

FIFTEENTH CONGRESS
OF THE REPUBLIC OF THE PHILIPPINES
First Regular Session

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HOUSE OF REPRESENTATIVES

House Bill No. 1891

Introduced by Representative Ben P. Evardone

EXPLANATORY NOTE

The President drafts the proposal for the allocation of the yearly national budget which is deliberated on by the bicameral congress. The Constitution qualify in Article VI Section 25 (1) that "Congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the budget. The form, content and manner of preparation of the budget shall be prescribed by law."

Though there is this delineation of powers and evident disparity therein, we have noticed in the past that the President can wield excessive control over budget spending. The most common method of such restraining has been budget impounding. This happens when the chief executive refuses to release, for political and/or other reasons, Congress-appropriated funds for other public officials or for government institutions. Though it is true that the Administrative Code has vested unto the president such authority to suspend expenditure of funds of an agency or a government official, it is likewise true that this power, especially of recent times, has been misused and abused. And we know what happens when funds do not get disbursed. Projects and delivery of services are most likely delayed, if not canceled altogether.

This bill pushes for an increased congressional oversight powers to limit executive control over the provisions of the General Appropriations Act. If this bill is enacted, all appropriations shall be released immediately within the first semester of the year with approved work and financial plans. Furthermore, instances of rescissions and reservations deemed necessary by the President, with the recommendation of the Department of Budget and Management, shall be sent to both houses of the Congress as a proposal. The Congress shall act on this proposal in a period not less than 60 days before the end of a regular session, if not submitted within the last 60 days of a regular session.

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



BEN P. EVARDONE

Representative, Lone District of Eastern Samar

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THE BUDGET IMPOUNDMENT CONTROL ACT

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

1 SECTION 1. Title. - This is Act shall be known as "The Budget Impoundment Control
2 Act"

3
4 SECTION 2. Declaration of Policy. - It is the policy of the State to formulate and
5 implement a National Budget that is truly an instrument of national development.
6 Towards this end, all appropriations, except those which shall be deferred, rescinded,
7 reserved, or otherwise withheld in the General Appropriations Act, shall be released
8 within the first semester of the year through the issuance of advices of allotment in
9 accordance with approved work and financial plans, and shall be utilized according to the
10 purposes provided in the General Appropriations Act. Any deferral, rescission or
11 reservation of appropriations in the General Appropriations Act shall be in accordance
12 with this Act.

13
14 SECTION 3. Definition of Terms. - For purposes of this Act:

15 (a) Rescission - means cancellation of all or part of an enacted appropriation,
16 which has not yet been spent or obligated.

17 (b) Reservation - means imposition of reserves on appropriated amounts for
18 government expenditures.

19 (c) Deferral of releases - means withholding or delaying the release of
20 appropriated amounts provided for projects or activities.

21 (d) Impoundment resolution - means a joint resolution of both Houses of
22 Congress expressing its approval of a rescission, reservation or deferral of an
23 appropriation or several appropriation items as proposed by the President.

24 (e) Advice of allotment - the formal document issued by the Department of
25 Budget and Management, which contains authorizations, conditions, and amount
26 of obligations that an agency can incur pursuant to a legislative appropriation.

27 (f) Work-and-financial plan - the monthly breakdown of financial requirements
28 and physical performance targets of an agency.

(g) Appropriations - unless otherwise described or specified herein, the term appropriations refers to the appropriations included in the annual General Appropriations Act.

SECTION 4. Rescission and Reservation of a Budget Appropriation. -Whenever the President, upon the recommendation of the Secretary of the Department of Budget and Management, determines that all or part of any budget appropriation will not be required to carry out the full objectives or scope of programs for which it is provided, or that such budget appropriation should be rescinded for fiscal policy or other reasons, including the termination of authorized projects or activities, or whenever all or part of any budget appropriation for the current fiscal year is to be reserved from obligation for such fiscal year, the President shall transmit to both Houses of Congress a special message specifying:

- 1). The amount of budget appropriation which he proposes to be rescinded or which is to be so reserved;
- 2). Any account, department, agency or instrumentality of the government to which such budget appropriation is available for obligation, and the specific projects or governmental functions involved;
- 3). The reasons why the budget appropriations should be rescinded or is to be so reserved;
- 4) The estimated fiscal, economic and budgetary effect of the proposed rescission or reservation; and
- 5) All facts, circumstances and considerations relating to or bearing upon the proposed rescission or reservation, and the estimated effect of the proposed rescission or reservation upon the purposes, programs, activities and projects for which such appropriation is provided.

SECTION 5. Approval of Rescission or Reservation. - Both Houses of Congress shall act on the proposed rescission or reservation within sixty (60) calendar days after the receipt of such proposal from the President by issuing a joint impoundment resolution: Provided, That if the President's special message is received within the period of less than sixty (60) calendar days before the end of a regular session, the President's message shall be deemed to have been submitted on the first day of the succeeding regular session of Congress and the sixty (60) day period referred to in this Section shall commence on the day after such first day. If Congress does not issue an impoundment resolution within the specified period, the President shall not proceed with the rescission or reservation procedures. Provided, however, that in the event of a Congressional approval to rescind, the funds corresponding to the rescinded appropriations shall revert to the unappropriated surplus of the general fund and shall not be made available for expenditure for any purpose except as provided for by a subsequent legislative enactment.

SECTION 6. Use of Reserves. - When changes in conditions during the year justify the use of the reserved appropriations which have been imposed under this Act or under the General Appropriations Act, the amount involved shall be allocated back for the use by, and upon the request of the Department, office or agency on whose appropriation the reserve was originally imposed.

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2 SECTION 7. Deferral of Releases.

3 a) Whenever the President, the Secretary of Budget and Management, the head of
4 any department, agency or instrumentality of the Government proposes to defer the
5 release of any appropriation for a specific purpose, program, activity, or project, the
6 President shall transmit to the House of Representatives and the Senate a special message
7 specifying:

- 8
9 (1) The amount of the appropriation proposed to be deferred;
10 (2) Any account, department, agency or instrumentality of the Government to
11 which such appropriation is available for obligation, and the specific projects or
12 governmental functions involved;
13 (3) The period of time during which the appropriation is proposed to be deferred;
14 (4) The reasons for the proposed deferral, including any legal authority invoked by
15 him to justify the proposed deferral;
16 (5) The estimated fiscal, economic and budgetary effect of the proposed deferral;
17 (6) All facts, circumstances and considerations relating to or bearing upon the
18 proposed deferral and the decision to effect the proposed deferral, including an
19 analysis of such facts, circumstances and considerations in terms of their
20 application to any legal authority and specific elements of legal authority invoked
21 by him to justify such proposed deferral, and the estimated effect of the proposed
22 deferral upon the objects, purposes, program, activities and projects for which
23 such appropriation is provided.
24

25 b) A deferral may not be proposed for any period of time extending beyond the
26 end of the fiscal year in which the special message proposing the deferral was transmitted
27 to the House of Representatives and the Senate.
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29 SECTION 8. Approval of Release Deferral. - Both Houses of Congress shall act on the
30 proposed deferral within sixty (60) calendar days after the receipt of the proposal from
31 the President: Provided That if the President's special message is received within a period
32 of less than sixty (60) calendar days before the end of a regular session, the President's
33 message shall be deemed to have been submitted on the first day of the succeeding
34 regular session of Congress and the sixty (60) day period referred to in this Section shall
35 commence on the day after such first day. If Congress does not issue an impoundment
36 resolution within the specified period, the President shall not proceed with the deferral
37 procedures.
38

39 SECTION 9. Submission of Quarterly Reports. - Within thirty (30) days after the end of
40 each quarter, the Secretary of the Department of Budget and Management shall submit to
41 the Committee on Appropriations of the House of Representatives and the Committee on
42 Finance of the Senate, a list of releases made out of reserved and deferred appropriations,
43 and comparative statements showing the annual general appropriations, the annual
44 program of continuing and automatic appropriations, and the corresponding releases of
45 allotments and cash allocations for each department, agency, corporation and fund:
46 Provided, That the releases from each lump-sum or special-purpose fund shall be

1 supported with schedules indicating the specific departments/agencies, corporations or
2 entities which received the fund releases and the purposes of such releases. The quarterly
3 reports shall also include a cumulative summary of all appropriations rescinded, deferred
4 or reserved.

5
6 SECTION 10. Mode of Transmittal of the Special Message of the President. - The
7 President shall transmit to Congress at any time during the budget year but not later than
8 the fifteenth day of October of the budget year the special message which may include
9 one or more proposals for impoundment, reservation, or deferral on one or more
10 appropriation items through the Committee on Finance of the Senate and the Committee
11 on Appropriations of the House of Representatives.

12
13 SECTION 11. Penal Provision. - Any violation of the Sections 2,4,5,6,7,8, and 9 of this
14 Act shall be punished by of fine not exceeding Five Hundred Thousand Pesos
15 (P500,000.00) and the penalty of perpetual special disqualification.

16
17 SECTION 12. Repealing Clause. - All laws, decrees, executive orders, letters of
18 instructions, letters of implementation, rules and regulations or parts thereof inconsistent
19 with the provisions of this Act are hereby repealed, modified, superseded or amended
20 accordingly.

21
22 SECTION 13. Effectivity Clause. - This Act shall take effect fifteen (15) days after its
23 complete publication in the Official Gazette or in at least two (2) national newspapers of
24 general circulation, whichever comes earlier.

25
26 Approved,