

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

16th Congress

House Bill No. **4765**



Introduced by: HON. OSCAR S. RODRIGUEZ

EXPLANATORY NOTE

The Social Security System (SSS), the centerpiece of the social protection programs of the Government for workers in the private sector, aim to protect private workers against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting in loss of income or financial burden. It is an important safety net that cushions the impact of the above-mentioned contingencies. For the working poor or those workers whose monthly incomes are above the subsistence line but below the poverty line and the near poor or those workers whose monthly incomes are slightly above the poverty line, the SSS may spell the difference between recovering from a contingency and falling into absolute poverty.

However, not all workers are covered under the SSS even as universal coverage of the employed and the self-employed among private workers is mandated under Republic Act No. 8282 or the Social Security Act of 1997. The SSS is a contributory system that rewards handsomely members who regularly pay monthly contributions with several benefits such as funeral, death, disability, retirement, work injury, and maternity benefits. However, the social security (SS) contributions small as they are compared to the protection and potential benefits afforded to members, still present a huge financial challenge to the working poor and the near poor workers.

While the financial burden on the employed is tempered by the employer's share which constitute about two-thirds of their SS contributions, the self-employed have to pay for the entire SSS contributions on their own. Evidently, the self-employed who belong to the working poor and the near poor workers do not have the full financial capacity to pay for their SSS contributions. It is thus, not surprising that a vast disparity between the effective SSS coverage of the employed and the self-employed exists. Based on the SSS MIS Report for the 2nd quarter of 2013, there are 6,869,123 paying members who are employed but only 656,713 paying members who are self-employed out of approximately 19 million employed private workers and 12 million self-employed private workers.¹ Furthermore, the average contribution level and the average contribution frequency of the self-employed are lower than that of the employed.

This bill aims to ease the financial burden of self-employed workers who are working poor and near poor with regard to their membership in SSS by prescribing government counterpart contributions. This bill also addresses the gap in the government poverty eradication programs which are currently focused on social assistance for the poorest of the poor. Aside from our endeavor to uplift the conditions of our poorest countrymen and countrywomen, government must also implement preventive measures that will avert new Filipino families joining the ranks of the poor that can diminish or even nullify the positive effects of the poverty eradication programs of the government.

1 See Labor Force Survey for 2nd Quarter of 2013

A handwritten signature in black ink, appearing to read 'W40' or a similar stylized representation of the name Oscar S. Rodriguez.

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AN ACT
PROVIDING FOR ENHANCED SOCIAL PROTECTION FOR THE
WORKING POOR AND THE NEAR POOR AND PROVIDING FOR
THE FUND THEREFOR

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

ARTICLE I

GENERAL PROVISIONS

SECTION 1. *Title.* This act shall be known as the “Enhanced Social Protection for the Self-employed Working Poor Act of 2013”

SECTION 2. *Declaration of Policies.* The State shall uplift the standard of living and quality of life of all Filipinos. Towards this end, the government shall undertake a comprehensive approach to poverty eradication that will consists of multi-layered programs which address the specific needs of the near poor, the working poor, and the poorest of the poor.

The State affirms its commitment to the millennium development goals and adheres to its international standards on working conditions and social protection floors. Specifically, the government shall provide assistance in order that the near poor and the working poor can enjoy the benefit of meaningful social protection against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting in the loss of income or financial burden.

SECTION 3. *Definition of Terms.* As used in this Act, the following terms are hereby defined:

- a) Social protection refers to programs of the government aimed to protect workers against contingencies resulting in loss of income or financial burden.
- b) Working poor shall refer to a worker with an average monthly income that is not sufficient to place a typical Filipino household above the poverty line as defined by the Philippine Statistics Authority or such other government agencies mandated to prepare the official poverty statistics of the country.
- c) Near poor shall refer to a worker with an average monthly income that is sufficient to place a typical Filipino household above, by no more than 20%, the poverty line as defined by the Philippine Statistics Authority or such other government agencies mandated to prepare the official poverty statistics of the country.

- d) A typical Filipino household is understood, for the purpose of this Act, to have two adults working full time.

ARTICLE II ENHANCED SOCIAL PROTECTION FOR SELF-EMPLOYED WORKERS

SECTION 4. *Social Protection Benefits.* All workers, whether employed or self-employed, shall be covered by the Social Security System (SSS), including the Employee's Compensation (EC) Fund, the Philippine Health Insurance Corporation (Philhealth), and the Home Development Mutual Fund (Pag-IBIG) and they shall be entitled to all the benefits in accordance with the pertinent provisions provided by law.

SECTION 5. *Enhanced Social Protection for the Self-Employed.* a) A self-employed worker who has a monthly income that is at least P2, 250 but less than 5, 250 shall be entitled to a counterpart government contribution for every valid monthly contribution to the SSS and the EC Fund based on the following schedule:

Range of Income	Monthly salary credit (MSC)	SE's SSS contribution	SE's EC contribution	Government contribution
P2,250-P2,749	P2,500	P55	P10	P220
P2,750-P3,249	P3,000	P110	P10	P220
P3,250-P3,749	P3,500	P165	P10	P220
P3,750-P4,249	P4,000	P275	P10	P165
P4,250-P4,749	P4,500	P385	P10	P110
P4,750-P5,249	P5,000	P495	P10	P55

In the case the worker earned P5,250 or more in some months during the year, he/she shall be entitled to government counterpart contribution only for those months when his/her income is below P5,250, provided that his/her average monthly salary credit for the year does exceed P5,250.

A self-employed worker with a monthly income of less than P2, 250 shall be referred to the DSWD for his inclusion in the government programs for the poorest of the poor. In no case shall a self-employed worker be a beneficiary of both the government program for the poorest of the poor and the counterpart government contribution provided herein.

SECTION 6. *Suspension of Government Contribution.* The government contribution shall be suspended should the worker fails to pay three (3) monthly premium contributions in a year provided that this requirement shall not apply to the year the worker first registered or first

contributed as self-employed; provided further that subject to the presentation of proof of no income, non-payment because the self-employed did not realize an income in a given month shall not be counted as a failure to pay for this purpose; provided finally that in case the worker was employed for six (6) months or more within a year, he/she should not have failed to pay two (2) self-employed monthly contributions.

The government counterpart contribution shall resume prospectively after the worker was able to contribute ten (10) monthly premium contributions in a year.

ARTICLE III ADMINISTRATION AND FUNDING

SECTION 7. *Social Protection Fund.* A Social Protection Fund (Fund) is hereby established from the following sources:

- a) ten percent (10%) of the share of the national government in all lotteries conducted by the Philippine Charity Sweepstakes Office;
- b) ten percent (10%) of the share of the national government in the earnings of the Philippine Amusement and Gaming Corporation;
- c) ten percent (10%) of the eighty percent (80%) of the remaining balance of the incremental revenue derived from Republic Act No. 10351 allocated for the universal health care under the National Health Insurance Program, the attainment of the millennium development goals and health awareness programs; and
- d) ten percent (10%) of the road user tax to be taken from and accordingly, the portion of the special road support fund is reduced from 80% to 70%.

The President may use the portion of the Fund in excess of the projected government contributions for the next five (5) years as determined by the SSS Chief Actuary, for other social protection programs of the government as may be recommended by the NEDA SDC.

SECTION 8. *Administration of the Fund.* The Fund shall be administered by the Social Security System as a separate and distinct fund from the SSS Investment Reserve Fund. The government contributions provided for under this Act shall be drawn from the Fund.

SECTION 9. *Responsibilities of the SSS.* The SSS shall have the following responsibilities:

- a) verify the monthly income of the self-employed working poor and near poor who shall be the beneficiaries of the counterpart government contributions;
- b) administer the Fund, including the preparation of an annual financial report;
- c) device system and procedure for the timely computation of aggregate government contributions; and
- d) undertake coverage campaigns among self-employed workers.

SECTION 9. *Review of Entitlement Threshold.* The National Anti-Poverty Commission (NAPC) shall review and, if necessary, adjust the entitlement thresholds for working poor of P2, 250 to P3, 749 with benefit of full government contribution and for the near poor of P3, 750 to P5, 249 with benefit of partial government contribution every two (2) years. The NAPC may also provide for entitlement thresholds on a regional basis.

SECTION 10. *Coordination of Government Agencies.* The National Economic and Development Authority Social Development Committee shall coordinate the programs on social assistance and the social protection by the different government agencies to ensure that these programs reach the widest number of deserving Filipinos and to avoid same individuals becoming beneficiaries of duplicate and incompatible programs.

ARTICLE IV MISCELLANEOUS PROVISIONS

SECTION 11. *Transitory Provision.* Section 6 of this Act shall be implemented in the beginning of the year following the approval of this Act.

SECTION 12. *Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the National Anti-Poverty Commission, in coordination with the Department of Labor and Employment, the SSS, and the Employee's Compensation Commission shall promulgate the necessary rules and regulations for the effective implementation of this Act.

ARTICLE V FINAL PROVISIONS

SECTION 13. *Separability Clause.* If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SECTION 14. *Repealing Clause.* All laws, decrees, executive orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 15. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of generation circulation.

Approved,