of honoraria shall be charged against barangay funds. However, this does not preclude higher local governments to undertake projects in the barangay which may include payment of honoraria to its volunteer workers charged from their funds;
  - ♣ That the amount of honoraria shall not equal nor exceed those received by the barangay officials. In case these officials are receiving the aforesaid minimum salary rates, the allowable honoraria for volunteer frontline workers should be adjusted accordingly so as to maintain a reasonable pay gap with

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the lowest paid barangay official;  
and

- ♣ That the grant of honoraria shall be subject to availability of funds, and budgetary limitation on personal services under RA No. 7160.

### **9.3.4.5.2 Honoraria for Barangay Human Rights Action Officers (BHRAOs)**

The BHRAO implements the Barangay Human Rights Action Program of the Commission on Human Rights which is aimed to promote and protect human rights in the grassroots level. Each Barangay Human Rights Action Center (BHRAC) serves as the center for complaints and advocacy on human rights in a barangay. A barangay is limited to one BHRAO.

- All officially designated BHRAOs may be granted honoraria at rates not exceeding P1,000 each per month subject to the following conditions:
  - ♣ That the BHRAO concerned is duly recognized by the BHRAC National Secretariat;
  - ♣ That the BHRAO has satisfactorily undergone the skills capability training of the Commission on Human Rights;
  - ♣ That the BHRAO concerned is actively performing his/her functions relative to the promotion and protection of human rights in his/her community;
  - ♣ That the grant of honoraria shall be charged against barangay funds, subject to the discretion of the barangay concerned after taking

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into consideration its program priorities and financial capability;

- ♣ That the amount of honoraria for BHRAOs shall not exceed those being received by barangay officials. In case these barangay officials are only receiving the minimum honoraria, the allowable honoraria for the BHRAO should be adjusted accordingly so as to maintain a reasonable pay gap with the lowest barangay official; and
- ♣ That the grant of honoraria shall be subject to the budgetary limitations under RA No. 7160.

### **9.3.4.5.3 Additional allowances and Other Benefits or Honoraria for National Government Personnel Assigned in LGUs**

Pursuant to Sections 447, 458 and 468 of RA No. 7160, the local sanggunian may provide for additional allowances and other benefits to judges, prosecutors, public elementary and high school teachers and other national government officials stationed/assigned in a LGU, subject to the following conditions:

- The grant thereof is not mandatory on the part of the LGU;
- The total amount of additional allowance and other benefits or honoraria shall not exceed the RATA authorized for the department heads of the LGU concerned, subject to availability of local government funds;
- That all contractual and statutory obligations of the LGU including the implementation of RA No. 6758 and the benefits mandated under RA No. 7305 (Magna Carta of Public

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Health Workers) have been fully provided for in the budget;

- That the LGU has fully implemented the devolution of functions/personnel in accordance with RA No. 7160.
- That the delivery of basic services and functions mandated under RA No. 7160 are not jeopardized;
- That the grant thereof shall be subject to a regular review and may be withdrawn as deemed necessary by the LGU; and
- That the expense shall be presented in the LGU budget under the maintenance and other operating expenses pursuant to item 5.5 of Local Budget Circular No. 75 dated July 12, 2002.

### **9.3.4.6 Anniversary Bonus**

The rules and regulations on the grant of anniversary bonus (AB) in the national government under Chapter 3 of this Manual are also applicable to LGUs. However, the following additional rules and regulations are applicable only to LGUs:

9.3.4.6.1 The AB shall be granted only during milestone years which refer to the 15<sup>th</sup> anniversary and to every 5<sup>th</sup> year thereafter of the founding of the LGUs;

9.3.4.6.2 The founding year of LGUs shall be as indicated in the authentic documents showing their establishment, or in the enabling acts or laws creating such localities;

9.3.4.6.3 The counting of milestone years shall start from the year the LGUs were founded regardless of whether they were subsequently renamed, reclassified or

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converted from one level to another, such as barangay to municipality, municipality to city;

9.3.4.6.4 The counting of the milestone years of an LGU which was created by law out of the split of an LGU and became a distinct and separate LGU shall begin from the time of the LGU's separation/splitting or creation as a separate entity; and

9.3.4.6.5 The counting of milestone years of merged LGUs shall reckon from the date they were merged.

### **9.3.4.7 Free Quarters**

Provincial Governors and Provincial Vice-Governors who have no residences within 50-kilometer radius from the provincial capitol may be allowed free quarters, subject to the following guidelines:

9.3.4.7.1 LGUs may provide free quarters within their office premises to the officials concerned who have no residences within 50-kilometer radius from the provincial capitol.

9.3.4.7.2 Where there is not enough space to be used as quarters, the LGU may rent houses or rooms which shall serve as quarters at reasonable rates based on the prevailing cost of rental in the area or locality as determined under Chapter 4 of the Manual of Building Services and Real Property Management issued under Joint DBM, DENR and DPWH Circular No. 1, dated September 30, 1989, provided that such rates shall not exceed 25% of their monthly basic salaries, and subject to the following:

9.3.4.7.2.1 The rental contract shall be entered into by and between the LGU concerned and the owners of the dwelling units; and the rental payments shall be paid to the latter and not



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commuted in favor of the officials concerned.

9.3.4.7.2.2 Said rates shall be inclusive of the amount for telephone, water and electric bills, which shall likewise be paid directly to the utility companies.

9.3.4.7.2.3 Those who desire more expensive/extensive quarters other than those rented by the LGUs may secure such preferred quarters, provided that the difference between the rental cost and the amount authorized therefor shall be paid by the former.

9.3.4.7.3 Provision of free quarters outside of the 50-kilometer radius from the provincial capitol, such as in Metropolitan Manila, shall not be allowed.

9.3.4.7.4 The amount necessary for the provision of free quarters to the Provincial Governor and Provincial Vice-Governor shall be charged against the respective LGU funds.

### **9.3.4.8 Other Compensation, Allowances and Benefits**

9.3.4.8.1 The pertinent rules and regulations on the following other compensation, allowances and benefits provided under Chapter 3 of this Manual are also applicable to LGU personnel:

- Productivity Incentive Benefits;
- Uniform/Clothing Allowance;
- Overtime Pay;
- Night Shift Differential Pay;
- Subsistence Allowance; and

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- Laundry Allowance.

Their grants are subject to the personal services limitation under RA No. 7160.

9.3.4.8.2 The rules and regulations on travel allowance/expenses provided under Chapter 3 of this Manual are also applicable to LGU personnel.

### **9.3.4.9 Compensation for Local Government Personnel Designated to Fill Temporary Vacancies**

The following rules shall apply relative to the payment of compensation to officials and employees designated by competent authority to fill temporary vacancies as authorized under RA No. 7160.

9.3.4.9.1 An official or employee in an LGU other than a special city, designated by competent authority on a concurrent capacity to a position lower than Assistant Department Head but nevertheless heads a specific area of responsibility like division chief in provinces and cities, or section chiefs in municipalities, may be allowed honoraria at the rate not exceeding P1,000 per month in provinces and cities, P800 per month in municipalities belonging to 1<sup>st</sup> to 3<sup>rd</sup> class and P600 per month for lower than 3<sup>rd</sup> class.

9.3.4.9.2 An official or employee not entitled to RATA in his/her permanent position, designated by competent authority on a concurrent capacity to a position entitled to RATA, may be granted the RATA, provided it is so specified in the order of designation, or honorarium at a rate not exceeding the rate of RATA for the position where designated.

9.3.4.9.3 An official or employee entitled to RATA in his/her permanent position designated by competent authority on a concurrent capacity to a higher position with higher

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rate of RATA may be entitled to the difference between the RATA of the two positions, or honorarium authorized under item 9.3.4.9.1, whichever is higher.

- 9.3.4.9.4 An official or employee entitled to RATA designated by competent authority to a lateral position in a concurrent capacity for one full calendar month or more may be paid honorarium at the rate prescribed in item 9.3.4.9.1.

### **9.3.4.10 Compensation for Members of Local Regulatory Boards/Quasi-Judicial Bodies and Similar Bodies in LGUs**

The following rules shall apply on the payment of compensation to members of local regulatory boards/quasi-judicial bodies and similar bodies in LGUs:

- 9.3.4.10.1 A member of a local regulatory and quasi-judicial body, e.g., People's Law Enforcement Board (PLEB), Mining Regulatory Board (MRB) or similar body created pursuant to a law or Presidential authority shall be compensated in the form of per diem at a rate not exceeding P1,000 per meeting/session actually attended but not to exceed 4 paid sessions or P4,000 per month.
- 9.3.4.10.2 Each administrative support staff rendering services to a board/body may be compensated in the form of honoraria not exceeding P200 per session but not to exceed 4 paid sessions or P800 per month.
- 9.3.4.10.3 The grant of compensation shall be subject to the following conditions:
- That no law bars them from receiving compensation as members.
  - That the grant thereof is subject to the budgetary limitation on personal

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services under Section 325 of RA No. 7160, and to availability of funds.

- That when the law expressly provides the rate of compensation, the pertinent provision of the law shall prevail.

### **9.3.4.11 Compensation for Ex-Officio Members of the Local Sanggunian**

The rules and regulations relative to the compensation for ex-officio members of the local sanggunian are as follows:

9.3.4.11.1 Ex-officio members of local legislative bodies shall receive the same compensation as that of their counterpart elective sanggunian officials.

9.3.4.11.2 The Municipal and City Chapter Presidents of the Liga ng mga Barangay and the Presidents of the Pederasyon ng mga Sangguniang Kabataan who serve as ex-officio members of the Sangguniang Bayan/Panlungsod as the case may be shall receive in full their salaries and allowances from the concerned municipal or city governments.

9.3.4.11.3 The elected Presidents of the Provincial Chapter of the Liga and the Pederasyon who sit as ex-officio members of the Sangguniang Panlalawigan shall receive in full their salaries and allowances from the concerned provincial governments.

9.3.4.11.4 The respective Vice-Presidents of the Liga and the Pederasyon who sit as ex-officio members in the Sangguniang Panlungsod/Bayan in lieu of the Presidents who were elevated to the Sangguniang Panlalawigan shall receive their full salaries and allowances from the concerned city/municipal governments.

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9.3.4.11.5 The Presidents of the Provincial Federation of Sanggunian Members of Municipalities and Component Cities who sit as ex-officio members in the Sanggunian Panlalawigan shall receive their salaries and allowances from the component city or municipal governments which they represent. The provincial governments shall appropriate only the difference in the salary and allowances of said officials such that their total compensation shall be equivalent to the compensation actually being received by their elective counterparts in the Sangguniang Panlalawigan.

9.3.4.11.6 The Punong Barangay and SK Chairman who were elected as Chapter/Federation Presidents and therefore sit as ex-officio members in the Sangguniang Bayan/Panlungsod may collect honoraria as chairman of the barangay and as ex-officio member of the Sangguniang Barangay at rates not exceeding P1,000 and P600 per month, respectively, provided that they continue to perform their functions in the barangay.

They shall not be entitled to the honoraria adjustments authorized under Local Budget No. 63 and the Christmas bonus from the barangay government in line with the constitutional prohibition on the receipt of double compensation.

9.3.4.11.7 In the event that other officials are validly designated to perform the functions of the Punong Barangay and the Sangguniang Kabataan Chairman in the barangay, the designated officials shall be entitled to collect reimbursable traveling and incidental expenses not exceeding P1,000 per month for the representative of the Punong Barangay and P600 for the Sangguniang Kabataan Chairman representative. Said designated officials shall not be entitled to Christmas bonus.

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### **9.3.4.12 Classification of Positions and Compensation for Barangay Personnel**

Pursuant to Executive Order No. 332 dated May 16, 1996, barangay government officials are covered by the Position Classification and Compensation System under RA No. 6758.

The following rules on position classification and compensation apply to barangay government officials:

9.3.4.12.1 Barangay officials shall be compensated in the form of honoraria at the minimum rate of P1,000 per month for the Punong Barangay and P600 each per month for the Sangguniang Barangay Members, Barangay Secretary, Barangay Treasurer and the Sangguniang Kabataan (SK) Chairman as ex-officio member of the Sangguniang Barangay. These minimum rates may be increased to a maximum rate equivalent to the first step of the following salary grades of the salary schedule being implemented by the city or municipality where the barangay belongs:

- SG-14 for the Punong Barangay; and
- SG-10 for the Sangguniang Barangay Members, Barangay Secretary, Barangay Treasurer and the SK Chairman.

9.3.4.12.2 At the discretion of the barangay government and in consideration of its service requirement and the 55% limitation on personal services appropriation, other positions may be created and may be compensated in the form of salaries or honoraria at rates not exceeding the first step of the salary grade allocation of the following indicative positions based on the salary schedule being implemented in the city/municipality where the barangay belongs:

## Position Classification and Compensation Scheme In LGUs

| <b>Positions</b>           | <b>Salary Grade</b> |
|----------------------------|---------------------|
| Utility Worker I           | 1                   |
| Clerk I                    | 3                   |
| Accounting Clerk I         | 4                   |
| Barangay Health Aide       | 4                   |
| Revenue Collection Clerk I | 5                   |
| Day Care Worker I          | 6                   |
| Administrative Assistant   | 8                   |

Pursuant to Budget Circular No. 2004-3 dated March 6, 2004, however, the above-listed positions have been retitled as follows:

| <b>From</b>                    | <b>To</b>                         |
|--------------------------------|-----------------------------------|
| Utility Worker I, SG-1         | Administrative Aide I, SG-1       |
| Clerk I, SG-3                  | Administrative Aide III, SG-3     |
| Accounting Clerk I, SG-4       | Administrative Aide IV, SG-4      |
| Administrative Assistant, SG-8 | Administrative Assistant II, SG-8 |

9.3.4.12.3 Positions compensated in the form of salaries shall be allocated to their proper position titles and salary grades in accordance with the IOS for the Local Government. Position titles not consistent with the IOS shall be submitted to the DBM for approval.

9.3.4.12.4 Barangay personnel paid salaries and whose positions are classified in accordance with RA No. 6758 and issued appointments in

## **Manual on Position Classification and Compensation**

accordance with the Civil Service law, rules and regulations may be entitled to the following benefits in accordance with law, rules and regulations pertaining thereto, provided that the total compensation of concerned employees shall not exceed the compensation received by the lowest barangay officials:

- Personnel Economic Relief Allowance;
- Additional Compensation;
- Year-End Bonus and Cash Gift;
- Productivity Incentive Benefit; and
- Other benefits accruing to regular government employees.

9.3.4.12.5 Barangay Tanods and Members of the Lupong Tagapamayapa may be granted honoraria, allowances and other emoluments provided the total amount shall not exceed the minimum salary rate for SG-1 of the salary schedule being implemented by the city/municipality where the barangay belongs and provided further that such compensation shall not exceed those of the lowest paid barangay officials.

9.3.4.12.6 A City/Municipal Accountant who keeps and maintains the financial records of barangay governments are not entitled to honoraria from the latter since such functions are part of their regular functions in the Office of the City/Municipal Accountant.

9.3.4.12.7 Monetization of Leave Credits of Barangay Officials

The monetization of the leave credits of barangay officials reckoned from the services they rendered starting April 15, 2004, shall be paid by following the rules and regulations provided under Civil Service



## Position Classification and Compensation Scheme In LGUs

Commission and Department of Budget and  
Management Joint Circular No. 1, s. 2004.

### Annex A

| <b>EQUIVALENT RANKS OF LOCAL GOVERNMENT OFFICIALS<br/>TO NATIONAL GOVERNMENT OFFICIALS ENTITLED TO RATA</b> |   |  |                                   |  |  |   |   |  |  |
|---|---|--|-----------------------------------|--|--|---|---|--|--|
| Category  | LGU/Class   | % Application<br>on National<br>RATA Rates | Department<br>Secretary,<br>SG-31 | Department<br>Undersecretary,<br>SG-30 | Department<br>Assistant<br>Secretary,<br>SG-29 | Director IV,<br>SG-28<br>(Bureau<br>Director)           | Director III,<br>SG-27 (Assistant<br>Bureau Director) | Director I, SG-25<br>(Assistant Bureau<br>Regional Director)       | Division Chief,<br>SG-24   |
| A   | Provinces   |  |                                   | Provincial<br>Governor,<br>SG-30       | Provincial<br>Vice-<br>Governor,<br>SG-28      |   | Sanggunian<br>Panlalawigan<br>Member, SG-27           | Provincial<br>Government<br>Assistant<br>Department Head,<br>SG-24 | Chief of Hospital<br>II, SG-25                                       |
|   | 1 <sup>st</sup> Class                                 | 100%                                       |                                   |  |  |   |   |  |  |
|   | 2 <sup>nd</sup> Class                                 | 95%  |                                   |  |  |   |   |  |  |
|   | 3 <sup>rd</sup> Class                                 | 90%  |                                   |  |  |   |   |  |  |
|   | 4 <sup>th</sup> Class                                 | 85%  |                                   |  |  |   |   |  | Chief of Hospital<br>I, SG-24  |
|   | 5 <sup>th</sup> Class                                 | 80%  |                                   |  |  |   |   |  |  |
| 6 <sup>th</sup> Class   | 75%   |  |                                   |  |  |   | Provincial<br>Government<br>Department Head,<br>SG-26 |  |  |
| B   | Special Cities<br>(Manila and<br>Quezon City<br>only) | 100%                                       | City Mayor,<br>SG-30              | City Vice<br>Mayor II,<br>SG-28        |  |   | Sanggunian<br>Panlungsod<br>Member II,<br>SG-27       | City Government<br>Assistant Department<br>Head III, SG-25         | Division Chief,<br>SG-24   |
|   |   |  |                                   |  |  | City Governmen<br>t<br>Department<br>Head III,<br>SG-27 |   |  |  |
| C   | Highly<br>Urbanized<br>Cities                         | 100%                                       |                                   | City Mayor,<br>SG-30                   | City Vice<br>Mayor II,<br>SG-28                |   |   | Sanggunian<br>Panlungsod Member<br>II, SG-27                       | City Government<br>Assistant<br>Department<br>Head II, SG-24         |
|   |   |  |                                   |  |  |   |   | City Government<br>Department Head II,<br>SG-26                    | Chief of Hospital<br>II, SG-25                                       |
|   |   |  |                                   |  |  |   |   |  | Chief of Hospital<br>I, SG-24  |
| D   | Component<br>Cities                                   |  |                                   |  | City Mayor,<br>SG-30                           | City Vice<br>Mayor I,<br>SG-26                          |   | Sanggunian<br>Panlungsod<br>Member I, SG-25                        | City Government<br>Assistant<br>Department<br>Head I, SG-23          |
|   | 1 <sup>st</sup> Class                                 | 100%                                       |                                   |  |  |   |   |  |  |
|   | 2 <sup>nd</sup> Class                                 | 95%  |                                   |  |  |   |   |  |  |
|   | 3 <sup>rd</sup> Class                                 | 90%  |                                   |  |  |   |   |  |  |
|   | 4 <sup>th</sup> Class                                 | 85%  |                                   |  |  |   |   | City Government<br>Department<br>Head I, SG-25                     | Chief of Hospital<br>II, SG-25                                       |
|   | 5 <sup>th</sup> Class                                 | 80%  |                                   |  |  |   |   |  |  |
|   | 6 <sup>th</sup> Class                                 | 75%  |                                   |  |  |   |   |  | Chief of Hospital<br>I, SG-24  |
| E   | Municipalities<br>within<br>Metropolitan<br>Manila    | 100%                                       |                                   |  |  | Municipal<br>Mayor II,<br>SG-28                         | Municipal<br>Vice Mayor II,<br>SG-26                  | Sangguniang<br>Bayan Member<br>II, SG-25                           | Municipal<br>Government<br>Assistant<br>Department Head<br>II, SG-23 |
|   |   |  |                                   |  |  |   |   | Municipal<br>Government<br>Department Head<br>II, SG-25            |  |
| F   | Municipalities<br>outside Metro<br>Manila             |  |                                   |  |  | Municipal<br>Mayor I,<br>SG-27                          | Municipal<br>Vice Mayor I,<br>SG-25                   | Sangguniang<br>Bayan Member I,<br>SG-24                            | Municipal<br>Government<br>Assistant<br>Department Head<br>I, SG-22  |
|   | 1 <sup>st</sup> Class                                 | 90%  |                                   |  |  |   |   |  |  |
|   | 2 <sup>nd</sup> Class                                 | 85%  |                                   |  |  |   |   |  |  |
|   | 3 <sup>rd</sup> Class                                 | 80%  |                                   |  |  |   |   |  |  |
|   | 4 <sup>th</sup> Class                                 | 75%  |                                   |  |  |   |   | Municipal<br>Government<br>Department Head I,<br>SG-24             |  |
|   | 5 <sup>th</sup> Class                                 | 70%  |                                   |  |  |   |   |  |  |
|   | 6 <sup>th</sup> Class                                 | 65%  |                                   |  |  |   |   |  |  |