

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 247



Introduced by
**BAYAN MUNA Party-List Representatives FERDINAND R. GAITE,
CARLOS ISAGANI T. ZARATE and EUFEMIA C. CULLAMAT,
ACT TEACHERS Party-List Representative FRANCE L. CASTRO,
GABRIELA Women's Party Representative ARLENE D. BROSAS and
KABATAAN Party-List Representative SARAH JANE I. ELAGO**

AN ACT
ESTABLISHING THE NATIONAL MINIMUM MONTHLY SALARY IN
GOVERNMENT AND PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

The 1987 Constitution provides that workers "shall be entitled to security of tenure, humane conditions of work, and a living wage". Likewise, in the Article on Social Justice and Human Rights, the Constitution exhorts Congress to "give highest priority to the enactment of measures that protect and enhance the right of all people to human dignity, reduce social, economic, and political inequalities."

Yet, no less than the front liners in government service provision – the government employees -- have been suffering for decades from inadequacy and disparity in salaries.

The lowest-paid employee in the civil service based on the most recent Salary Standardization Law (SSL) or Executive Order 201 (2016) receives P11,068¹ monthly gross salary. This salary, together with the P2,000 Personnel Economic Relief Allowance (PERA), is less than half of the family living wage of P1,004/day or P23,660/month² for a family of five (5).

Middle-level employees, such as teachers, nurses, clerks and the rest who comprise the majority in the civilian bureaucracy, are in the same sinking boat, as their pay also amount to less than the family living wage. They are frequently told that their only problem is poor financial

¹ Executive Order 201 s. 2016, Modified Salary Schedule for Salary Grade 1 Fourth Tranche

² <https://www.ibon.org/family-living-wage-for-a-family-of-five-members-in-ncr/>

management! But, what is there to manage when those supposed finances are quickly drained away by taxes, by their basic needs that grow more and more expensive every day, and—in the case of some employees like teachers, nurses, and doctors—even by the work-related expenses that should have been provided by the government in the first place.

The inadequacy of salaries is further compounded by the fact that government workers in low income classified provinces and municipalities are paid less than their national counterparts. In other government agencies exempted from the SSL, equivalent salary grade 1 employees are paid lower than the salary grade 1 pay indicated in the SSL.

This grievous problem stems from the regionalization of wages and salaries. Republic Act 6727 or the Wage Rationalization Act (1989) allowed “regional minimum wages” set by Regional Tripartite Wages and Productivity Boards and are essentially copied for the public sector.

Republic Act 6758 or the Salary Standardization Law in 1989 institutionalized the inadequate salaries and disparity in salaries by allowing different pay scale for certain agencies such as the government-owned and/or -controlled corporations and government financial institutions and percentage rates for local government units (LGU) based on the classification and capacity of each LGU. The disparity is a clear violation of the principle contained in the law itself, to wit: “...the policy of the State to provide equal pay for substantially equal work...” We have a situation where employees with the same salary grade, same job classification and same work but in different government agencies having different salaries.

For example, salary rates for first class municipalities is set at 90%, while for sixth class provinces/cities and municipalities, at 75% and 65%, respectively. Such variations in the salaries of public sector employees were maintained in succeeding salary standardization laws such as Joint Resolution No. 1 (1994), Joint Resolution No 4 (2009), and Executive Order 201 (2016).

In addition, LGUs are constrained from granting the same salary levels compared to other government agencies due to the “personnel service limitation.”

Republic Act 7160 or the Local Government Code Book I Title III Section 81 provides that “the compensation of local officials and personnel shall be determined by the Sanggunian concerned.” Book 2 Title V Chapter III Article 1 Section 325 of the Local Government Code set the limits of the appropriations for personal services of a local government unit for one (1) fiscal year to forty-five percent (45%) in the case of first to third class provinces, cities and municipalities, and fifty-five percent (55%) in the case of fourth class or lower, of the total annual income from regular sources realized in the next preceding fiscal year.”

The government employees’ struggle for national minimum salary and salary increases for all—that is, for both civilian and military and uniformed personnel (MUP)—is waged together with the struggle of workers and employees in the private sector for a national minimum wage of at least P750 per day. The highest minimum wage out of the more than 1,000 wage levels across

the country, which is P537³ for non-agricultural workers in the National Capital Region, is only 44% of the family living wage. A national minimum wage of at least P750 per day for all regions and industries nationwide, though still insufficient to meet the family living wage, will bring significant relief especially to low-earning families.

The tandem struggles for a national minimum wage and just remuneration for work, along with the fight for lower taxes, were pushed by employees and workers in the public and private sectors for several years. Unfortunately, these were never been sufficiently addressed by the government.

The refusal to provide substantial salary increases to ensure that the people can afford the standards of a decent life is part of the general neoliberal framework of the government of scrimping on funds needed to ensure the proper and humane operation of government offices and institutions, especially those in the providing vital social services and public institutions like schools and hospitals.

The regionalization of salaries and wages contradicts the principle of equal pay for equal work. It discriminates against local government employees. It has caused demoralization and low self-esteem among workers and employees in the local government units.

Establishing the national minimum salary for the public sector employees throughout the country is a matter of social justice. It is the role of the government to ease the hardships of public sector employees amidst the increasing prices of basic commodities and services as a result of the implementation of new taxes under the Tax Reform for Acceleration and Inclusion (TRAIN) Law. The national government should provide assistance to lower class provinces and municipalities so that the LGUs can provide the salaries due to their employees.

In the name of justice, fairness and equality, the urgent approval of this bill is earnestly sought.

³ <http://www.nwpc.dole.gov.ph/stats/summary-of-current-regional-daily-minimum-wage-rates-by-region-non-agriculture-and-agriculture/>

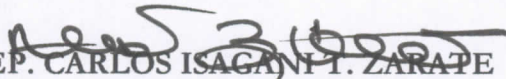
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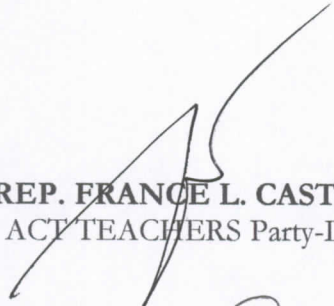
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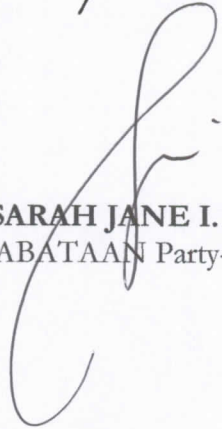
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AN ACT
ESTABLISHING THE NATIONAL MINIMUM MONTHLY SALARY IN
GOVERNMENT AND PROVIDING FUNDS THEREFOR

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* This Act shall be known as the "National Minimum Salary for Government Employees Act."

SECTION 1. *Declaration of Policy.* It is hereby declared the policy of the State to alleviate the living conditions of government employees, to guarantee employees' right to a living wage, and to ensure optimal public service by according sufficient budgetary priority to the human resource aspect in the running of government agencies and institutions.

The State shall uphold the principle of "equal pay for equal work." Persons who work with substantially equal qualifications, skill, effort and responsibility, under similar conditions, shall be paid similar salaries. In determining the rates of pay, due regard shall be given to the cost of living needed to provide a decent life for the family of the workers.

SECTION 2. *National minimum salary in government.* There shall be only one (1) national minimum salary for all employees in the government sector.

SECTION 3. *Amount of minimum salary of employees in government.* The salary of entry-level position in government service shall not be less than Sixteen Thousand Pesos (P16,000) a month. The salaries of those occupying higher positions shall be adjusted accordingly.

SECTION 4. *Uniform Implementation of the National Minimum Salary for All Government Employees.* The national minimum salary shall apply to all government instrumentalities regardless of classification.

- (a) All government agencies shall implement the national minimum salary.

- (b) The national minimum salary shall be implemented in the government and government-owned and/or -controlled corporations and financial institutions, and local government units throughout the country, regardless of the classification of the local government units.
- (c) The national minimum salary shall apply to all positions, regardless of appointment status, whether regular, contractual or casual, appointive or elective, and on full or part-time basis; now existing or hereafter created in the government.

SECTION 5. *Compensation for Local Government Unit (LGU) personnel.* The national minimum salary shall be implemented among LGU personnel. For this purpose, the following laws are hereby amended:

- (a) Section 10 of Executive Order No. 201 s. 2016, is hereby repealed.
- (b) Section 81 of Republic Act 7160 shall be amended, to read as follows:

“Section 81. Compensation of Local Officials and Employees. - The compensation of local officials and personnel shall be [determined by the sanggunian concerned: Provided, That the increase in compensation of elective local officials shall take effect only after the terms of office of those approving such increase shall have expired: Provided, further, That the increase in compensation of the appointive officials and employees shall take effect as provided in the ordinance authorizing such increase: Provided, however, That said increases shall not exceed the limitations on budgetary allocations for personal services provided under Title Five, Book II of this Code: Provided, finally, That such compensation [may be based upon the pertinent provisions of Republic Act Numbered Sixty-seven fifty-eight (R.A. No 6758), otherwise known as the "Compensation and Position Classification Act of 1989".] **SHALL BE IN CONFORMITY WITH THE “NATIONAL MINIMUM SALARY FOR ALL GOVERNMENT EMPLOYEES ACT”.**

The punong barangay, the sangguniang barangay member, the sangguniang kabataan chairman, the barangay treasurer, and the barangay secretary shall be entitled to such compensation, allowances, emoluments, and such other privileges as provided under Title One Book III of this Code.

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- (c) Sections 447 (a) (viii), 458 (a) (viii) and 468 (a) (viii) of Republic Act 7160 shall be read as follows:

“(viii) Determine the positions and [salaries, wages,] allowances and other emoluments and benefits of officials and employees paid wholly or mainly from municipal funds and provide for expenditures necessary for the proper conduct of programs. projects, services, and activities of the municipal government;”

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SECTION 6. *Periodic review for salary increases.* The Department of Budget and Management is hereby mandated to conduct an annual review of the salaries of all government employees, and recommend appropriate salary adjustments, taking into account inflation and the prevailing prices of basic commodities and services.

SECTION 7. *Funding Source and Appropriations.* The funding sources for the amounts necessary to implement this Act shall be as follows:

- (a) For national government agencies funded in the General Appropriations Act (GAA), the amount needed for the compensation shall be charged against the appropriations provided in the GAA.
- (b) For GOCCs, the amounts shall come from their respective corporate funds in the corporate operating budgets approved by Department of Budget and Management.
- (c) For LGUs, the amounts shall be charged against their respective funds in accordance with the pertinent provisions of RA No. 7160, as hereby amended.
- (d) Immediately after the approval of this law and after consultations with the DBM, DILG and concerned LGUs, a special fund called the Subsidy to LGU Personnel is hereby created under the General Appropriations Act Miscellaneous Personnel Benefits Fund, to assist LGUs which cannot fully implement the National Minimum Salary Act due to limitations in financial capacity.

SECTION 8. *Rules and Regulations.* Within ninety (90) days the Department of Budget and Management shall promulgate the necessary rules and regulations for the implementation of the provisions of this Act.

SECTION 9. *Separability Clause.* If for any reason any section or provision of this Act is declared unconstitutional, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 10. *Repealing Clause.* Any laws, decrees, or laws, decrees, or rules and regulations which are inconsistent with or contrary to the provisions of this Act are hereby amended or repealed.

SECTION 11. *Effectivity.* This Act shall take effect fifteen (15) days from the publication in the Official Gazette or in any newspaper of general circulation.

Approved,