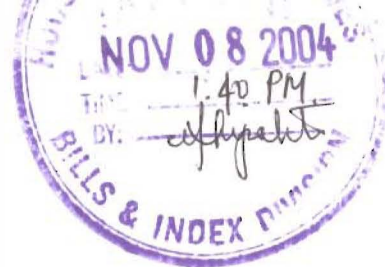


**Republic of the Philippines
HOUSE OF REPRESENTATIVES
THIRTEENTH CONGRESS
First Regular Session**



House Bill No. 3240

**Introduced by GABRIELA Women's Party
Representative LIZA LARGOZA-MAZA**

Explanatory Note

This bill seeks to amend Section 31 of Presidential Decree No. 1177, or the "Budget Reform Decree of 1977" issued during the Martial Law period. This provides for the automatic appropriation for public debt service. Furthermore, this bill also amends Section 26, Chapter 4, Book VI of Executive Order No. 292, otherwise known as the "Administrative Code of 1987." This particularly reiterates *in toto* Section 21 of PD 1177.

Repealing the automatic appropriation for debt service will remedy a long-running drawback in the government's budget policy of indiscriminate payment of all public debts including onerous loans which have not actually served the interests of the majority of the people.

The enactment of this bill seeks to lay down the conditions for a more rational and people-oriented budgetary process. The bill aims to abate the steadily degenerating state of public education by formally identifying this as one of the priorities in the yearly national allocation.

In 2003, the funds for debt servicing amounted to P 226.4 billion or 27.4% of the general appropriations while the budget for education and state colleges and universities (SCUs) totaled only to P 122.7 billion. In 2004, the funds for debt servicing increased to P 271.5 billion and ate up 31.5% of the national budget while education and SCUs only added up to P 124. 17 billion.

The budget for SCUs has been consistently declining since 2003. From the allocation of P16.8 billion in 2003, the reenacted budget for 2004 only tagged P 16.67 billion for SCUs.

In effect, the number of SCUs has been steadily decreasing. In two separate memoranda issued in 1999 and 2000, the Commission on Higher Education (CHED) mandated the merger of SUCs and 86 CHED-supervised institutions.

Moreover, in a span of six years, SUCs have reduced by 154. From having 264 SCUs in 1998, there are currently only 111 SCUs serving the youth who are in dire need of tertiary education all over the country.

The declining budget for SCUs also accounts for the rising cost of tuition and miscellaneous fees. In a survey conducted by Philippine Education Sector Study (PESS) in 1998, the average tuition of a student enrolled in an SCU is P 3, 100.00 per year. However, the monthly expenses of a student in an SCU may reach up to P 6,900.00. This is another add-on to the burden of the daily cost of living pegged at P 578.42 for a family of six in the National Capital Region (NCR) as of June 2004 based on the current inflation rate.

According to Antonio Tinio, the National Chairperson of the Alliance of Concerned Teachers (ACT), the dramatic reduction of government spending on education "has created record levels of shortages of teachers, classrooms, and other key resources in public sources."

In the reenacted budget of 2004, only P 4 billion was allocated to the Department of Education (DepEd) since the other P 4 billion deducted from the DepEd budget was rechanneled to the Department of National Defense (DND) and the Commission on Elections (COMELEC).

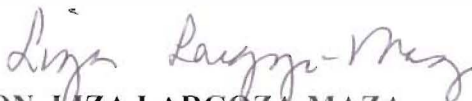
In effect, there was a loss of at least 2,500 new classrooms worth P 1 billion, 10,000 new teacher items and 1,666 new principal items worth P 970.5 million (\$ 17.37 million) among others. As the new school year opened, ACT's studies indicate that the shortage of teachers have reached to 51, 319 and lack of classrooms have increased to 42, 641.

Because of this glaring lack that is reflective of the government's abandonment to its obligation to fund education, poor performance of students in primary education is notable as manifested in the results of the High School Readiness Test (HSRT). According to DepEd, 91.7 percent of about 1.4 million incoming public high school students who took the HSRT last May 24, 2004 failed the examination, garnering a score of 50 percent or less.

Therefore, there is an urgent need to address the deterioration of services in the public basic and tertiary education. There is a need to immediately strengthen the implementation of the 1987 Philippine Constitution with regards to education. As stipulated in Section 1, Article XIV, the State has the obligation to provide quality, accessible and affordable education in all levels to all its citizens.

Appropriate legislation is necessary to correct this particular government misprioritization that has prejudiced the right of the children and the youth to education.

*In the light of the foregoing, immediate approval of this bill is earnestly sought.


HON. LIZA LARGOZA-MAZA
GABRIELA Women's Party

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House Bill No. 3240

Introduced by GABRIELA Women's Party
Representative Liza Largoza-Maza

**AN ACT EFFECTIVELY REPEALING THE AUTOMATIC APPROPRIATION FOR
DEBT SERVICE AND INSTITUTIONALIZING THE AUTOMATIC APPROPRIATION
OF FUNDS REQUIRED TO COVER THE YEARLY BUDGETARY REQUIREMENTS
OF THE PUBLIC EDUCATION SECTOR BY AMENDING SECTION 31 OF
PRESIDENTIAL DECREE NO. 1177 AND SECTION 26, CHAPTER 4, BOOK VI OF
EXECUTIVE ORDER NO. 292, OTHERWISE KNOWN AS THE "ADMINISTRATIVE
CODE OF 1987" WHICH REITERATES *IN TOTO* SECTION SECTION 31 OF
PRESIDENTIAL DECREE NO. 1177**

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

SECTION 1. Section 31 of Presidential Decree No. 1177 of July 30, 1977 entitled "Revising the Budget Process In Order To Institutionalize The Budgetary Innovations Of The New Society" is hereby amended as follows:

"Section 31. *Automatic Appropriations.* All expenditures for (a) personnel retirement premiums, government service insurance, and other similar fixed SOCIAL SERVICE expenditures, (b) budgetary requirements of state colleges and universities and (c) expenditure for teachers and basic education classroom requirements [, (b) principal and interest on public debt, (c) national government guarantees of obligations which are drawn upon,] are automatically appropriated: provided, that no obligations shall be incurred or payments made from funds thus automatically appropriated except as issued in the form of regular budgetary allotments."

SECTION 2. Section 26, Chapter 4, Book VI of Executive Order No. 292, otherwise known as the "Administrative Code of 1987" which reiterates *in toto* Section 31 of Presidential Decree No. 1177 and similar laws, decrees, executive orders, administrative orders, or circulars are likewise hereby amended.

SECTION 3. This Act shall take effect after fifteen (15) days following the completion of its publication in the *Official Gazette* or in a national newspaper of general circulation.

Approved: