

11 September 2003

MEMORANDUM TO : ALL ELECTRIC COOPERATIVES

SUBJECT : **SALARY GUIDE FOR ELECTRIC COOPERATIVE
EMPLOYEES**

I. RATIONALE

The continuous increase in the cost of prime commodities and the further depreciation of the peso stretches the budget of the electric cooperative (EC) employees to its limit. In order to augment their meager income, some employees engage in additional business activities, which, in one way or another, affect their efficiency. More often, the employees resort to transacting loans just to be able to afford the needs of their families for housing, education and, worst yet, medical reasons.

The demands of RA 9136 on the employees for very stringent performance standards require better efficiency, greater innovation and world-class customer service for the EC to compete in the deregulated environment. In order to attract and sustain the desired quality of the workforce to strike a balance on that scenario, the salary guide for EC employees must be updated.

The prevailing poverty threshold level as determined by the country's economic managers which, in part, account for the minimum wages adopted by the Regional Wage Boards, plus three more prospective wage orders were considered. Hence, this new issuance will bring about higher pay for a majority of employees, particularly of ECs that meet the pre-requisites.

II. PURPOSE

To provide the EC management with a salary guide that would provide an improved remuneration/compensation to the employees without sacrificing the financial capability of the electric cooperatives.

III. POLICY

It shall be the policy of the Office to establish a salary guide for EC employees which shall serve as a basis in providing just and equitable wages according to the cooperatives' classification, and financial standing. In no case, however, shall the salaries of employees be lower than the minimum wage/salary provided by the Labor Code and/or set by the Department of Labor and Employment (DOLE) Regional Wage Boards.

IV. MECHANICS OF IMPLEMENTATION

1. Upon recommendation of management, the Board of Directors shall adopt, through a Board Resolution, a revised salary scale using the prescribed salary guide.
2. The Board Resolution, together with the Plantilla of Personnel containing the existing and proposed salaries and a three-year projected cash flow shall be transmitted for evaluation to the Coop Operations Department, specifically, Coop Management Assistance and Evaluation Division (CMAED), through the Regional Electrification Office (REO) concerned.
3. The CMAED shall review the Plantilla of Personnel and the proposed salary scale.
4. The Salary Scale, Plantilla of Personnel and three-year projected cash flow statements shall be endorsed to the Budget Control and Cashiering Division of NEA's Finance Department for thorough review/assessment as to the EC's financial capability to implement and sustain the salary adjustments.
5. After the recommendation is completed by the Coop Operations Department, it shall be the responsibility of the Deputy Administrator for Coop Development to communicate to the EC concerned NEA's final action, furnishing a copy to the Budget Control and Cashiering Division.
6. If a new wage order results in a monthly basic rate that is higher than what is set for employees holding rank one (1) positions in the adopted and approved salary scale for EC employees, the EC management is mandated to automatically incorporate the difference as mandated in the Wage Orders using the Retail/Service Group category. However, if after adoption and explicit approval by the NEA of the salary scale, and the latest issuance of a Regional Wage Order would not affect the salaries of employees at Rank one (1) and that management would still want to incorporate the Wage Order, the explicit approval by NEA Central Office is required.
7. This new salary guide shall not be construed, in any way whatsoever, as a mandated benefit/compensation that the employees shall automatically be entitled to, on top of any approved salary increases provided in the Collective Bargaining Agreement, as this may impair the financial viability of the EC.
8. To avert the possible distortion of salaries, the EC management is enjoined to maintain the NEA approved job ranks.

V. GENERAL PROVISIONS

1. Adoption of a salary range, through the attached scale, shall be considered for evaluation if the EC:
 - a. has a cumulative margin as of the review date, and a net margin for the last six (6) months immediately preceding the evaluation date;

- b. is able to pay its maturing loan obligations with NEA, or its loan amortization as provided in the approved budget; and
- c. did not retrogress in its categorization as of evaluation date.

However, exemption to item 1.a above may be allowed if, after evaluation by NEA's Accounts Management Department, the EC meets the standard on Debt Service Ratio of 1.2 or 120%.

- 2. Upgrading of salary scale of employees shall be consequential to increased revenue or improved operations; and in no case must the EC increase its power rates to accommodate the additional cash outlay.
- 3. After the new salary scale has been approved by the NEA Central Office, the EC management can implement yearly salary step increases based on merit in order to reward employees who exceeded their targeted performance plans (e.g.; two-step increase for outstanding performance and one-step for very satisfactory performance, for at least two (2) consecutive rating periods.
- 4. Any salary upgrading resulting in a revised Salary Scale is subject to NEA Central Office explicit approval since salaries of employees do not form part of the liberalized cash operating budget.
- 5. Salary increases based on merit and utilizing the step increments in the approved salary scale does not need any NEA approval but have to be submitted to the REO's for monitoring purposes.
- 6. No across-the-board salary increase shall be authorized by NEA as this has been found to be counter-productive.

VI. EFFECTIVITY

This supersedes Memorandum of 11 October 1997 on the Salary Guide for Electric Cooperative Employees and Memorandum of 05 April 2001 on the Amendment to Memorandum dated 01 July 1997 on the Revised Salary Scale for EC General Managers and Memorandum dated 21 October 1997 on the Salary Guide for EC Employees.

This shall take effect fifteen (15) days from the date of submission of copies to the University of the Philippines Law Center as required under Executive Order 292.


FRANCISCO G. SILVA
Administrator

SALARY GUIDE FOR ELECTRIC COOPERATIVE EMPLOYEES

I. EXTRA-LARGE COOPERATIVES

RANK	BASE SALARY	INCREMENT BETWEEN RANKS	INCREMENT BETWEEN STEPS
20	P24,000 – P26,000	P1,425 - P1,564	P303 - P333
19	22,575 - 24,436	1,341 - 1,470	285 - 313
18	21,234 - 22,966	1,261 - 1,381	268 - 294
17	19,973 - 21,585	1,186 - 1,298	252 - 276
16	18,787 - 20,287	1,116 - 1,220	237 - 260
15	17,672 - 19,066	1,049 - 1,147	223 - 244
14	16,622 - 17,920	987 - 1,078	210 - 229
13	15,635 - 16,842	928 - 1,013	197 - 216
12	14,707 - 15,829	873 - 952	186 - 203
11	13,833 - 14,877	821 - 895	175 - 190
10	13,012 - 13,982	773 - 841	164 - 179
9	12,239 - 13,141	727 - 790	155 - 168
8	11,512 - 12,350	684 - 743	145 - 158
7	10,829 - 11,607	643 - 698	137 - 149
6	10,816 - 10,909	605 - 656	129 - 140
5	9,581 - 10,253	569 - 617	121 - 131
4	9,012 - 9,636	535 - 580	114 - 123
3	8,477 - 9,057	503 - 545	107 - 116
2	7,973 - 8,512	473 - 512	101 - 109
1	7,500 - 8,000		95 - 102

II. LARGE COOPERATIVES

RANK	BASE SALARY	INCREMENT BETWEEN RANKS	INCREMENT BETWEEN STEPS
20	P20,000 - 22,000	P1,075 - 1,211	P227 - 256
19	18,925 - 20,789	1,017 - 1,145	215 - 242
18	17,908 - 19,644	963 - 1,082	203 - 229
17	16,945 - 18,562	911 - 1,022	193 - 216
16	16,034 - 17,540	862 - 966	182 - 204
15	15,172 - 16,574	816 - 913	172 - 193
14	14,357 - 15,662	772 - 862	163 - 183
13	13,585 - 14,799	730 - 815	154 - 172
12	12,855 - 13,984	691 - 770	146 - 163
11	12,164 - 13,214	654 - 728	138 - 154
10	11,510 - 12,487	619 - 688	131 - 146
9	10,891 - 11,799	585 - 650	124 - 138
8	10,306 - 11,149	554 - 614	117 - 130
7	9,752 - 10,535	524 - 580	111 - 123
6	9,227 - 9,955	496 - 548	105 - 116
5	8,731 - 9,407	469 - 518	99 - 110
4	8,262 - 8,889	444 - 489	94 - 104
3	7,818 - 8,400	420 - 463	89 - 98
2	7,398 - 7,937	398 - 437	84 - 93
1	7,000 - 7,500		80 - 87

III. MEDIUM COOPERATIVES

RANK	BASE SALARY	INCREMENT BETWEEN RANKS	INCREMENT BETWEEN STEPS
20	P16,000 - 18,000	P741 - 873	P155 - 183
19	15,259 - 17,127	707 - 831	148 - 175
18	14,553 - 16,297	674 - 790	141 - 166
17	13,879 - 15,506	643 - 752	135 - 158
16	13,236 - 14,754	613 - 715	129 - 150
15	12,623 - 14,039	585 - 681	123 - 143
14	12,039 - 13,358	557 - 648	117 - 136
13	11,481 - 12,710	532 - 616	111 - 130
12	10,950 - 12,094	507 - 586	106 - 123
11	10,443 - 11,507	484 - 558	101 - 117
10	9,959 - 10,949	461 - 531	97 - 112
9	9,498 - 10,418	440 - 505	92 - 106
8	9,058 - 9,913	419 - 481	88 - 101
7	8,639 - 9,433	400 - 457	84 - 96
6	8,239 - 8,975	381 - 435	80 - 91
5	7,857 - 8,540	364 - 414	76 - 87
4	7,493 - 8,126	347 - 394	73 - 83
3	7,146 - 7,732	331 - 375	69 - 79
2	6,816 - 7,357	316 - 357	66 - 75
1	6,500 - 7,000		63 - 71

IV. SMALL COOPERATIVES

RANK	BASE SALARY	INCREMENT BETWEEN RANKS	INCREMENT BETWEEN STEPS
20	P13,000 - 15,000	P518 - 646	P108 - 135
19	12,482 - 14,354	498 - 618	104 - 129
18	11,984 - 13,736	478 - 591	100 - 124
17	11,506 - 13,145	459 - 566	96 - 118
16	11,047 - 12,579	441 - 542	92 - 113
15	10,607 - 12,037	423 - 518	88 - 108
14	10,184 - 11,519	406 - 496	85 - 104
13	9,778 - 11,023	390 - 475	81 - 99
12	9,388 - 10,548	374 - 454	78 - 95
11	9,013 - 10,094	359 - 435	75 - 91
10	8,654 - 9,659	345 - 416	72 - 87
9	8,309 - 9,243	331 - 398	69 - 83
8	7,977 - 8,845	318 - 381	66 - 80
7	7,659 - 8,464	305 - 364	64 - 76
6	7,354 - 8,100	293 - 349	61 - 73
5	7,061 - 7,751	282 - 334	59 - 70
4	6,779 - 7,417	270 - 319	56 - 67
3	6,509 - 7,098	260 - 306	54 - 64
2	6,249 - 6,792	249 - 292	52 - 61
1	6,000 - 6,500		50 - 58