

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Fifteenth Congress
First Regular Session

HOUSE BILL No. **4296**

INTRODUCED BY REPRESENTATIVE MARC DOUGLAS C. CAGAS IV

AN ACT STRENGTHENING THE LEGISLATURE'S POWER OF THE PURSE
AMENDING CERTAIN SECTIONS OF REPUBLIC ACT 4860 (AS AMENDED BY
PRESIDENTIAL DECREE 81) AND PRESIDENTIAL DECREES 1177 AND 1967,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Power of the purse has been defined as the influence that legislatures have over public policy because of their power to vote money for public purposes. The Philippine Congress, both Houses voting separately, must authorize, by law through the General Appropriations Act, the president's budgetary requests and requirements to fund the agencies and programs of the executive branch.

This so-called "power of the purse" is the ability of Congress or any other legislative body to control what the other two branches of government do by appropriating or not appropriating budget funds to the other branches. For example, the President as Commander-in-Chief of the military forces has the right to decide how those forces are used within the scope of constitutional and statutory restrictions. Under the Constitution, the president may call out such armed forces to prevent or suppress lawless violence, invasion or rebellion. However, even though that is within his authority, he cannot do that unless he has the funds in the military budget to do it. If Congress refuses to appropriate money for such a military purpose, Congress can effectively prevent the President from doing something he has the legal right to do.

Presidential Decree 81, the Foreign Borrowing Act, provides that, for loans, credits or indebtedness undertaken by the Republic in furtherance of the purposes stated in the decree, the payment of the principal, interest, taxes and other nominal banking charges shall be from the automatic appropriation of the net revenues generated by the project. Further to this, any insufficiency in the amount of payments shall be automatically covered by budgetary savings which would be set aside to cover the insufficiency. Should the budgetary savings be inadequate, an automatic appropriation of funds in the national treasury of funds not yet appropriated shall ensue to cover the amounts needed. With the automatic appropriation of funds or budgetary savings for its payment, clearly no legislative involvement or oversight takes place with regard to the necessity, importance or legality of these transactions entered into by the President for the Republic.

In Presidential Decree 1177, the President has been able to effectively curtail Congress' power over the purse as the Chief Executive has been allowed not only to realign monies, but to even withhold releases and payments should he so decide that public interest

so requires. Thus, even though Congress may have expressed its policies and sentiments by virtue of appropriating and allocating funds for specific purposes, it may subsequently still be rendered ineffective as there may be a realignment or redirection of those funds to and for another purpose as may be deemed necessary by the President.

Finally, Presidential Decree 1967 reiterates the capacity of the President to appropriate such amounts necessary out of any funds in the National Treasury not otherwise appropriated to effect payments on both foreign and domestic loans entered into or guaranteed by the Republic.

The ability to appropriate, realign, redirect and withhold funds all form part of Congress' power over the purse; a clear means for the Legislature to influence policies and actions which the Executive must undertake. The aforementioned decrees have effectively given prerogatives reserved for the legislature and merged them with that of the executive's. This has weakened the checks and balances given to the legislature as a means to equalize the balance of power that it must exercise as a co-equal branch of government.

With the amendments sought to be introduced by the bill herein, Congress will again rightly assume its power over the purse, thus curtailing the untrammelled discretion of the Chief Executive.

The earnest approval of this legislative measure is therefore, requested.


MARC DOUGLAS C. CAGAS IV

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Fifteenth Congress
First Regular Session

HOUSE BILL No. **4296**

INTRODUCED BY REPRESENTATIVE MARC DOUGLAS C. CAGAS IV

AN ACT STRENGTHENING THE LEGISLATURE'S POWER OF THE PURSE
AMENDING CERTAIN SECTIONS OF REPUBLIC ACT 4860 (AS AMENDED BY
PRESIDENTIAL DECREE 81) AND PRESIDENTIAL DECREES 1177 AND 1967,
AND FOR OTHER PURPOSES

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

Congress assembled:

SECTION 1. Section 6 of Republic Act No. 4680, as amended by Presidential Decree No. 81, is hereby amended to read as follows:

SEC. 6. CONGRESS SHALL APPROPRIATE THE NECESSARY AMOUNT OUT OF ANY FUNDS IN THE NATIONAL TREASURY NOT OTHERWISE APPROPRIATED, TO COVER THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SUCH LOANS, CREDITS OR INDEBTEDNESS AS AND WHEN THEY SHALL BECOME DUE.

SECTION 2. Section 43 of Presidential Decree No. 1177 is hereby amended to read as follows:

Section 43. Suspension of Expenditure of Appropriations. Except as otherwise provided in the General Appropriations Act and whenever in [his] THEIR judgment, AS MAY BE RECOMMENDED BY THE PRESIDENT, the public interest so requires, CONGRESS MAY, BY LAW, AUTHORIZE the President [; upon notice to the head of office concerned, is authorized] to suspend or otherwise stop further expenditure of funds allotted for any agency, or any other expenditure authorized in the General Appropriations Act, except for personal services appropriation used for permanent officials and employees.

SECTION 3. Section 44 of Presidential Decree No. 1177 is hereby amended to read as follows:

Section 44. Authority to Approve Fund Transfers. CONGRESS, VOTING SEPARATELY, MAY, BY LAW AUTHORIZE the President [shall have the authority] to transfer any fund appropriated for the different departments, bureaus, offices and agencies of the Executive Department which are included in the General Appropriations Act, to any program, project, or activity of any

department, bureau or office included in the General Appropriations Act or approved after its enactment.

LIKEWISE, CONGRESS, VOTING SEPARATELY, MAY, BY LAW AUTHORIZE the President [shall, likewise, have the authority] to augment any ~~appropriation of the Executive Department in the General Appropriations Act~~ from savings in the appropriations of another department, bureau, office or agency within the Executive Branch, pursuant to the provisions of Article VI [VIII], Section 25 [16] (5) of the Constitution.

SECTION 4. Section 53 of Presidential Decree No. 1177 is hereby amended to read as follows:

Section 53. Administration of Lump-Sum Funds. THE DEPARTMENT OF BUDGET AND MANAGEMENT MAY NOT RELEASE LUMP SUM FUNDS APPROPRIATED IN THE GENERAL APPROPRIATIONS ACT UNLESS AND UNTIL THE UTILIZATION OF THE SAID FUNDS HAVE BEEN FULLY ITEMIZED AND CONCURRED TO BY A MAJORITY OF THE MEMBERS OF CONGRESS, VOTING SEPARATELY. THEREAFTER, THE DEPARTMENT SHALL ADMINISTER THE PROPER EXECUTION OF EXPENDITURES AS PROVIDED FOR THEREOF. [The Budget Commission shall administer the Lump-Sum Funds appropriated in the General Appropriations Act, except as otherwise specified therein, including the issuance of Treasury Warrants covering payments to implementing agencies or other creditors, as may be authorized by the President.]

SECTION 5. Section 55 of Presidential Decree No. 1177 is hereby amended to read as follows:

Section 55. Authority to Use Savings for Certain Purposes. Savings in the appropriations provided in the General Appropriations Act may ONLY be used for the settlement of the following obligations incurred during a current fiscal year or previous fiscal years as may be RECOMMENDED BY THE PRESIDENT AND CONCURRED TO BY A MAJORITY OF THE MEMBERS OF CONGRESS, VOTING SEPARATELY, [approved by the Commissioner in accordance with rules and procedures as may be approved by the President]:

- (a) Claims of officials, employees and laborers who died or were injured in line of duty, including burial expenses as authorized under existing law;
- (b) Commutation of terminal leaves of employees due to retirement, resignation or separation from the service through no fault of their own in accordance with the provisions of existing law, including unpaid claims for commutation of maternity leave of absence;
- (c) Payment of retirement gratuities or separation pay of employees separated from the service due to government reorganization;
- (d) Payment of salaries of employees who have been suspended or dismissed as a result of administrative or disciplinary action, or separated from the service through no fault of their own and who have been subsequently exonerated and/or reinstated by virtue of decisions of competent authority.
- (e) Cash awards to deserving officials and employees in accordance with the civil service law;
- (f) Salary adjustments of officials and employees as a result of classification action under, and implementation of, the provisions of the

Compensation and Position Classification Act, including positions embraced under the Career Executive Service;

(g) Peso support to any undertaking that may be entered into by the government with international organizations, including administrative and other incidental expenses;

(h) Covering any deficiency in peso counterpart fund commitments for foreign-assisted projects, as may be approved by the President;

(i) Priority activities that will promote the economic well-being of the nation, including food production, agrarian reform, energy development, disaster relief, and rehabilitation.

(j) Repair, improvement and provision of government buildings and infrastructure and other capital assets damaged by natural calamities;

(k) Expenses in connection with official participation in trade fairs, civic parades, celebrations, athletic competitions and cultural activities, and payment of expenses for the celebration of regular or special official holidays;

(l) Payment of obligations of the government or any of its departments or agencies as a result of final judgment of the Courts, and

(m) Payment of valid prior year's obligations of government agencies with any other government office or agency, including government-owned or controlled corporations.

SECTION 6. Section 88 of Presidential Decree No. 1177 is hereby repealed.

SECTION 7. Section 89 of Presidential Decree No. 1177 is hereby amended to read as follows:

Section 89. Rules and Regulations. The DEPARTMENT OF BUDGET AND MANAGEMENT [Budget Commission] shall issue the rules and regulations governing the implementation of this Decree.

SECTION 8. Section 1 of Presidential Decree No. 1967 is hereby amended to read as follows:

Section 1. CONGRESS SHALL(There is hereby) appropriate(d), out of any funds in the National Treasury not otherwise appropriated, such amounts as may be necessary to effect payments on foreign or domestic loans, or foreign or domestic loans whereon creditors make a call on the direct and indirect guarantee of the Republic of the Philippines, obtained by:

a. the Republic of the Philippines the proceeds of which were relent to government-owned or controlled corporations and/or government financial institutions;

b. government-owned or controlled corporations and/or government financial institutions the proceeds of which were relent to public or private institutions;

c. government-owned or controlled corporations and/or financial institutions and guaranteed by the Republic of the Philippines;

d. other public or private institutions and guaranteed by government-owned or controlled corporations and/or government financial institutions.

SECTION 9. Amendments – No amendments to this Act can be made by way of provisions introduced or inserted into a General Appropriations Act hereafter enacted.

SECTION 10. Repealing Clause. All laws, executive orders, executive issuances, rules and regulations or part thereof inconsistent or contrary to the provisions of this Act, are hereby repealed or amended accordingly.

SECTION 11. Separability Clause. In case any provision of this Act is declared unconstitutional or invalid, the other provisions hereof which are not affected thereby shall continue in full force and effect.

SECTION 12. Effectivity. — This Act shall take effect immediately after its publication in two (2) national newspapers of general circulation.


MARC DOUGLAS C. CAGAS IV