

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 1962

Introduced by **Kabataan Party-List Rep. Raymond V. Palatino**

EXPLANATORY NOTE

It is undeniable that the government's budget policy of automatic appropriation for debt servicing has, year after year, scandalously eaten up the most monstrous share of the people's money effectively diverting finances away from the delivery of basic social services to our people.

The effects are more than glaring. Because the government willingly binds itself to a law enacted not through the legislature, but by the decree of a dictator during the dark days of Martial Law to automatically spend more than a third of its annual budget on debt service, its spending on social services, from education to health care has always been grossly insufficient and lacking.

It is not difficult to see the result of this effective neglect. In the youth sector alone, there are currently eight (8) million children, adolescents and young adults who are out of school because the government cannot accommodate them in its inadequate education infrastructure. Where they exist, public schools, universities and colleges perennially suffer from decrepit facilities. Section 5, Article XIV of our Constitution directs us to give the highest appropriation in the government budget to education spending, but we have always failed to do so because we are bound to pay our debts without question nor scrutiny. In order to address the needs of a sovereign people, the United Nations prescribes that governments must spend an equivalent of at least six (6) percent of their country's gross domestic product (GDP) in educating their citizens. The Philippines, because of its monstrous debt burden, spends more or less just two (2) percent annually.

The constant shortchanging done by the government to schools due to its massive debt service prioritization has forced our public schools and universities to increase tuition and other fees effectively closing its doors and denying education to millions of poor Filipinos.

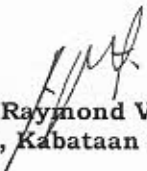
The need to repeal the provisions on automatic appropriations for debt service in order to address the grave crisis in social services, in particular the public education sector,

is now, more than ever, urgent. Similar legislative measures have often been proposed in the past, but many of them are proposals for the sake of giving Congress the actual power of the purse. None of them ever became law. Indeed, this bill also seeks to reinforce the constant clamor for the repeal, but going further, this bill seeks to assert that the repeal of the automatic appropriation for debt service must serve the socially just purpose of giving our people what is due them for their toil and taxes.

In this breadth, let us take this opportunity to harness the advantage of a repeal of the automatic appropriation on debt service by finally giving life to the Constitutional provision directing us to allot the highest budgetary appropriation on education, a provision the government has circumvented for decades through legal justifications and maneuverings. Debt servicing, year after year, has always ended up with the bigger share than education. The opportunity for Congress to repeal the automatic appropriation on debt servicing must also be our opportunity to secure the highest appropriation for education as we have been Constitutionally mandated to do.

We must implement, at the minimum, the six (6) percent prescription by the United Nations in order to address the tragic condition of our education sector. In implementing this automatic appropriation for education, we are securing not only the future of our youth, but the future of our dear nation.

In light of the foregoing, the urgent passage of this bill is earnestly sought.



Hon. Raymond V. Palatino
Representative, Kabataan Party-List

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AN ACT

EFFECTIVELY REPEALING THE AUTOMATIC APPROPRIATION FOR DEBT SERVICE AND INSTITUTIONALIZING THE AUTOMATIC APPROPRIATION OF SIX PERCENT (6%) OF THE GROSS DOMESTIC PRODUCT TO PUBLIC EDUCATION SECTOR SPENDING 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 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, EXPENDITURES FOR TEACHERS AND BASIC EDUCATION CLASSROOM REQUIREMENTS, AND OTHER SIMILAR EDUCATION EXPENDITURES THE SUM OF WHICH SHALL IN NO CASE BE LESS THAN 6% OF THE GROSS DOMESTIC PRODUCT (GDP) 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 accordingly.

SECTION 3. The funding for the payment of the principal and interest of the country's foreign debt shall undergo the same annual appropriations process like all regular items of the National Budget under the General Appropriations Act. The same shall be recommended annually by the Executive through the Department of Budget and Management (DBM) and shall be subject to the review and scrutiny of both Houses of Congress.

SECTION 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,